



**Auditor of State
Betty Montgomery**

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Campbell City School District, Mahoning County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Campbell City School District, Mahoning County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Betty D. Montgomery
Auditor of State

February 18, 2003

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CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2002

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
ASSETS:				
Equity in pooled cash and cash equivalents	\$ 1,629,236	\$ 1,077,332	\$ 57,644	\$ 6,465,317
Equity in pooled cash and cash equivalents - nonexpendable trust fund	-	-	-	-
Investments - nonexpendable trust fund	-	-	-	-
Investments	-	-	-	2,030,625
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent	3,541,218	51,847	378,481	-
Accounts	63	-	-	-
Accrued interest	-	-	-	31,767
Interfund loan receivable	50,862	-	-	-
Due from other governments	7,392	44,383	-	-
Materials and supplies inventory	-	-	-	-
Prepayments	18,062	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents	89,835	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-
OTHER DEBITS:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	<u>\$ 5,336,668</u>	<u>\$ 1,173,562</u>	<u>\$ 436,125</u>	<u>\$ 8,527,709</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$ 7,494	\$ 65,070	\$ -	\$ 3,600
Contracts payable	-	-	-	2,955,698
Accrued wages and benefits	736,401	105,822	-	-
Compensated absences payable	63,970	995	-	-
Pension obligation payable	140,762	14,244	-	8
Interfund loan payable	-	50,862	-	-
Deferred revenue	3,541,218	96,230	378,481	13,274
Due to students	-	-	-	-
Due to other governments	120,347	24,709	-	113
General obligation bonds payable	-	-	-	-
Capital appreciation bonds payable	-	-	-	-
Energy conservation notes payable	-	-	-	-
Total liabilities	<u>4,610,192</u>	<u>357,932</u>	<u>378,481</u>	<u>2,972,693</u>
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets	-	-	-	-
Retained earnings: unreserved	-	-	-	-
Fund balances:				
Reserved for encumbrances	62,691	16,970	-	5,142,142
Reserved for BWC refunds	80,192	-	-	-
Reserved for prepayments	18,062	-	-	-
Reserved for debt service	-	-	57,644	-
Reserved for textbooks	9,643	-	-	-
Reserved for principal endowment	-	-	-	-
Unreserved-undesignated	555,888	798,660	-	412,874
Total equity and other credits	<u>726,476</u>	<u>815,630</u>	<u>57,644</u>	<u>5,555,016</u>
Total liabilities, equity and other credits	<u>\$ 5,336,668</u>	<u>\$ 1,173,562</u>	<u>\$ 436,125</u>	<u>\$ 8,527,709</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 214,767	\$ 42,768	\$ -	\$ -	\$ 9,487,064
-	10,223	-	-	10,223
-	11,544	-	-	11,544
-	-	-	-	2,030,625
-	-	-	-	3,971,546
-	-	-	-	63
-	44	-	-	31,811
-	-	-	-	50,862
7,691	-	-	-	59,466
4,682	-	-	-	4,682
-	-	-	-	18,062
-	-	-	-	89,835
28,098	-	28,884,088	-	28,912,186
-	-	-	57,644	57,644
-	-	-	3,538,548	3,538,548
<u>\$ 255,238</u>	<u>\$ 64,579</u>	<u>\$ 28,884,088</u>	<u>\$ 3,596,192</u>	<u>\$ 48,274,161</u>
\$ -	\$ 1,300	\$ -	\$ -	\$ 77,464
-	-	-	-	2,955,698
4,760	-	-	-	846,983
3,640	-	-	495,153	563,758
15,476	-	-	84,685	255,175
-	-	-	-	50,862
-	-	-	-	4,029,203
-	37,730	-	-	37,730
3,390	-	-	-	148,559
-	-	-	2,650,000	2,650,000
-	-	-	139,533	139,533
-	-	-	226,821	226,821
<u>27,266</u>	<u>39,030</u>	<u>-</u>	<u>3,596,192</u>	<u>11,981,786</u>
-	-	28,884,088	-	28,884,088
227,972	-	-	-	227,972
-	-	-	-	5,221,803
-	-	-	-	80,192
-	-	-	-	18,062
-	-	-	-	57,644
-	-	-	-	20,277
-	21,511	-	-	21,511
-	4,038	-	-	1,760,826
<u>227,972</u>	<u>25,549</u>	<u>28,884,088</u>	<u>-</u>	<u>36,292,375</u>
<u>\$ 255,238</u>	<u>\$ 64,579</u>	<u>\$ 28,884,088</u>	<u>\$ 3,596,192</u>	<u>\$ 48,274,161</u>

