

**CITY OF CAMPBELL
MAHONING COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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

OHIO AUDITOR OF STATE KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the City of Campbell, Mahoning County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

FINDING FOR RECOVERY:

Ohio Rev. Code § 117.28 requires the Auditor of State to issue a finding for recovery when an audit report sets forth that any public money collected has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated.

Police officers in command during patrol shifts are paid a higher wage during those shifts. During 2017 and 2018, some police officers were incorrectly paid the hourly rates for both patrolmen and sergeants during their patrol shifts. The following police officers were overpaid in the amounts indicated and the repayment status is noted as well:

Name	Overpayment	Repaid	Repayment method
Bloomer	\$381	Y	20 hours comp on 11/6/18
Carron	651	Y	40 hrs sick and \$6.75 on 11/16 payroll
Manning	930	Y	44 hrs sick on 11/16 payroll
Williams	141	Y	11/7/18 paid cash receipt #6497
Timlin	21	Y	11/27/18 paid with cash receipt #6542
Tedesco	1,605	Y	93 hours sick and \$13.66 on 12-28-18 pay

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Name	Overpayment	Repaid	Repayment method
Rauschenbach	2,880	N	N/A
Rusnak	5,555	N	N/A
Gulu	1,865	N	N/A
Zupko	9,689	N	N/A
Total	\$23,718	\$3,729	\$19,989 Unpaid

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against John Gulu, Timothy Rauschenbach, John Rusnak, and Mitchell Zupko in the amount of \$1,865, \$2,880, \$5,555, \$1,605, and \$9,689, respectively and totaling \$19,989 and in favor of the City of Campbell general fund.

As of January 28, 2019 the first six police officers findings for recovery are considered repaid under audit, with the remaining four findings for recovery still outstanding.

FINDING FOR RECOVERY-REPAID UNDER AUDIT:

Ohio Rev. Code § 117.28 requires the Auditor of State to issue a finding for recovery when an audit report sets forth that any public money collected has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated.

Thomas Lazzara, Finance Clerk, made purchases from the Quill Company for the City of Campbell. The Quill Company has promotional items based on the level of spending: the more spent on purchases, the higher the gift value. During 2017 and 2018, the value of gifts received totaled approximately \$1,230. Since the City of Campbell paid for the purchases, the gifts should have remained in the possession of the city. However, the gifts did not remain in the possession of the city and instead were taken for personal use by Thomas Lazzara.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public property converted or misappropriated is hereby issued against (former) Finance Clerk Thomas Lazzara, in the amount of \$1,230 and in favor of the City of Campbell's general fund.

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Thomas Lazzara repaid \$1,230 to the City of Campbell on January 16, 2019 via check number 6496. Therefore, this fining for recovery is considered repaid under audit.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 4, 2019

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**CITY OF CAMPBELL
MAHONING COUNTY, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2017**

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the Safety Forces Levy Fund, Street Construction, Maintenance, and Repair Fund, and Community Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

August 22, 2018

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The discussion and analysis of the City of Campbell's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Financial highlights for 2017 are as follows:

- The City of Campbell utilized the services of the Regional Income Tax Agency (R.I.T.A.) during 2017. R.I.T.A. has administered and collected the City's income taxes since January 1, 2005. As a result, income tax collections for the City's general fund are remaining consistent with the prior year; due in part to accelerated collections of delinquencies, collecting from prior non-filers, and enforcing payment of quarterly estimated taxes by individuals.
- Total governmental capital assets increased due to additions to land, buildings and a vehicle which was offset due to an additional year of depreciation expense. The business-type activities capital assets increased due to additions to construction in progress and infrastructure which was offset an additional year of depreciation expense.
- The City complies with GASB 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements presentation of the City.

Using this Annual Financial Report

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

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

Reporting on the City of Campbell as a Whole

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question.

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

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

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

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

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

Reporting on the Most Significant Funds of the City of Campbell

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, the safety forces levy, the street construction, maintenance and repair and the community development special revenue funds.

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

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

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

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

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

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

The City of Campbell as a Whole

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2017 as they compare to 2016.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$4,779,347	\$5,634,547	\$1,384,200	\$1,240,719	6,163,547	\$6,875,266
Capital Assets, Net	2,568,422	2,540,368	5,379,609	5,237,110	7,948,031	7,777,478
<i>Total Assets</i>	<u>7,347,769</u>	<u>8,174,915</u>	<u>6,763,809</u>	<u>6,477,829</u>	<u>14,111,578</u>	<u>14,652,744</u>
Deferred Outflows of Resources						
Pension	911,416	1,112,691	414,852	306,616	1,326,268	1,419,307
Liabilities						
Current Liabilities	161,785	359,420	93,779	104,876	255,564	464,296
Long-term Liabilities						
Due within one Year	165,326	144,835	198,605	187,077	363,931	331,912
Due in More than one Year						
Net Pension Liability	3,877,274	4,057,108	1,062,813	792,660	4,940,087	4,849,768
Other Amounts	684,733	744,826	1,335,326	1,315,198	2,020,059	2,060,024
<i>Total Liabilities</i>	<u>\$4,889,118</u>	<u>\$5,306,189</u>	<u>\$2,690,523</u>	<u>\$2,399,811</u>	<u>\$7,579,641</u>	<u>\$7,706,000</u>

City of Campbell
Management's Discussion and Analysis
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(Table 1)
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Deferred Inflows of Resources						
Property Taxes	\$771,877	\$835,914	\$0	\$0	\$771,877	\$835,914
Pension	289,846	23,969	6,325	15,316	296,171	39,285
<i>Total Deferred Inflows of Resources</i>	<u>1,061,723</u>	<u>859,883</u>	<u>6,325</u>	<u>15,316</u>	<u>1,068,048</u>	<u>875,199</u>
Net Position						
Net Investment in Capital Assets	2,482,902	2,435,806	3,914,224	3,783,380	6,397,126	6,219,186
Restricted for:						
Capital Projects	272,392	260,972	0	0	272,392	260,972
Safety Forces	125,190	128,431	0	0	125,190	128,431
Streets	245,699	682,272	0	0	245,699	682,272
Parks	379,479	236,008	0	0	379,479	236,008
Other Purposes	936,260	1,176,947	0	0	936,260	1,176,947
Unrestricted (Deficit)	(2,133,578)	(1,798,902)	567,589	585,938	(1,565,989)	(1,212,964)
<i>Total Net Position</i>	<u>\$2,308,344</u>	<u>\$3,121,534</u>	<u>\$4,481,813</u>	<u>\$4,369,318</u>	<u>\$6,790,157</u>	<u>\$7,490,852</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

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

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

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

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

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

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

The decrease in governmental net position can be attributed to expenses outpacing revenues resulting from the net pension liability. The decrease in total deferred outflow of resources in 2017 was due to a decrease in the difference between projected and actual earnings on investments related to the City's net pension liability for OPERS. The decrease in current and other assets is due to decrease in cash and cash equivalents and intergovernmental receivables. The City continues to seek out additional sources of revenues. Current liabilities decreased due to decreases in contracts and intergovernmental payables and unearned revenues which were partially offset by an increase in accounts payable. The net pension liability decrease represents the City's proportionate share of the pension plans' unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

The net position for business-type activities increased from 2016. The increase in business-type net position can be attributed to the increase accounts receivable and capital assets which was partially offset by a decrease in intergovernmental receivables. Current assets increased primarily due to a increase in cash and accounts receivable. Liabilities increased due to increases the net pension liability from negotiated increases and the overall increases in the unfunded pension liabilities.

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

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for fiscal years 2017 and 2016.