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CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$ 2,125,174	\$ 32,373	\$ 325,449	\$ -	\$ -	\$ 2,482,996
Tuition	36,565	-	-	-	-	36,565
Earnings on investments	102,850	547	-	291,380	-	394,777
Extracurricular	-	86,693	-	-	-	86,693
Other local revenues	122,877	8,058	-	-	3,640	134,575
Other revenue	-	18,500	-	-	-	18,500
Intergovernmental - State	7,424,349	917,141	32,664	14,755,080	-	23,129,234
Intergovernmental - Federal	65,611	731,272	-	-	-	796,883
Total revenue	9,877,426	1,794,584	358,113	15,046,460	3,640	27,080,223
Expenditures:						
Current:						
Instruction:						
Regular	4,768,723	903,569	-	20,474	-	5,692,766
Special	879,145	466,911	-	-	-	1,346,056
Vocational	1,997	-	-	-	-	1,997
Other	4,017	4,912	-	-	-	8,929
Support services:						
Pupil	309,382	114,341	-	-	-	423,723
Instructional staff	239,527	55,363	-	-	-	294,890
Board of Education	7,830	-	-	-	-	7,830
Administration	766,106	46,727	-	-	-	812,833
Fiscal	565,119	635	4,530	-	-	570,284
Business	33,312	-	-	-	-	33,312
Operations and maintenance	1,214,100	58,476	-	-	-	1,272,576
Pupil transportation	363,356	414	-	-	-	363,770
Central	-	6,357	-	-	-	6,357
Community services	-	5,698	-	32,317	2,500	40,515
Extracurricular activities	181,859	90,841	-	-	-	272,700
Facilities acquisition and construction	-	-	-	19,991,142	-	19,991,142
Intergovernmental pass-through	-	43,404	-	-	-	43,404
Debt service:						
Principal retirement	-	-	172,957	-	-	172,957
Interest and fiscal charges	-	-	161,501	-	-	161,501
Total expenditures	9,334,473	1,797,648	338,988	20,043,933	2,500	31,517,542
Excess (deficiency) of revenues over (under) expenditures	542,953	(3,064)	19,125	(4,997,473)	1,140	(4,437,319)
Other financing sources (uses):						
Operating transfers in	-	-	-	200,000	-	200,000
Operating transfers out	(200,000)	-	-	-	-	(200,000)
Sale and loss of assets	7,050	-	-	-	-	7,050
Total other financing sources (uses)	(192,950)	-	-	200,000	-	7,050
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	350,003	(3,064)	19,125	(4,797,473)	1,140	(4,430,269)
Fund balances, July 1	376,473	818,694	38,519	10,352,489	2,898	11,589,073
Fund balances, June 30	\$ 726,476	\$ 815,630	\$ 57,644	\$ 5,555,016	\$ 4,038	\$ 7,158,804

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 2,200,921	\$ 2,125,174	\$ (75,747)	\$ 31,852	\$ 32,374	\$ 522
Tuition	37,000	36,565	(435)	-	-	-
Earnings on investments	100,000	102,850	2,850	450	547	97
Extracurricular	-	-	-	85,613	86,692	1,079
Other local revenues	117,472	117,958	486	8,058	8,058	-
Other revenue	-	-	-	18,500	18,500	-
Intergovernmental - State	7,557,690	7,427,662	(130,028)	950,288	953,737	3,449
Intergovernmental - Federal	60,000	65,611	5,611	749,333	909,678	160,345
Total revenues	<u>10,073,083</u>	<u>9,875,820</u>	<u>(197,263)</u>	<u>1,844,094</u>	<u>2,009,586</u>	<u>165,492</u>
Expenditures:						
Current:						
Instruction:						
Regular	5,327,332	4,694,645	632,687	1,199,926	897,296	302,630
Special	954,186	840,865	113,321	672,759	503,084	169,675
Vocational	27,884	24,572	3,312	-	-	-
Other	4,558	4,017	541	6,494	4,856	1,638
Support services:						
Pupil	349,271	307,791	41,480	154,544	115,567	38,977
Instructional staff	258,610	227,897	30,713	106,187	79,406	26,781
Board of Education	8,715	7,680	1,035	-	-	-
Administration	931,931	821,253	110,678	59,208	44,275	14,933
Fiscal	639,958	563,955	76,003	857	641	216
Business	43,364	38,214	5,150	-	-	-
Operations and maintenance	1,445,886	1,274,169	171,717	78,183	58,465	19,718
Pupil transportation	412,025	363,092	48,933	554	414	140
Central	-	-	-	8,501	6,357	2,144
Community services	-	-	-	8,363	6,254	2,109
Extracurricular activities	203,161	179,033	24,128	121,637	90,959	30,678
Facilities acquisition & construction	-	-	-	-	-	-
Intergovernmental pass-through	-	-	-	67,527	50,496	17,031
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>10,606,881</u>	<u>9,347,183</u>	<u>1,259,698</u>	<u>2,484,740</u>	<u>1,858,070</u>	<u>626,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(533,798)</u>	<u>528,637</u>	<u>1,062,435</u>	<u>(640,646)</u>	<u>151,516</u>	<u>792,162</u>
Other financing sources (uses):						
Advances in	-	47,382	47,382	47,382	47,382	-
Advances out	(53,768)	(47,382)	6,386	(63,362)	(47,382)	15,980
Sale and loss of assets	10,000	7,050	(2,950)	-	-	-
Operating transfers in	200,000	200,000	-	-	-	-
Operating transfers out	(453,907)	(400,000)	53,907	-	-	-
Total other financing sources (uses)	<u>(297,675)</u>	<u>(192,950)</u>	<u>104,725</u>	<u>(15,980)</u>	<u>-</u>	<u>15,980</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(831,473)</u>	<u>335,687</u>	<u>1,167,160</u>	<u>(656,626)</u>	<u>151,516</u>	<u>808,142</u>
Fund balances, July 1	1,193,374	1,193,374	-	788,412	788,412	-
Prior year encumbrances appropriated	114,556	114,556	-	55,364	55,364	-
Fund balances, June 30	<u>\$ 476,457</u>	<u>\$ 1,643,617</u>	<u>\$ 1,167,160</u>	<u>\$ 187,150</u>	<u>\$ 995,292</u>	<u>\$ 808,142</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 320,294	\$ 325,449	\$ 5,155	\$ -	\$ -	\$ -	\$ 2,553,067	\$ 2,482,997	\$ (70,070)
-	-	-	-	-	-	37,000	36,565	(435)
-	-	-	240,800	217,257	(23,543)	341,250	320,654	(20,596)
-	-	-	-	-	-	85,613	86,692	1,079
-	-	-	-	-	-	125,530	126,016	486
-	-	-	-	-	-	18,500	18,500	-
27,037	32,664	5,627	14,917,107	14,755,080	(162,027)	23,452,122	23,169,143	(282,979)
-	-	-	-	-	-	809,333	975,289	165,956
<u>347,331</u>	<u>358,113</u>	<u>10,782</u>	<u>15,157,907</u>	<u>14,972,337</u>	<u>(185,570)</u>	<u>27,422,415</u>	<u>27,215,856</u>	<u>(206,559)</u>
-	-	-	27,144	26,249	895	6,554,402	5,618,190	936,212
-	-	-	-	-	-	1,626,945	1,343,949	282,996
-	-	-	-	-	-	27,884	24,572	3,312
-	-	-	-	-	-	11,052	8,873	2,179
-	-	-	-	-	-	503,815	423,358	80,457
-	-	-	-	-	-	364,797	307,303	57,494
-	-	-	-	-	-	8,715	7,680	1,035
-	-	-	-	-	-	991,139	865,528	125,611
55,447	4,530	50,917	-	-	-	696,262	569,126	127,136
-	-	-	-	-	-	43,364	38,214	5,150
-	-	-	-	-	-	1,524,069	1,332,634	191,435
-	-	-	-	-	-	412,579	363,506	49,073
-	-	-	-	-	-	8,501	6,357	2,144
-	-	-	33,419	32,317	1,102	41,782	38,571	3,211
-	-	-	-	-	-	324,798	269,992	54,806
-	-	-	27,266,965	26,368,059	898,906	27,266,965	26,368,059	898,906
-	-	-	-	-	-	67,527	50,496	17,031
172,957	172,957	-	-	-	-	172,957	172,957	-
<u>161,501</u>	<u>161,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,501</u>	<u>161,501</u>	<u>-</u>
<u>389,905</u>	<u>338,988</u>	<u>50,917</u>	<u>27,327,528</u>	<u>26,426,625</u>	<u>900,903</u>	<u>40,809,054</u>	<u>37,970,866</u>	<u>2,838,188</u>
<u>(42,574)</u>	<u>19,125</u>	<u>61,699</u>	<u>(12,169,621)</u>	<u>(11,454,288)</u>	<u>715,333</u>	<u>(13,386,639)</u>	<u>(10,755,010)</u>	<u>2,631,629</u>
-	-	-	-	-	-	47,382	94,764	47,382
-	-	-	-	-	-	(117,130)	(94,764)	22,366
-	-	-	-	-	-	10,000	7,050	(2,950)
-	-	-	200,000	200,000	-	400,000	400,000	-
-	-	-	-	-	-	(453,907)	(400,000)	53,907
-	-	-	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(113,655)</u>	<u>7,050</u>	<u>120,705</u>
(42,574)	19,125	61,699	(11,969,621)	(11,254,288)	715,333	(13,500,294)	(10,747,960)	2,752,334
38,519	38,519	-	948,537	948,537	-	2,968,842	2,968,842	-
-	-	-	<u>10,684,491</u>	<u>10,684,491</u>	<u>-</u>	<u>10,854,411</u>	<u>10,854,411</u>	<u>-</u>
<u>\$ (4,055)</u>	<u>\$ 57,644</u>	<u>\$ 61,699</u>	<u>\$ (336,593)</u>	<u>\$ 378,740</u>	<u>\$ 715,333</u>	<u>\$ 322,959</u>	<u>\$ 3,075,293</u>	<u>\$ 2,752,334</u>