City of Campbell
Management's Discussion and Analysis
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Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Program Revenues						
Charges for Services	\$617,001	\$725,590	\$2,368,006	\$2,089,958	\$2,985,007	\$2,815,548
Operating Grants and Contributions	1,180,607	1,762,901	0	0	1,180,607	1,762,901
Capital Grants	204,127	165,096	25,000	52,558	229,127	217,654
<i>Total Program Revenues</i>	<u>2,001,735</u>	<u>2,653,587</u>	<u>2,393,006</u>	<u>2,142,516</u>	<u>4,394,741</u>	<u>4,796,103</u>
General Revenues						
Property Taxes	602,914	639,607	0	0	602,914	639,607
Municipal Income Tax	2,011,959	1,928,778	0	0	2,011,959	1,928,778
Grants and Entitlements not Restricted to Specific Programs	368,802	269,474	0	0	368,802	269,474
Interest	4,989	7,559	0	0	4,989	7,559
Unrestricted Contributions	13,445	765	0	0	13,445	765
Other	413,327	297,124	0	49,162	413,327	346,286
<i>Total General Revenues</i>	<u>3,415,436</u>	<u>3,143,307</u>	<u>0</u>	<u>49,162</u>	<u>3,415,436</u>	<u>3,192,469</u>
<i>Total Revenues</i>	<u>5,417,171</u>	<u>5,796,894</u>	<u>2,393,006</u>	<u>2,191,678</u>	<u>7,810,177</u>	<u>7,988,572</u>
Program Expenses						
General Government	1,798,248	1,698,296	0	0	1,798,248	1,698,296
Security of Persons and Property:						
Police	1,936,516	1,892,412	0	0	1,936,516	1,892,412
Fire	556,482	621,373	0	0	556,482	621,373
Transportation	1,082,961	845,500	0	0	1,082,961	845,500
Community Environment	628,545	786,578	0	0	628,545	786,578
Leisure Time Activities	210,045	163,390	0	0	210,045	163,390
Interest and Fiscal Charges	20,482	28,263	0	0	20,482	28,263
Water	0	0	2,149,507	1,793,139	2,149,507	1,793,139
Storm Water Management	0	0	128,086	164,775	128,086	164,775
<i>Total Program Expenses</i>	<u>6,233,279</u>	<u>6,035,812</u>	<u>2,277,593</u>	<u>1,957,914</u>	<u>8,510,872</u>	<u>7,993,726</u>
Transfers	2,918	0	(2,918)	0	0	0
<i>Change in Net Position</i>	<u>(813,190)</u>	<u>(238,918)</u>	<u>112,495</u>	<u>233,764</u>	<u>(700,695)</u>	<u>(5,154)</u>
Net Position Beginning of Year	3,121,534	3,360,452	4,369,318	4,135,554	7,490,852	7,496,006
Net Position End of the Year	<u>\$2,308,344</u>	<u>\$3,121,534</u>	<u>\$4,481,813</u>	<u>\$4,369,318</u>	<u>\$6,790,157</u>	<u>\$7,490,852</u>

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. For 2017, annual income tax receipts were more than half of all general revenues at 59 percent. The City's income tax rate is currently 2.5 percent. Residents of the City who work in another community receive a 100 percent credit on income earned outside the City and paid to another municipality.

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General revenues from grants and entitlements, such as local government funds, are also revenue generators. The City monitors its source of revenues very closely for fluctuations. Local government funding has been reduced for the past several years and is anticipated to be stagnant in the future. This is a direct result of the planned State budget reduction. Investment earnings and miscellaneous receipts are insignificant and are somewhat unpredictable revenue sources.

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

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

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

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

Business-Type Activities

The City operates two business-type activities, the water treatment and storm water management. These two activities received charges for services of \$2,206,025 from water and \$161,981 from storm water management. The largest sources of revenue for both water and storm water in 2017 were charges for services. Water and storm water management expenses for 2017 amounted to \$2,152,425 and \$128,086, respectively. Payroll and employees benefits are the largest expense for the water fund.

The City's Funds

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

As of the end of 2017, the City of Campbell's governmental funds reported a positive combined ending fund balance. The City's major governmental funds are the general fund, the safety forces levy, the street construction, maintenance and repair and the community development special revenue funds. Expenditures outpaced revenues for the year in the general fund due to decreases in fines, licenses and permits as well as increases in general government expenses. The assessed values upon which 2017 property tax receipts are based on stayed relatively consistent when compared to the prior year. The street construction, maintenance and repair special revenue fund had a decrease in fund balance due to an increase in street maintenance spending. The community development special revenue fund had an increase in fund balance due to intergovernmental revenues outpacing community environment spending.

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Proprietary funds are accounted for on an accrual basis.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. These funds had total operating revenue of \$2,368,006 and total operating expenses of \$2,237,037. If expenses were to exceed revenue and dramatically affect net position, the City has the power to increase revenue through water rate increases.

General Fund Budgeting Highlights

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the Budget Commission in accordance with Ohio Revised Code. In 2017, actual revenues for the general fund were less than final estimated revenues due to over all revenues coming in lower than expected for the year. City Council's actual expenditures were more than final appropriations in total due to unexpected costs occurring near year end.

The original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for the governmental activities, net of accumulated depreciation increased. This increase is due to additions of land, buildings and a vehicle, which was offset by an additional year of accumulated depreciation being taken.

Total capital assets for the business-type activities, net of accumulated depreciation increased due to additions to construction in progress and the completion of infrastructure projects offset by an additional year of accumulated depreciation being taken. See Note 10 to the basic financial statements for additional information on capital assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$777,598	\$755,800	\$34,280	\$34,280	\$811,878	\$790,080
Construction in Progress	0	0	295,915	435,242	295,915	435,242
Land Improvements	299,386	313,689	259	927	299,645	314,616
Buildings	368,636	202,147	768,330	815,583	1,136,966	1,017,730
Machinery and Equipment	66,222	75,846	192,447	216,646	258,669	292,492
Vehicles	587,021	712,655	146,485	164,432	733,506	877,087
Infrastructure	469,559	480,231	3,941,893	3,570,000	4,411,452	4,050,231
Total Capital Assets	\$2,568,422	\$2,540,368	\$5,379,609	\$5,237,110	\$7,948,031	\$7,777,478

City of Campbell
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Long-term Obligations

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

(Table 4)

Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
OPWC Loans	\$0	\$0	\$187,234	\$232,777	\$187,234	\$232,777
OWDA Loans	0	0	1,147,330	1,065,556	1,147,330	1,065,556
Net Pension Liability	3,877,274	4,057,108	1,062,813	792,660	4,940,087	4,849,768
Police and Fire Pension Loan	434,094	450,593	0	0	434,094	450,593
Jail Services Liability	22,847	34,847	0	0	22,847	34,847
Capital Leases	85,520	104,562	130,821	155,397	216,341	259,959
Compensated Absences	307,598	299,659	68,546	48,545	376,144	348,204
Total	\$4,727,333	\$4,946,769	\$2,596,744	\$2,294,935	\$7,324,077	\$7,241,704

For the business-type funds, OWDA debt was issued for the water interconnection project.

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

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

In prior years, the City entered into a capital lease agreement for a tractor and street sweeper.

The City of Campbell's overall legal debt margin was \$6,911,104 on December 31, 2017. For more information about the City's long-term obligations, see Note 13 to the basic financial statements.