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating revenues:			
Tuition and fees	\$ 454	\$ -	\$ 454
Sales/charges for services	74,721	374	75,095
Other	<u>-</u>	<u>9,058</u>	<u>9,058</u>
Total operating revenues	<u>75,175</u>	<u>9,432</u>	<u>84,607</u>
Operating expenses:			
Personal services	177,217	-	177,217
Contract services	18,763	-	18,763
Materials and supplies	212,465	-	212,465
Depreciation	3,182	-	3,182
Other	<u>-</u>	<u>1,900</u>	<u>1,900</u>
Total operating expenses	<u>411,627</u>	<u>1,900</u>	<u>413,527</u>
Operating income (loss)	<u>(336,452)</u>	<u>7,532</u>	<u>(328,920)</u>
Nonoperating revenues:			
Operating grants	362,751	-	362,751
Federal commodities	28,818	-	28,818
Interest revenue	<u>4,407</u>	<u>-</u>	<u>4,407</u>
Total nonoperating revenues	<u>395,976</u>	<u>-</u>	<u>395,976</u>
Net income	59,524	7,532	67,056
Retained earnings/fund balance, July 1	<u>168,448</u>	<u>13,979</u>	<u>182,427</u>
Retained earnings/fund balance, June 30	<u>\$ 227,972</u>	<u>\$ 21,511</u>	<u>\$ 249,483</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from tuition and fees	\$ 454	\$ -	\$ 454
Cash received from sales/service charges	74,721	-	74,721
Cash received from investment earnings	-	330	330
Cash received from other revenues	-	9,445	9,445
Cash payments for personal services	(185,286)	-	(185,286)
Cash payments for contract services	(19,398)	-	(19,398)
Cash payments for materials and supplies	(184,922)	-	(184,922)
Cash payments for other expenses	-	(1,600)	(1,600)
Net cash provided by (used in) operating activities	<u>(314,431)</u>	<u>8,175</u>	<u>(306,256)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	<u>364,352</u>	-	<u>364,352</u>
Net cash provided by noncapital financing activities	<u>364,352</u>	-	<u>364,352</u>
Cash flows from investing activities:			
Interest received	<u>4,407</u>	-	<u>4,407</u>
Net cash provided by investing activities	<u>4,407</u>	-	<u>4,407</u>
Net increase in cash and cash equivalents	54,328	8,175	62,503
Cash and cash equivalents at beginning of year	<u>160,439</u>	<u>2,048</u>	<u>162,487</u>
Cash and cash equivalents at end of year	<u>\$ 214,767</u>	<u>\$ 10,223</u>	<u>\$ 224,990</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (336,452)	\$ 7,532	\$ (328,920)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	3,182	-	3,182
Federal donated commodities	28,818	-	28,818
Interest reported as operating income	-	343	343
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	5,509	-	5,509
Increase (decrease) in accounts payable	(635)	300	(335)
Decrease in accrued wages and benefits	(737)	-	(737)
Decrease in compensated absences payable	(10,943)	-	(10,943)
Increase in due to other governments	3,390	-	3,390
Increase in pension obligation payable	221	-	221
Decrease in deferred revenue	(6,784)	-	(6,784)
Net cash provided by (used in) operating activities	<u>\$ (314,431)</u>	<u>\$ 8,175</u>	<u>\$ (306,256)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Campbell City School District (the “District”) is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms by the citizens of the District.

The District serves an area of approximately four square miles in Mahoning County, including all of the City of Campbell.

The District is the 358th largest in the State of Ohio (among 705 public and community school districts) in terms of total enrollment. It currently operates one elementary school, one middle school, and one comprehensive high school. The District is staffed by 65 non-certificated and 145 certificated personnel to provide services to approximately 1,569 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a joint venture among 22 school districts and 2 county boards of education. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contribution.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS as a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Suite 105, Youngstown, Ohio 44512.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (WCGRP), an insurance purchasing pool. The WCGRP was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental funds:

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

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds).

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary funds:

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include a nonexpendable trust fund, an expendable trust fund and an agency fund. The nonexpendable trust fund is accounted for in the same manner as proprietary funds. The expendable trust fund is accounted for in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. At June 30, 2002, there were no accruals for the agency fund that, in other fund types, would be recognized in the combined balance sheet.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used.

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2002, and which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds and the nonexpendable trust fund are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

D. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2002 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2002.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by June 30, 2002. The budget figures which appear in the statements of budgetary comparisons represent the permanent appropriation amounts plus all supplemental appropriations legally enacted during the year.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 11 discloses encumbrances outstanding for the enterprise funds at fiscal year-end.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" and "Investments" on the combined balance sheet.