Current Financial Issues

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

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

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

Contacting the City of Campbell's Financial Management

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

Basic Financial Statements

City of Campbell, Ohio

Statement of Net Position

December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,663,177	\$1,247,234	\$2,910,411
Accounts Receivable	24,044	342,704	366,748
Internal Balances	210,696	(210,696)	0
Intergovernmental Receivable	411,047	4,958	416,005
Property Taxes Receivable	1,137,748	0	1,137,748
Income Taxes Receivable	1,327,372	0	1,327,372
Materials and Supplies Inventory	5,263	0	5,263
Nondepreciable Capital Assets	777,598	330,195	1,107,793
Depreciable Capital Assets, Net	1,790,824	5,049,414	6,840,238
<i>Total Assets</i>	<u>7,347,769</u>	<u>6,763,809</u>	<u>14,111,578</u>
Deferred Outflow of Resources			
Pension	911,416	414,852	1,326,268
Liabilities			
Accounts Payable	70,610	51,316	121,926
Accrued Wages	40,706	10,619	51,325
Contracts Payable	3,932	1,651	5,583
Intergovernmental Payable	44,551	9,929	54,480
Accrued Interest Payable	1,986	20,264	22,250
Long-Term Liabilities:			
Due Within One Year	165,326	198,605	363,931
Due In More Than One Year			
Net Pension Liability (See Note 15)	3,877,274	1,062,813	4,940,087
Other Amounts	684,733	1,335,326	2,020,059
<i>Total Liabilities</i>	<u>4,889,118</u>	<u>2,690,523</u>	<u>7,579,641</u>
Deferred Inflows of Resources			
Property Taxes	771,877	0	771,877
Pension	289,846	6,325	296,171
<i>Total Deferred Inflows of Resources</i>	<u>1,061,723</u>	<u>6,325</u>	<u>1,068,048</u>
Net Position			
Net Investment in Capital Assets	2,482,902	3,914,224	6,397,126
Restricted for:			
Capital Projects	272,392	0	272,392
Safety Forces	125,190	0	125,190
Streets	245,699	0	245,699
Parks	379,479	0	379,479
Other Purposes	936,260	0	936,260
Unrestricted (Deficit)	(2,133,578)	567,589	(1,565,989)
<i>Total Net Position</i>	<u>\$2,308,344</u>	<u>\$4,481,813</u>	<u>\$6,790,157</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$1,798,248	\$270,865	\$10,000	\$203,430
Security of Persons and Property:				
Police	1,936,516	279,760	77,935	0
Fire	556,482	51,191	17,176	0
Transportation	1,082,961	0	669,313	697
Community Environment	628,545	3,000	406,183	0
Leisure Time Activities	210,045	12,185	0	0
Interest and Fiscal Charges	20,482	0	0	0
<i>Total Governmental Activities</i>	<u>6,233,279</u>	<u>617,001</u>	<u>1,180,607</u>	<u>204,127</u>
Business-Type Activities:				
Water	2,149,507	2,206,025	0	25,000
Storm Water Management	128,086	161,981	0	0
<i>Total Business-Type Activities</i>	<u>2,277,593</u>	<u>2,368,006</u>	<u>0</u>	<u>25,000</u>
<i>Total</i>	<u><u>\$8,510,872</u></u>	<u><u>\$2,985,007</u></u>	<u><u>\$1,180,607</u></u>	<u><u>\$229,127</u></u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Street

 Police

 Fire

Municipal Income Taxes Levied for:

 General Purposes

 Park

Grants and Entitlements not Restricted
to Specific Programs

Gain on Sale of Capital Asset

Interest

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$1,313,953)	\$0	(\$1,313,953)
(1,578,821)	0	(1,578,821)
(488,115)	0	(488,115)
(412,951)	0	(412,951)
(219,362)	0	(219,362)
(197,860)	0	(197,860)
(20,482)	0	(20,482)
(4,231,544)	0	(4,231,544)
0	81,518	81,518
0	33,895	33,895
0	115,413	115,413
(4,231,544)	115,413	(4,116,131)
263,908	0	263,908
153,499	0	153,499
120,514	0	120,514
64,993	0	64,993
1,810,764	0	1,810,764
201,195	0	201,195
368,802	0	368,802
4,989	0	4,989
13,445	0	13,445
413,327	0	413,327
3,415,436	0	3,415,436
2,918	(2,918)	0
3,418,354	(2,918)	3,415,436
(813,190)	112,495	(700,695)
3,121,534	4,369,318	7,490,852
<u>\$2,308,344</u>	<u>\$4,481,813</u>	<u>\$6,790,157</u>

City of Campbell, Ohio

Balance Sheet

Governmental Funds

December 31, 2017

	General	Safety Forces Levy	Street Construction, Maintenance and Repair	Community Development	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$180,477	\$0	\$24,196	\$48,292	\$1,387,717	\$1,640,682
Receivables:						
Property Taxes	546,476	268,760	268,760	0	53,752	1,137,748
Income Taxes	1,194,635	0	0	0	132,737	1,327,372
Accounts	21,748	0	0	0	2,296	24,044
Intergovernmental	163,587	20,717	164,387	0	62,356	411,047
Interfund Receivable	333,980	0	0	0	0	333,980
Materials and Supplies Inventory	0	0	5,263	0	0	5,263
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	22,495	0	0	0	0	22,495
Total Assets	\$2,463,398	\$289,477	\$462,606	\$48,292	\$1,638,858	\$4,902,631
Liabilities						
Accounts Payable	\$44,030	\$0	\$3,863	\$0	\$22,717	\$70,610
Contracts Payable	0	0	3,932	0	0	3,932
Accrued Wages	34,882	0	4,930	0	894	40,706
Intergovernmental Payable	40,094	0	4,213	0	244	44,551
Interfund Payable	0	0	0	0	123,284	123,284
Total Liabilities	119,006	0	16,938	0	147,139	283,083
Deferred Inflows of Resources						
Property Taxes	370,745	182,333	182,333	0	36,466	771,877
Unavailable Revenue	1,387,264	107,144	202,350	0	181,844	1,878,602
Total Deferred Inflows of Resources	1,758,009	289,477	384,683	0	218,310	2,650,479
Fund Balances						
Nonspendable	22,495	0	5,263	0	0	27,758
Restricted	0	0	55,722	48,292	1,380,577	1,484,591
Committed	0	0	0	0	11,467	11,467
Assigned	113,232	0	0	0	0	113,232
Unassigned (Deficit)	450,656	0	0	0	(118,635)	332,021
Total Fund Balances	586,383	0	60,985	48,292	1,273,409	1,969,069
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,463,398	\$289,477	\$462,606	\$48,292	\$1,638,858	\$4,902,631

See accompanying notes to the basic financial statements

City of Campbell, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2017*

Total Governmental Fund Balances	\$1,969,069
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*Amounts reported for governmental activities in the
 statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,568,422
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	365,871
Municipal Income Taxes	1,246,524
Intergovernmental	<u>266,207</u>

Total	1,878,602
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(1,986)
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The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	911,416
Deferred Inflows - Pension	(289,846)
Net Pension Liability	<u>(3,877,274)</u>

Total	(3,255,704)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Police and Fire Pension Loan	(434,094)
Jail Services Liability	(22,847)
Capital Leases	(85,520)
Compensated Absences	<u>(307,598)</u>

Total	<u>(850,059)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$2,308,344</u></u>
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See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Safety Forces Levy	Street Construction, Maintenance and Repair	Community Development	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$263,949	\$153,516	\$153,516	\$0	\$32,013	\$602,994
Municipal Income Taxes	1,694,246	0	0	0	188,249	1,882,495
Charges for Services	50,243	0	0	0	3,000	53,243
Fines, Licenses and Permits	416,118	0	0	0	135,455	551,573
Intergovernmental	366,656	41,571	554,561	522,355	299,532	1,784,675
Interest	12,287	0	777	0	381	13,445
Rentals	0	0	0	0	12,185	12,185
Contributions and Donations	0	0	0	0	936	936
Other	302,055	0	592	0	110,680	413,327
<i>Total Revenues</i>	<u>3,105,554</u>	<u>195,087</u>	<u>709,446</u>	<u>522,355</u>	<u>782,431</u>	<u>5,314,873</u>
Expenditures						
Current:						
General Government	1,458,574	0	0	0	106,130	1,564,704
Security of Persons and Property:						
Police	1,418,925	133,656	0	0	122,397	1,674,978
Fire	396,615	61,431	0	0	10,915	468,961
Transportation	0	0	863,044	0	161,567	1,024,611
Community Environment	0	0	0	497,445	131,100	628,545
Leisure Time Activities	0	0	0	0	203,689	203,689
Capital Outlay	0	0	109,287	0	81,509	190,796
Debt Service:						
Principal Retirement	16,192	0	1,607	0	29,742	47,541
Interest and Fiscal Charges	335	0	213	0	20,289	20,837
<i>Total Expenditures</i>	<u>3,290,641</u>	<u>195,087</u>	<u>974,151</u>	<u>497,445</u>	<u>867,338</u>	<u>5,824,662</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(185,087)</u>	<u>0</u>	<u>(264,705)</u>	<u>24,910</u>	<u>(84,907)</u>	<u>(509,789)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	0	0	0	0	22,027	22,027
Transfers In	0	0	0	0	20,440	20,440
Transfers Out	(20,440)	0	0	0	0	(20,440)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,440)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,467</u>	<u>22,027</u>
<i>Net Change in Fund Balances</i>	<u>(205,527)</u>	<u>0</u>	<u>(264,705)</u>	<u>24,910</u>	<u>(42,440)</u>	<u>(487,762)</u>
<i>Fund Balances Beginning of Year</i>	<u>791,910</u>	<u>0</u>	<u>325,690</u>	<u>23,382</u>	<u>1,315,849</u>	<u>2,456,831</u>
<i>Fund Balances End of Year</i>	<u><u>\$586,383</u></u>	<u><u>\$0</u></u>	<u><u>\$60,985</u></u>	<u><u>\$48,292</u></u>	<u><u>\$1,273,409</u></u>	<u><u>\$1,969,069</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017*

Net Change in Fund Balances - Total Governmental Funds (\$487,762)

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

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

Capital Asset Additions	28,688	
Capital Contributions	206,348	
Current Year Depreciation	<u>(186,128)</u>	
Total		48,908

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (20,854)

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

Delinquent Property Taxes	(80)	
Municipal Income Taxes	129,464	
Intergovernmental	<u>(235,505)</u>	
Total		(106,121)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 248,577

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (535,895)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 47,541

In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due. 355

Some expenses do not require the use of current financial resources such as compensated absences, therefore are not reported as expenditures in the governmental funds: (7,939)

Change in Net Position of Governmental Activities (\$813,190)

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$278,600	\$278,600	\$263,949	(\$14,651)
Municipal Income Taxes	1,815,325	1,815,325	1,719,860	(95,465)
Charges for Services	52,432	52,432	49,675	(2,757)
Fines, Licenses and Permits	438,041	438,041	415,005	(23,036)
Intergovernmental	386,792	386,792	366,451	(20,341)
Interest	12,969	12,969	12,287	(682)
Other	420,562	420,562	290,196	(130,366)
<i>Total Revenues</i>	3,404,721	3,404,721	3,117,423	(287,298)
Expenditures				
Current:				
General Government	1,445,609	1,365,966	1,491,141	(125,175)
Security of Persons and Property:				
Police	1,434,268	1,364,563	1,423,030	(58,467)
Fire	411,470	393,207	392,239	968
Debt Service:				
Principal Retirement	16,192	16,192	16,192	0
Interest and Fiscal Charges	335	335	335	0
<i>Total Expenditures</i>	3,307,874	3,140,263	3,322,937	(182,674)
<i>Excess of Revenues Over (Under) Expenditures</i>	96,847	264,458	(205,514)	(469,972)
Other Financing Sources (Uses)				
Advances In	27,685	27,685	27,685	0
Advances Out	0	0	(10,696)	(10,696)
Transfers Out	0	0	(20,440)	(20,440)
<i>Total Other Financing Sources (Uses)</i>	27,685	27,685	(3,451)	(31,136)
<i>Net Change in Fund Balance</i>	124,532	292,143	(208,965)	(501,108)
<i>Fund Balance Beginning of Year</i>	170,163	170,163	170,163	0
Prior Year Encumbrances Appropriated	123,305	123,305	123,305	0
<i>Fund Balance End of Year</i>	\$418,000	\$585,611	\$84,503	(\$501,108)

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Safety Forces Levy Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$166,400	\$166,400	\$153,516	(\$12,884)
Intergovernmental	45,060	45,060	41,571	(3,489)
<i>Total Revenues</i>	<u>211,460</u>	<u>211,460</u>	<u>195,087</u>	<u>(16,373)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	137,707	137,707	133,656	4,051
Fire	63,293	63,293	61,431	1,862
<i>Total Expenditures</i>	<u>201,000</u>	<u>201,000</u>	<u>195,087</u>	<u>5,913</u>
<i>Net Change in Fund Balance</i>	10,460	10,460	0	(10,460)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10,460</u>	<u>\$10,460</u>	<u>\$0</u>	<u>(\$10,460)</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$120,244	\$120,244	\$153,516	\$33,272
Intergovernmental	418,590	418,590	534,418	115,828
Investment Earnings	609	609	777	168
Miscellaneous	117	117	150	33
<i>Total Revenues</i>	539,560	539,560	688,861	149,301
Expenditures				
Current:				
Transportation	494,110	494,110	942,082	(447,972)
Debt Service:				
Principal Retirement	1,607	1,607	1,607	0
Interest and Fiscal Charges	213	213	213	0
<i>Total Expenditures</i>	495,930	495,930	943,902	(447,972)
<i>Net Change in Fund Balance</i>	43,630	43,630	(255,041)	(298,671)
<i>Fund Balance Beginning of Year</i>	269,296	269,296	269,296	0
Prior Year Encumbrances Appropriated	4,916	4,916	4,916	0
<i>Fund Balance End of Year</i>	\$317,842	\$317,842	\$19,171	(\$298,671)

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Community Development Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$400,000	\$400,000	\$522,355	\$122,355
Expenditures				
Current:				
Community Environment	102,150	102,150	592,433	(490,283)
<i>Net Change in Fund Balance</i>	297,850	297,850	(70,078)	(367,928)
<i>Fund Balance Beginning of Year</i>	118,370	118,370	118,370	0
<i>Fund Balance End of Year</i>	<u>\$416,220</u>	<u>\$416,220</u>	<u>\$48,292</u>	<u>(\$367,928)</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2017