During fiscal year 2002, investments were limited to repurchase agreements, certificates of deposit, commercial paper, U.S. Government money market mutual funds and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2002 amounted to \$102,850, which includes \$55,730 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

F. Inventory

Inventories of proprietary funds consist of donated food, purchased food, food service paper and janitorial supplies and are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Asset	Life (years)
Furniture, fixtures and equipment	5 - 20

H. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and severance for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

J. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, budget stabilization, textbooks, debt service, prepayments and principal endowment. Although the nonexpendable trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of the principal endowment. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

K. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as “interfund loans receivable or payable”. The District had short-term interfund loans receivable and payable at June 30, 2002.
4. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2002.

See Note 5 for an analysis of interfund transactions.

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. Fund balance reserves have also been established. See Note 16 for details.

M. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

N. Parochial Schools

Within the District boundaries, St. Joseph’s is operated through the Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and distributed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The receipt and fiduciary liability of these state monies are reflected in a special revenue fund for financial reporting purposes.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Prepaids

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment is not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

P. Memorandum Only - Total Columns

Total columns on the GPFS are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balances at June 30, 2002 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Teacher Development	\$ 303
ELO Grant	93
Adult Basic Education	934
Miscellaneous Federal Grants	61,684

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. These deficits are caused by accruing wage, benefit and pension obligations in accordance with GAAP. These deficits will be eliminated by anticipated intergovernmental revenues and subsidies not recognized at June 30.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Compliance

Contrary to Ohio Revised Code Section 5705.36, the District had various funds with estimated resources in excess of actual receipts for the fiscal year ended June 30, 2002.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents" and "Investments". State statutes require the classification of monies held by the District into three categories:

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two 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 accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies; and

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the District's deposits was \$(199,619) and the bank balance was \$36,871. These amounts include \$11,544 in nonnegotiable certificates of deposit. The District did not record a liability due to the "zero balance" nature of the account. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as "investments". The entire bank balance was covered by federal depository insurance.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in U.S. government money market mutual funds are uncatagorized investments since they are not evidenced by securities that exist in physical or book entry form.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

	Category of Risk		Reported Amount	Fair Value
	<u>2</u>	<u>3</u>		
Repurchase agreement	\$ -	\$9,766,291	\$ 9,766,291	\$ 9,766,291
Federal agency securities	<u>2,030,625</u>	<u>-</u>	2,030,625	2,030,625
	<u>\$2,030,625</u>	<u>\$9,766,291</u>		
U.S. Government money market mutual funds			<u>31,994</u>	<u>31,994</u>
Total investments			<u>\$11,828,910</u>	<u>\$11,828,910</u>

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of pooled cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 9,587,122	\$ 2,042,169
Investments of the cash management pool:		
Repurchase agreements	(9,766,291)	9,766,291
U.S. government money market mutual fund	(31,994)	31,994
Certificate of deposit	<u>11,544</u>	<u>(11,544)</u>
GASB Statement No. 3	<u>\$ (199,619)</u>	<u>\$11,828,910</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 5 - INTERFUND TRANSACTIONS

- A. The following is a summarized breakdown of the District's operating transfers for fiscal year 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$200,000
<u>Capital Projects Funds</u>		
Permanent Improvement	<u>200,000</u>	<u>-</u>
Total	<u>\$200,000</u>	<u>\$200,000</u>

- B. The following is a summarized breakdown of the District's interfund loans receivable and payable at June 30, 2002:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$50,862	\$ -
<u>Special Revenue Funds</u>		
Title I	-	2,826
Title II	-	654
Miscellaneous Federal Grants	<u>-</u>	<u>47,382</u>
Total	<u>\$50,862</u>	<u>\$50,862</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at varying rates of true value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2001 taxes were collected was \$72,873,000. Agricultural/Residential and public utility/minerals real estate represented \$55,399,450 or 76.02% of this total; Commercial & Industrial real estate represented \$6,452,330 or 8.85% of this total, public utility tangible represented \$3,613,660 or 4.96% of this total and general tangible property represented \$7,407,560 or 10.17% of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$39.40 per \$1,000.00 of assessed valuation for operations, \$3.65 per \$1,000.00 of assessed valuation for debt service and \$0.50 per \$1,000.00 of assessed valuation for permanent improvements.

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.

The District receives property taxes from Mahoning County. The County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. There were no tax advances available to the District at June 30, 2002.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements (to the extent eligibility requirements have been met). Intergovernmental receivables have been recorded as "Due From Other Governments" on the balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable conditions of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	<u>Amount</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$3,541,218
Due from other governments	7,392
Interfund loans	50,862
<u>Special Revenue Funds</u>	
Taxes - current and delinquent	51,847
Due from other governments	44,383
<u>Debt Service Fund</u>	
Taxes - current and delinquent	378,481
<u>Capital Projects Funds</u>	
Accrued interest	31,767
<u>Enterprise Fund</u>	
Due from other governments	7,691

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2002</u>
Land/improvements	\$ 16,025	\$ -	\$ -	\$ 16,025
Buildings/improvements	3,426,415	661,144	-	4,087,559
Furniture/equipment	1,419,475	82,941	-	1,502,416
Vehicles/other	439,534	51,379	-	490,913
Construction in process	<u>3,387,291</u>	<u>19,399,884</u>	<u>-</u>	<u>22,787,175</u>
Total	<u>\$8,688,740</u>	<u>\$20,195,348</u>	<u>\$ -</u>	<u>\$28,884,088</u>

The construction in progress at June 30, 2002, represents costs incurred to date for the Construction Project outlined in Note 9.A.