	Enterprise		
	Water	Storm Water Management	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$822,820	\$424,414	\$1,247,234
Accounts Receivable	322,231	20,473	342,704
Intergovernmental Receivable	4,958	0	4,958
<i>Total Current Assets</i>	<u>1,150,009</u>	<u>444,887</u>	<u>1,594,896</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	330,195	0	330,195
Depreciable Capital Assets, Net	4,905,839	143,575	5,049,414
<i>Total Noncurrent Assets</i>	<u>5,236,034</u>	<u>143,575</u>	<u>5,379,609</u>
<i>Total Assets</i>	<u>6,386,043</u>	<u>588,462</u>	<u>6,974,505</u>
Deferred Outflows of Resources			
Pension	398,581	16,271	414,852
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	51,316	0	51,316
Accrued Wages	10,412	207	10,619
Contracts Payable	1,651	0	1,651
Intergovernmental Payable	9,667	262	9,929
Interfund Payable	210,696	0	210,696
Accrued Interest Payable	19,122	1,142	20,264
Capital Leases Payable	0	25,091	25,091
OPWC Loans Payable	45,543	0	45,543
OWDA Loans Payable	115,514	0	115,514
Compensated Absences Payable	12,457	0	12,457
<i>Total Current Liabilities</i>	<u>476,378</u>	<u>26,702</u>	<u>503,080</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Capital Leases Payable	0	105,730	105,730
OPWC Loans Payable	141,691	0	141,691
OWDA Loans Payable	1,031,816	0	1,031,816
Net Pension Liability	1,021,131	41,682	1,062,813
Compensated Absences Payable	56,089	0	56,089
<i>Total Long-Term Liabilities</i>	<u>2,250,727</u>	<u>147,412</u>	<u>2,398,139</u>
<i>Total Liabilities</i>	<u>2,727,105</u>	<u>174,114</u>	<u>2,901,219</u>
Deferred Inflows of Resources			
Pension	6,077	248	6,325
Net Position			
Net Investment in Capital Assets	3,901,470	12,754	3,914,224
Unrestricted	149,972	417,617	567,589
<i>Total Net Position</i>	<u>\$4,051,442</u>	<u>\$430,371</u>	<u>\$4,481,813</u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017*

	Enterprise		
	Water	Storm Water Management	Total
Operating Revenues			
Charges for Services	\$2,206,025	\$161,981	\$2,368,006
Operating Expenses			
Personal Services	985,127	17,719	1,002,846
Materials and Supplies	165,758	0	165,758
Contractual Services	760,151	89,008	849,159
Depreciation	190,461	17,947	208,408
Other	10,495	371	10,866
<i>Total Operating Expenses</i>	<u>2,111,992</u>	<u>125,045</u>	<u>2,237,037</u>
<i>Operating Income (Loss)</i>	94,033	36,936	130,969
Non-Operating Revenues (Expenses)			
Interest and Fiscal Charges	(40,433)	(3,041)	(43,474)
<i>Income (Loss) before Capital Contributions</i>	53,600	33,895	87,495
Capital Contributions	25,000	0	25,000
<i>Change in Net Position</i>	78,600	33,895	112,495
<i>Net Position Beginning of Year</i>	<u>3,972,842</u>	<u>396,476</u>	<u>4,369,318</u>
<i>Net Position End of Year</i>	<u><u>\$4,051,442</u></u>	<u><u>\$430,371</u></u>	<u><u>\$4,481,813</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Enterprise		
	Water	Storm Water Management	Total
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$2,135,866	\$141,508	\$2,277,374
Cash Payments to Employees for Services	(814,905)	(10,856)	(825,761)
Cash Payments for Goods and Services	(931,623)	(92,795)	(1,024,418)
Other Cash Payments	(10,495)	(371)	(10,866)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>378,843</u>	<u>37,486</u>	<u>416,329</u>
Cash Flows from Noncapital Financing Activities			
Financing Activities			
Advances In	10,696	0	10,696
Cash Flows from Capital and Related Financing Activities			
Capital Contributions	77,558	0	77,558
Proceeds from Loans	191,224	0	191,224
Payments for Capital Acquisitions	(350,907)	0	(350,907)
Principal Paid on OWDA Loans	(109,450)	0	(109,450)
Interest Paid on OWDA Loans	(42,622)	0	(42,622)
Principal Paid on OWPC Loans	(45,543)	0	(45,543)
Principal Paid on Capital Lease	0	(24,576)	(24,576)
Interest Paid on Capital Lease	0	(3,255)	(3,255)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(279,740)</u>	<u>(27,831)</u>	<u>(307,571)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	109,799	9,655	119,454
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>713,021</u>	<u>414,759</u>	<u>1,127,780</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$822,820</u></u>	<u><u>\$424,414</u></u>	<u><u>\$1,247,234</u></u>

(continued)

City of Campbell, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2017

	Enterprise		
	Water	Storm Water Management	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$94,033	\$36,936	\$130,969
Adjustments:			
Depreciation	190,461	17,947	208,408
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>			
Accounts Receivable	(70,017)	(20,473)	(90,490)
Prepaid Items	2,646	705	3,351
Intergovernmental Receivable	(142)	0	(142)
Deferred Outflow - Pension	(103,990)	(4,246)	(108,236)
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>			
Accounts Payable	50,420	0	50,420
Contracts Payable	(57,030)	(3,787)	(60,817)
Accrued Wages	570	182	752
Compensated Absences Payable	20,001	0	20,001
Intergovernmental Payable	972	(21)	951
Net Pension Liability	259,557	10,596	270,153
Deferred Inflow - Pension	(8,638)	(353)	(8,991)
<i>Total Adjustments</i>	284,810	550	285,360
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$378,843	\$37,486	\$416,329

Noncash Capital Financing Activities

During 2017, the water fund paid \$2,918 on behalf of the governmental funds for land.

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$449,049
Cash and Cash Equivalents in Segregated Accounts	<u>56,956</u>
<i>Total Assets</i>	<u><u>\$506,005</u></u>
Liabilities	
Due to Others	\$148,025
Due to Other Governments	<u>357,980</u>
<i>Total Liabilities</i>	<u><u>\$506,005</u></u>

See accompanying notes to the basic financial statements

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Note 1 – Description of the City and Reporting Entity

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

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

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

Reporting Entity

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

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

The City participates in the Eastgate Regional Council of Governments, a jointly governed organization. The City also participates in the Stark County Schools Council of Governments Health Benefits Program, a shared risk pool. These organizations are discussed in Notes 18 and 19 to the basic financial statements.

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

Note 2 – Summary of Significant Accounting Policies

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Basis of Presentation

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

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

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

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

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Safety Forces Levy Fund - The safety forces special revenue fund accounts for and reports property taxes that are restricted for salaries and benefits of police and firemen.

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

Community Development Fund - The community development fund accounts for and reports intergovernmental monies that are restricted for community and economic development projects within the City.

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

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

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

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

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

Fiduciary Funds

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

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

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

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

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

Basis of Accounting

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City deferred outflows of resources are reported on the government – wide statement of net position for deferred charges on pension. The deferred outflows of resources related to pension are explained in Note 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 operations. The amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes and grants and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 19. Deferred inflows of resources related to pension are reported on the government wide statement of net position (See Note 15).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Pensions

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

Cash and Cash Equivalents

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2017 amount to \$12,287, of which \$11,349 is assigned from other City funds.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

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

Inventory

Inventories are presented at cost on a first-in, first out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Restricted Assets

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

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life or not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

City of Campbell, Ohio
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For The Year Ended December 31, 2017

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the City Council. In the general fund, assigned amounts represent intended uses established by policies of the Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in 2018's budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for recycling, court computerization and unclaimed monies.

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

Operating Revenues and Expenses

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, contributions of resources restricted to capital acquisition and construction and tap-in fees to the extent they exceed the cost of connection to the system.