A summary of the proprietary fixed assets at June 30, 2002 follows:

Furniture and equipment	\$ 170,690
Less: accumulated depreciation	<u>(142,592)</u>
Net fixed assets	<u>\$ 28,098</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During fiscal year 2000, the District issued general obligation bonds to provide funds for the construction of a new K-8 elementary/middle school building and renovations and additions to the high school (hereinafter called "Construction Project"). These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to this bond are recorded as an expenditure in the Debt Service fund. The source of payment is derived from a current 3.1 mill bonded debt tax levy for the building construction and a .2 mill bonded debt tax levy for land acquisition.

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of a facilities grant from the Ohio School Facilities Commission (OSFC). OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2002, the total estimated cost of the Construction Project is \$27,106,432, of which OSFC will pay \$21,056,504.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

In conjunction with the 3.3 mills which support the bond issue, the District also passed in fiscal 2000 a .5 mill levy to ultimately fund the maintenance costs of the new facilities. Tax revenue from this levy has been reported in the special revenue funds.

This issue is comprised of both current interest bonds, par value \$2,905,000, and capital appreciation bonds, par value \$465,000. The interest rates on the current interest bonds range from 4.80% to 5.75%. The capital appreciation bonds mature on December 1, 2012 (effective interest 14.5190641%), December 1, 2013 (effective interest 14.5190511%), and December 1, 2014 (effective interest 14.5191251%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the general long-term obligations account group at June 30, 2002 was \$114,000. A total of \$25,533 in accreted interest on the capital appreciation bonds has been included in the general long-term obligations account group at June 30, 2002. The current interest bonds maturing on or after December 1, 2010 are subject to early redemption at the sole option of the District, at the following redemption prices, plus accrued interest:

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2010 through November 30, 2011	102% of par
December 1, 2011 through November 30, 2012	101% of par
December 1, 2012 and thereafter	100% of par

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022.

The following is a schedule of activity for fiscal 2002 on the general obligation bonds:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2002</u>
Current interest bonds	\$2,740,000	\$ -	\$(90,000)	\$2,650,000
Capital appreciation bonds	<u>125,625</u>	<u>13,908</u>	<u>-</u>	<u>139,533</u>
Total G.O. bonds	<u>\$2,865,625</u>	<u>\$13,908</u>	<u>\$(90,000)</u>	<u>\$2,789,533</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Fiscal Year Ending	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 95,000	\$ 142,120	\$ 237,120	\$ -	\$ -	\$ -
2004	95,000	137,560	232,560	-	-	-
2005	100,000	132,830	232,830	-	-	-
2006	105,000	127,808	232,808	-	-	-
2007	110,000	122,486	232,486	-	-	-
2008 - 2012	655,000	518,424	1,173,424	-	-	-
2013 - 2017	315,000	410,409	725,409	465,000	-	465,000
2018 - 2022	950,000	207,000	1,157,000	-	-	-
2023	<u>225,000</u>	<u>6,469</u>	<u>231,469</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$2,650,000</u>	<u>\$1,805,106</u>	<u>\$4,455,106</u>	<u>\$465,000</u>	<u>\$ -</u>	<u>\$465,000</u>

- B.** The District issued energy conservation notes to provide for energy improvements to various District buildings. The primary source of repayment of this note is through energy savings as a result of the improvements.

Payments of principal and interest relating to this liability are recorded as expenditures in the debt service fund. The unmatured obligations at year-end are accounted for in the general long-term obligations account group.

The following is a description of the District's notes outstanding as of June 30, 2002:

	Interest Rate	Issue Date	Maturity Date	Outstanding July 1, 2001	Retired in 2002	Outstanding June 30, 2002
Energy Conservation Notes	5.15%	05/23/96	11/30/04	<u>\$309,778</u>	<u>\$(82,957)</u>	<u>\$226,821</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the asbestos abatement and energy conservation notes:

<u>Fiscal Year Ending</u>	<u>Principal on Notes</u>	<u>Interest on Notes</u>	<u>Total</u>
2003	\$ 87,284	\$10,572	\$ 97,856
2004	91,837	6,019	97,856
2005	<u>47,700</u>	<u>1,228</u>	<u>48,928</u>
Total	<u>\$226,821</u>	<u>\$17,819</u>	<u>\$244,640</u>