Internal Activity

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

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

Estimates

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

Budgetary Process

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

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

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Note 3 - Fund Balances

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

Fund Balances	General	Safety Forces Levy	Street Construction, Maintenance and Repair	Community Development	Other Governmental Funds	Total
<i>Nonspendable</i>						
Inventory	\$0	\$0	\$5,263	\$0	\$0	\$5,263
Unclaimed Monies	17,722	0	0	0	0	17,722
Stale Checks	4,773	0	0	0	0	4,773
<i>Total Nonspendable</i>	22,495	0	5,263	0	0	27,758
<i>Restricted for</i>						
Recreation	0	0	0	0	121,047	121,047
Safety Forces	0	0	0	0	10,219	10,219
Street Maintenance	0	0	55,722	0	100,527	156,249
Recycling	0	0	0	0	47,994	47,994
Enforcement and Education	0	0	0	0	708,012	708,012
Community Development	0	0	0	48,292	120,386	168,678
Capital Improvements	0	0	0	0	272,392	272,392
<i>Total Restricted</i>	0	0	55,722	48,292	1,380,577	1,484,591
<i>Committed to</i>						
Safety Forces	0	0	0	0	5,434	5,434
Capital Improvements	0	0	0	0	6,033	6,033
<i>Total Committed</i>	0	0	0	0	11,467	11,467
<i>Assigned to</i>						
2018 Operations	11,969	0	0	0	0	11,969
Purchases on Order:						
Personal Services	7,250	0	0	0	0	7,250
Purchased Services	26,722	0	0	0	0	26,722
Materials and Supplies	28,205	0	0	0	0	28,205
Other	35,698	0	0	0	0	35,698
Capital Outlay	3,388	0	0	0	0	3,388
<i>Total Assigned</i>	113,232	0	0	0	0	113,232
<i>Unassigned (Deficit)</i>	450,656	0	0	0	(118,635)	332,021
<i>Total Fund Balances</i>	\$586,383	\$0	\$60,985	\$48,292	\$1,273,409	\$1,969,069

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Note 4 – Accountability and Compliance

Accountability

Fund balances at December 31, 2017, included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<i>Special Revenue Funds:</i>	
Clean Ohio	\$63,206
Industrial Light Grant	55,429

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

Compliance

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

Fund	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
General Fund			
Police - Wages	\$740,950	\$895,844	(\$154,894)
Police -Operations/Management	162,615	201,669	(39,054)
Fire - Wages	180,191	259,246	(79,055)
Zoning - Wages	0	9,563	(9,563)
Zoning - Benefits	0	2,635	(2,635)
Zoning - Operations/Management	0	3,672	(3,672)
Mayor - Operations/Management	4,482	9,642	(5,160)
City Council - Benefits	19,119	22,729	(3,610)
Muni Court - Wages	123,298	135,365	(12,067)
Muni Court - Benefits	140,190	146,059	(5,869)
Muni Court - Operations/Management	41,422	47,679	(6,257)
Finance - Benefits	34,463	35,975	(1,512)
Finance - Operations/Management	87,226	127,725	(40,499)
Administration - Benefits	43,295	51,455	(8,160)
Administration - Operations/ Management	462,507	597,214	(134,707)
Civil Service - Benefits	535	586	(51)
Law Benefits	12,082	17,811	(5,729)
Other			
Safety Forces Levy - Benefits	0	164,673	(164,673)
Parks - Wages	34,000	38,786	(4,786)
Street - Wages	136,521	212,886	(76,365)
Street - Benefits	109,527	111,302	(1,775)
Street - Operations/Management	249,882	619,714	(369,832)
Police Pension - Benefits	18,450	39,503	(21,053)
Permissive Tax - Operations/Management	152,039	156,140	(4,101)
Community Development - Operations/Management	102,150	592,433	(490,283)
Water Operating - Wages	476,101	506,938	(30,837)
Water Operating - Benefits	291,421	303,949	(12,528)
Water Operating - Operations/Management	643,436	833,409	(189,973)
City Escrow - Operations/Management	40,000	52,998	(12,998)
K9 Fundraiser - Operations/Management	1,300	28,196	(26,896)
Law Enforcement Trust Fund II - Operations/Management	49,055	57,560	(8,505)

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned of fund balance (GAAP).
4. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.
5. Advances-in and Advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balances			
	General	Safety Forces Levy	Street Construction, Maintenance and Repair	Community Development
GAAP Basis	(\$205,527)	\$0	(\$264,705)	\$24,910
Net Adjustment for Revenue Accruals	11,719	0	(20,585)	0
Beginning Unrecorded Cash	150	0	0	0
Net Adjustment for Expenditures Accruals	86,173	0	35,274	(94,988)
Advance In	27,685	0	0	0
Advance Out	(10,696)	0	0	0
Encumbrances	(118,469)	0	(5,025)	0
Budget Basis	<u>(\$208,965)</u>	<u>\$0</u>	<u>(\$255,041)</u>	<u>(\$70,078)</u>

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

The City may also invest any monies not required to be used for a specific period of six months or more in the following:

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

Note 7 - Receivables

Receivables at December 31, 2017, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues and accounts (billings for utility service).

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

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2017, was \$12.70 per \$1,000 of assessed value. The assessed values of real and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$62,070,120
Public Utility Personal Property	<u>3,749,920</u>
Total	<u><u>\$65,820,040</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

The City levies and collects an income tax of two and half percent on all income earned within the City as well as on income of residents outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2017, the proceeds were allocated ninety percent to the general fund and ten percent to the park special revenue fund.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

	Amounts
Governmental Activities	
Gasoline and Municipal Cents per Gallon	\$123,605
Homestead and Rollback	87,702
Local Government	75,099
Permissive Tax	44,129
Motor Vehicle License Tax	31,714
City of Youngstown	24,341
4th Quarter Sewer Administration Reimbursement	11,568
Mahoning County	9,660
FBI Reimbursements	2,283
Bureau of Workers' Compensation	946
Total Governmental Activities	411,047
Business-Type Activities	
4th Quarter Sewer Administration Reimbursement	4,958
Total	\$416,005

Note 8 - Compensated Absences

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

Note 9 - Contingencies

Litigation

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

Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2017.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/2016	Additions	Deductions	Balance 12/31/2017
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$755,800	\$21,798	\$0	\$777,598
<i>Capital Assets being Depreciated:</i>				
Land Improvements	715,151	0	0	715,151
Buildings	1,796,193	184,550	0	1,980,743
Machinery and Equipment	607,312	0	0	607,312
Vehicles	1,756,371	28,688	(60,145)	1,724,914
Infrastructure	849,086	0	0	849,086
Total Capital Assets being Depreciated	5,724,113	213,238	(60,145)	5,877,206
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(401,462)	(14,303)	0	(415,765)
Buildings	(1,594,046)	(18,061)	0	(1,612,107)
Machinery and Equipment	(531,466)	(9,624)	0	(541,090)
Vehicles	(1,043,716)	(133,468)	39,291	(1,137,893)
Infrastructure	(368,855)	(10,672)	0	(379,527)
Total Accumulated Depreciation	(3,939,545)	(186,128) *	39,291	(4,086,382)
Total Capital Assets being Depreciated, Net	1,784,568	27,110	(20,854)	1,790,824
Governmental Activities Capital Assets, Net	\$2,540,368	\$48,908	(\$20,854)	\$2,568,422

*Depreciation expense was charged to governmental activities as follows:

General Government	\$40,361
Security of Persons and Property	112,571
Transportation	29,132
Leisure Time Activities	4,064
Total Depreciation Expense	<u>\$186,128</u>

The City received a donated library building and land valued at \$203,430. The City has recorded this as a capital contribution.