C. During the year ended June 30, 2002, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases because of the practicality of determining these values. Compensated absences and pension obligations will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2002</u>
General obligation bonds	\$2,865,625	\$13,908	\$ (90,000)	\$2,789,533
Energy conservation notes payable	309,778	-	(82,957)	226,821
Compensated absences	455,427	39,726	-	495,153
Pension obligation payable	<u>73,343</u>	<u>84,685</u>	<u>(73,343)</u>	<u>84,685</u>
Total	<u>\$3,704,173</u>	<u>\$138,319</u>	<u>\$(246,300)</u>	<u>\$3,596,192</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2002 are a voted debt margin of \$3,826,681 (including available funds of \$57,644) and an unvoted debt margin of \$72,873.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 10 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments. The comprehensive commercial insurance coverage limits are \$27,773,469 and a deductible of \$3,000. The business auto coverage limits are \$1,000,000 for liability and uninsured motorists.

The District has liability insurance coverage limits of \$1,000,000 per claim and \$3,000,000 annual aggregate. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Medical Benefits

The District has joined together with other school districts in Mahoning County to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 13 member school districts. The plan was organized to provide health, dental, and vision benefits to its member organizations.

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

The District pays the insurance premiums for all full-time employees and 50% of the premium for part time employees who are the head of a household.

The health, dental, and vision coverage is administered by Professional Risk Management, a third party administrator.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 10 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 2.A.). The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 11 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The following table reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2002.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$74,721	\$454	\$75,175
Operating expenses before depreciation	401,445	7,000	408,445
Depreciation	3,182	-	3,182
Operating loss	(329,906)	(6,546)	(336,452)
Nonoperating Revenues:			
Operating grants	362,751	-	362,751
Interest Revenue	4,407	-	4,407
Donated Commodities	28,818	-	28,818
Net income	66,070	(6,546)	59,524
Net working capital	202,732	782	203,514
Total assets	254,456	782	255,238
Total liabilities	27,266	-	27,266
Total equity	227,190	782	227,972
Encumbrances at 06/30/02	9,955	-	9,955

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14% for 2002; 5.46% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$203,841, \$194,707, \$286,078, and respectively; 40.11% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$122,088, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14% for 2002; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$735,289, \$688,057, \$888,614, and respectively; 83.75% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$119,504, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

NOTE 13 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by State statute. Both STRS and SERS are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$236,343 during fiscal 2002.

**CAMPBELL CITY SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$143,105 during the 2002 fiscal year.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing
Sources Over/(Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$335,687	\$151,516	\$19,125	\$(11,254,288)
Net adjustment for revenue accruals	1,606	(215,002)	-	74,123
Net adjustment for expenditure accruals	(57,475)	(21,618)	-	(1,718,748)
Net adjustment for other financing sources/(uses)	-	-	-	-
Encumbrances (budget basis)	<u>70,185</u>	<u>82,040</u>	<u>-</u>	<u>8,101,440</u>
GAAP basis	<u>\$350,003</u>	<u>\$ (3,064)</u>	<u>\$19,125</u>	<u>\$ (4,797,473)</u>

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2002.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 15 - CONTINGENCIES - (Continued)

B. Litigation

The District is not currently a party to any legal proceedings that could have a material effect on the financial statements.

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

NOTE 16 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2001	\$ 17,253	\$ -	\$80,192
Current year set-aside requirement	194,808	194,808	-
Qualifying disbursements	<u>(202,418)</u>	<u>(229,282)</u>	<u>-</u>
Total	<u>\$ 9,643</u>	<u>\$ (34,474)</u>	<u>\$80,192</u>
Cash balance carried forward to FY2003	<u>\$ 9,643</u>	<u>\$ -</u>	<u>\$80,192</u>

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 16 - STATUTORY RESERVES - (Continued)

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute.

The District had qualifying disbursements during the year that reduced the instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2002 follows:

Amount restricted for textbooks	\$ 9,643
Amount restrict for BWC refunds	<u>80,192</u>
Total restricted assets	<u>\$ 89,835</u>

NOTE 17 - CONTRACTUAL COMMITMENTS

As of June 30, 2002, the District has awarded a total of \$24,388,749 in construction contracts related to the Construction Project outlined in Note 9.A. As of June 30, 2002, a total of \$19,831,477 has been paid on these contracts, leaving a balance in contractual commitments outstanding of \$4,557,272.