The Water fund paid \$2,918 for land to be used for governmental activities. This amount has been recorded as a capital contribution for governmental activities.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

	Balance 12/31/2016	Additions	Deductions	Balance 12/31/2017
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$34,280	\$0	\$0	\$34,280
Construction in Progress	435,242	350,907	(490,234)	295,915
<i>Total Capital Assets not being Depreciated</i>	<u>469,522</u>	<u>350,907</u>	<u>(490,234)</u>	<u>330,195</u>
<i>Capital Assets being Depreciated:</i>				
Land Improvements	33,962	0	0	33,962
Buildings	3,923,395	0	0	3,923,395
Machinery and Equipment	1,809,275	0	0	1,809,275
Vehicles	208,570	0	0	208,570
Infrastructure	10,200,000	490,234	0	10,690,234
Total Capital Assets being Depreciated	<u>16,175,202</u>	<u>490,234</u>	<u>0</u>	<u>16,665,436</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(33,035)	(668)	0	(33,703)
Buildings	(3,107,812)	(47,253)	0	(3,155,065)
Machinery and Equipment	(1,592,629)	(24,199)	0	(1,616,828)
Vehicles	(44,138)	(17,947)	0	(62,085)
Infrastructure	(6,630,000)	(118,341)	0	(6,748,341)
<i>Total Accumulated Depreciation</i>	<u>(11,407,614)</u>	<u>(208,408)</u>	<u>0</u>	<u>(11,616,022)</u>
Total Capital Assets being Depreciated, Net	<u>4,767,588</u>	<u>281,826</u>	<u>0</u>	<u>5,049,414</u>
Business Type Activities Capital Assets, Net	<u><u>\$5,237,110</u></u>	<u><u>\$632,733</u></u>	<u><u>(\$490,234)</u></u>	<u><u>\$5,379,609</u></u>

Note 11 - Risk Management

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

Property and Liability

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. (At December 31, 2017, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and York periodically review the

City of Campbell, Ohio
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For The Year Ended December 31, 2017

financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. As a result of this risk analysis, PEP has elected to increase its retention for casualty and property claims to \$500,000 and \$250,000, respectively, effective January 1, 2018.

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

Financial Position

PEP's financial statements (for which an independent audit is still ongoing) conform to generally accepted accounting principles, and preliminarily show the following assets, liabilities and net position at December 31, 2017 and 2016:

Casualty and Property Coverage	2017	2016
Assets	\$44,452,326	\$42,182,281
Liabilities	13,004,011	13,396,700
Net Position - Unrestricted	\$31,448,315	\$28,785,581

At December 31, 2017 and 2016, the liabilities above include unknown amounts of estimated incurred claims payable. The casualty coverage assets and net position above include approximately \$11.3 million and \$11.5 million of unpaid claims to be billed to approximately 527 member governments in the future, as of December 31, 2017 and 2016, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. This payable includes subsequent year's contributions due if the City terminates participation, as described in the last paragraph below.

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

This was the fourth year the City was a member of the PEP. The contribution for 2017 was \$85,382. After completing one year of membership, members may withdraw on each anniversary date of the date they joined PEP, provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligations to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

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

Healthcare

Beginning in 2017, the City was a participant in the Stark County Schools Council of Governments Health Benefits program to provide medical, prescription drug, dental and vision insurance. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. Healthcare is provided through Medical Mutual with single coverage of \$8,408.74 per year and full family coverage of \$20,471.17 per year.

City of Campbell, Ohio
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Workers' Compensation

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

Note 12 – Interfund Transfers and Balances

Interfund Transfers

The transfer to the police pension special revenue fund of \$20,440 was to move unassigned balances to support programs and projects accounted for in the police pension fund.

Interfund Balances

Interfund balances at December 31, 2017, consist of the following:

Interfund Payable	Interfund Receivable
	General
Other Governmental Funds:	
Clean Ohio Fund	\$67,771
Industrial Light Grant Fund	55,513
Total Other Governmental Funds	123,284
Water Enterprise Fund	210,696
Grand Total	\$333,980

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

Note 13 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Business-Type Activities			
<i>OPWC Loans</i>			
Liberty Sewer Water Tank - 1999	0.00%	\$809,670	2021
Wilson Avenue & 13th Street Sanitary Separation - 2010	0.00	101,204	2031
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	5.16 - 5.54	2,421,405	2024
Water Interconnection - 2017	N/A	429,221	2039

City of Campbell, Ohio
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A schedule of changes in long-term obligations of the City during 2017 follows:

	Balance 12/31/16	Additions	Reductions	Balance 12/31/17	Amounts Due in One Year
Governmental Activities					
<i>Other</i>					
Net Pension Liability					
OPERS	\$761,575	\$259,554	\$0	\$1,021,129	\$0
OP&F	3,295,533	0	(439,388)	2,856,145	0
Total Net Pension Liability	4,057,108	259,554	(439,388)	3,877,274	0
Police and Fire Pension	450,593	0	(16,499)	434,094	17,208
Jail Services Liability	34,847	0	(12,000)	22,847	12,000
Capital Leases	104,562	0	(19,042)	85,520	16,402
Compensated Absences	299,659	105,894	(97,955)	307,598	119,716
<i>Total Governmental Activities</i>	<u>\$4,946,769</u>	<u>\$365,448</u>	<u>(\$584,884)</u>	<u>\$4,727,333</u>	<u>\$165,326</u>
Business-Type Activities					
<i>OPWC Loans</i>					
Liberty Sewer Water Tank	\$161,934	\$0	(\$40,483)	\$121,451	\$40,483
Wilson Avenue and 13th Street Sanitary Separation	70,843	0	(5,060)	65,783	5,060
<i>Total OPWC Loans</i>	<u>232,777</u>	<u>0</u>	<u>(45,543)</u>	<u>187,234</u>	<u>45,543</u>
<i>OWDA Loans</i>					
Water Treatment Plant	1,065,556	0	(109,450)	956,106	115,514
Water Interconnection	0	191,224	0	191,224	0
<i>Total OWDA Loans</i>	<u>1,065,556</u>	<u>191,224</u>	<u>(109,450)</u>	<u>1,147,330</u>	<u>115,514</u>
<i>Other</i>					
Net Pension Liability OPERS:					
Water	761,574	259,557	0	1,021,131	0
Sewer	31,086	10,596	0	41,682	0
Total Net Pension Liability OPERS	792,660	270,153	0	1,062,813	0
Capital Lease	155,397	0	(24,576)	130,821	25,091
Compensated Absences	48,545	27,509	(7,508)	68,546	12,457
<i>Total Other</i>	<u>996,602</u>	<u>297,662</u>	<u>(32,084)</u>	<u>1,262,180</u>	<u>37,548</u>
<i>Total Business-Type Activities</i>	<u><u>\$2,294,935</u></u>	<u><u>\$488,886</u></u>	<u><u>(\$187,077)</u></u>	<u><u>\$2,596,744</u></u>	<u><u>\$198,605</u></u>

The police and fire pension liability will be paid from the police and fire pension funds. The jail services liability is an amount owed to Mahoning County for holding prisoners. This liability will be paid from the general fund. The OWDA and OPWC loans will be paid with user charges from the water enterprise fund. Compensated absences will be paid from the following funds: the general fund, the street construction, maintenance and repair special revenue fund and the water enterprise fund. Capital leases will be paid from the street construction, maintenance and repair and state highway special revenue funds and the storm water management enterprise fund. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: the general fund, the street construction, maintenance and repair special revenue fund, the water enterprise fund and the storm water management enterprise fund. See Note 15 for additional information related to the net pension liability.

City of Campbell, Ohio
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In 2017, the City was approved for a \$429,221 Ohio Water Development Authority loan for the water interconnection project. As of December 31, 2017, the City has drawn down proceeds of \$191,224. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

The City's overall legal debt margin was \$6,911,104 with an unvoted debt margin of \$3,620,102 at December 31, 2017. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2017, are as follows:

Governmental Activities:

	Police and Fire Pension Liability		Jail Services Liability
	Principal	Interest	Principal
2018	\$17,208	\$18,268	\$12,000
2019	17,947	17,529	10,847
2020	18,718	16,758	0
2021	19,522	15,954	0
2022	20,360	15,116	0
2023-2027	115,696	61,685	0
2028-2032	142,771	34,609	0
2033-2035	81,872	5,226	0
Total	\$434,094	\$185,145	\$22,847

Business-Type Activities:

	OWDA Loans		OPWC Loans
	Principal	Interest	
2018	\$115,514	\$52,968	\$45,543
2019	121,913	46,568	45,544
2020	128,668	39,814	25,303
2021	135,795	32,686	25,301
2022	143,318	25,164	5,060
2023-2027	310,898	26,067	25,301
2027-2031	0	0	15,182
Total	\$956,106	\$223,267	\$187,234

Note 14 – Capital Leases

The City has entered into lease agreements for a tractor and street sweeper. The City's lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The original amount capitalized for the capital lease and the book value as of December 31, 2017 can be found in the table below.