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$22,034		\$26,132
National School Lunch Program	043703-LLP3-2001	10.555	\$6,156		\$6,156	
	043703-LLP4-2001	10.555	30,405		30,405	
	043703-LLP4-2002	10.555	<u>226,056</u>		<u>226,056</u>	
Total National School Lunch			262,617		262,617	
National School Breakfast Program	043703-05PU-2001	10.553	15,993		15,993	
	043703-05PU-2002	10.553	<u>59,055</u>		<u>59,055</u>	
Total National School Breakfast Program			<u>75,048</u>		<u>75,048</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>337,665</u>	<u>22,034</u>	<u>337,665</u>	<u>26,132</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-2002	84.027	<u>151,682</u>		<u>145,641</u>	
Total Special Education Cluster			151,682		145,641	
Adult Education- State Grant Program	AB-S1-2002	84.002			5,672	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-2001	84.010	154,863		154,939	
	C1-S1-2002	84.010	<u>459,747</u>		<u>261,808</u>	
Total			614,610		416,747	
Innovative Educational Program Strategies	C2-S1-2002	84.298	16,036		11,253	
Class Size Reduction (Title VI-R)	CR-S1_2001	84.340	26,214		26,214	
	CR-S1_2002	84.340	<u>63,986</u>		<u>63,986</u>	
Total			90,200		90,200	
Eisenhower Grant	MS-S1-2001	84.281			2,081	
	MS-S1-2002	84.281	<u>11,551</u>		<u>10,267</u>	
Total Eisenhower Grant			11,551		12,348	
Drug-Free Schools Grant	043703-DRS1-2000	84.186	(808)		4,510	
	043703-DRS1-2001	84.186	6,733		9,582	
	043703-DRS1-2002	84.186	<u>3,664</u>		<u>304</u>	
Total			9,589		14,396	
Raising the Bar	TF-S1-02	84.318			22,066	
Goals 2000		84.276			28,332	
	G2-S1-00	84.276			13,516	
	G2-S1-01	84.276			<u>13,000</u>	
Total					<u>54,848</u>	
Total Department of Education			<u>893,668</u>		<u>773,171</u>	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Pass Through Ohio Department of Mental Retardation and Departmental Disabilities</i>						
Medical Assistance Program	Ohio Dept of MR/DD	93.778	<u>62,578</u>		<u>62,578</u>	
Totals			<u>\$1,293,911</u>	<u>\$22,034</u>	<u>\$1,173,414</u>	<u>\$26,132</u>

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

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State Grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Education:

We have audited the financial statements of the Campbell City School District, Mahoning County (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated February 18, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Campbell City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-11150-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Campbell City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Campbell City School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-11150-002.

In planning and performing our audit, we considered Campbell City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to

Campbell City School District
Board of Education
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we do not consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Campbell City School District in a separate letter dated February 18, 2003.

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty D. Montgomery
Auditor of State

February 18, 2003



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

Campbell City School District
Mahoning County
280 Sixth Street
Campbell, Ohio 44515

To the Board of Education:

Compliance

We have audited the compliance of the Campbell City School District, Mahoning County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on Campbell City School District's compliance based on our audit.

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

In our opinion, Campbell City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the Campbell City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty D. Montgomery
Auditor of State

February 18, 2003

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I/84.010 Title VI-B / 84.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number	2002-11150-001
-----------------------	----------------

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The following Funds had estimated receipts exceeding actual receipts and the deficiency caused the available resources to fall below the current level of appropriation:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Actual Receipts</u>	<u>Variance</u>
Special Revenue			
018 – School Support	\$ 16,000	\$ 13,989	\$ (2,011)
Capital Projects			
003 – Perm Improve.	300,000	200,000	(100,000)
010 – OSFC Project Const	15,000,000	14,909,491	(90,509)
Enterprise Funds			
006 – Food Service	500,000	443,480	(56,520)
009 – School Supplies	1,800	455	(1,345)

This situation results in an increase risk that the District would obligate or spend resources in excess of the amounts available, thereby running the fund into a deficit balance.

We recommend the District more closely monitor the budgetary activity in order to file timely amendments when necessary to prevent overspending and running deficit balances.

Finding Number	2002-11150-002
-----------------------	----------------

**Reportable Condition
 Cash Reconciliation Process**

The Cash reconciliation process is designed to help ensure the completeness and accuracy of the financial records and the stated balances represent actual amounts on hand. Each reconciling item should be investigated and detailed in order to determine the validity and nature of the item.

The District has been unable to reconcile their book balance to the bank balance during FY02; while the amount is insignificant to the financial statements, this is a critical function in maintaining and managing the District's resources.

The lack of accurate cash reconciliations could lead to the financial statements being materially misstated in the future as the potential for the un-reconciled balance to escalate increases. This could also lead to the District obligating funds for which the resources are not available.

We recommend the District revisit their reconciliation process and adopt procedures to ensure the book balance is in reconciliation with the bank balance and all reconciling items have been investigated and explained.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**CAMPBELL CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-11150-001	Ohio Revised Code § 5705.41 (B) - The District expended monies without the necessary appropriations in the various funds	Yes	
2001-11150-002	Ohio Revised Code § 5705.39 – various funds had appropriations in excess of the amount certified as available by the budget commission.	Yes	



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CAMPBELL CITY SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 18, 2003**