City of Campbell, Ohio
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<i>Asset:</i>	Governmental Activities	Business-Type Activities
Vehicles	\$117,322	\$179,469
Less: Accumulated Depreciation	(23,466)	(35,894)
Book Value as of December 31, 2017	<u>\$93,856</u>	<u>\$143,575</u>

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

Year Ending December 31,	Governmental Activities	Business-Type Activities
2018	\$18,193	\$27,831
2019	\$18,193	27,831
2020	\$18,193	27,831
2021	\$18,193	27,831
2022	\$18,193	27,831
Total Minimum Lease Payments	90,965	139,155
Less: Amount Representing Interest	(5,445)	(8,334)
Present Value of Minimum Lease	<u>\$85,520</u>	<u>\$130,821</u>

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

Note 15 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$151,325 for 2017. Of this amount, \$26,068 is reported as an intergovernmental payable.

City of Campbell, Ohio
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Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits.)

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$174,428 for 2017. Of this amount, \$25,686 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2017, the specific liability of the City was \$434,094 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.009177%	0.0450930%	
Prior Measurement Date	<u>0.008973%</u>	<u>0.0512280%</u>	
Change in Proportionate Share	<u>0.0002040%</u>	<u>-0.0061350%</u>	
Proportionate Share of the Net Pension Liability	\$2,083,942	\$2,856,145	<u>Total</u>
Pension Expense	\$451,179	\$314,818	\$765,997

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Campbell, Ohio
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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,825	\$808	\$3,633
Changes of assumptions	330,539	0	330,539
Net difference between projected and actual earnings on pension plan investments	310,347	277,747	588,094
Changes in proportion and differences between City contributions and proportionate share of contributions	18,397	59,852	78,249
City contributions subsequent to the measurement date	<u>151,325</u>	<u>174,428</u>	<u>325,753</u>
Total Deferred Outflows of Resources	<u><u>\$813,433</u></u>	<u><u>\$512,835</u></u>	<u><u>\$1,326,268</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$12,403	\$6,577	\$18,980
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>0</u>	<u>277,191</u>	<u>277,191</u>
Total Deferred Inflows of Resources	<u><u>\$12,403</u></u>	<u><u>\$283,768</u></u>	<u><u>\$296,171</u></u>

\$325,753 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2018	\$269,629	\$65,335	\$334,964
2019	278,142	65,335	343,477
2020	111,031	40,165	151,196
2021	(9,097)	(58,995)	(68,092)
2022	0	(51,782)	(51,782)
Thereafter	<u>0</u>	<u>(5,419)</u>	<u>(5,419)</u>
Total	<u><u>\$649,705</u></u>	<u><u>\$54,639</u></u>	<u><u>\$704,344</u></u>

Actuarial Assumptions - OPERS

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

City of Campbell, Ohio
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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

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

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During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$3,183,685	\$2,083,942	\$1,167,498

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2016, is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
	plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2016, are summarized below:

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

* levered 2x

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

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

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$3,804,047	\$2,856,145	\$2,052,786

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Changes between Measurement Date and Report Date

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact to the City's net pension liability.

Note 16 – Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016 and 2015 was \$11,640, \$23,728 and \$22,336, respectively. For 2017, 84.00 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

Ohio Police and Fire Pension Fund

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

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

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contribution to OP&F for the years ended December 31, 2017, 2016 and 2015 were \$178,767, \$212,771 and \$224,566, respectively, of which \$4,339, \$5,195 and \$5,515, respectively, was allocated to the healthcare plan. For 2017, 85.22 percent has been contributed for both police and firefighters with the balance being reported as an *intergovernmental payable*. The full amount has been contributed for 2016 and 2015.

Note 17 – Encumbrances

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

Governmental Funds		Proprietary Funds	
General	\$118,469	Water	\$153,162
Street Construction, Maintenance and Repair	5,025	Storm Water Management	<u>10,911</u>
Other Government Funds	<u>23,701</u>		<u>\$164,073</u>
Total Governmental Funds	<u>\$147,195</u>		

Note 18 – Jointly Governed Organizations

Eastgate Regional Council of Governments

The Eastgate Regional Council of Governments (ERCG) is a jointly governed organization that is committed to fostering cooperative regional efforts in the planning, programming and implementation of public sector activities. ERCG has thirty-six participating members. These include representatives from Ashtabula County, Mahoning County and Trumbull County, township trustees and officials from participating cities and villages. The operation of ERCG is controlled by a general policy board which consists of a representative from each participant. Funding comes from each of the participants. For 2017, the City contributed \$3,047 to the Eastgate Regional Council of Governments. For more information contact John R. Getchey, executive director, at 5121 Mahoning Avenue, Youngstown, Ohio 44515.

City of Campbell, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2017

Note 19 – Shared Risk Pool

Stark County Schools Council of Governments Health Benefits Program The City participates in the Stark County Schools Council of Governments Health Benefits program. This is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by an Assembly, which consists of one representative from each participating member (usually the Superintendent or designee). The Assembly elects officers for one-year terms to serve on the Board of Directors. The Assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating members, based on the established premiums for the insurance plans.

Note 20 – Change in Accounting Principle and Restatement of Net Position

For 2017, the City implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the City's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Required Supplementary Information

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

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.009177%	0.008973%	0.008948%	0.008948%
City's Proportionate Share of the Net Pension Liability	\$2,083,942	\$1,554,235	\$1,079,229	\$1,054,853
City's Covered Payroll	\$1,186,417	\$1,116,807	\$1,096,975	\$1,015,953
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.65%	139.17%	98.38%	103.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date which is the prior year end

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

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0450930%	0.0512280%	0.0494442%	0.0494442%
City's Proportionate Share of the Net Pension Liability	\$2,856,145	\$3,295,533	\$2,561,416	\$2,408,088
City's Covered Payroll	\$1,038,992	\$1,103,029	\$1,039,018	\$939,933
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	274.90%	298.77%	246.52%	256.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date which is the prior year end

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$151,325	\$142,370	\$134,017	\$131,637	\$132,074
Contributions in Relation to the Contractually Required Contribution	<u>(151,325)</u>	<u>(142,370)</u>	<u>(134,017)</u>	<u>(131,637)</u>	<u>(132,074)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$1,164,038	\$1,186,417	\$1,116,807	\$1,096,975	\$1,015,953
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$174,428	\$207,576	\$219,051	\$206,921
Contributions in Relation to the Contractually Required Contribution	<u>(174,428)</u>	<u>(207,576)</u>	<u>(219,051)</u>	<u>(206,921)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$867,749	\$1,038,992	\$1,103,029	\$1,039,018
Contributions as a Percentage of Covered Payroll:	20.10%	19.98%	19.86%	19.92%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$223,569	\$264,035	\$171,861	\$261,032	\$222,429	\$265,072
<u>(223,569)</u>	<u>(264,035)</u>	<u>(171,861)</u>	<u>(261,032)</u>	<u>(222,429)</u>	<u>(265,072)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$939,933	\$937,643	\$808,700	\$881,338	\$766,045	\$904,492
23.79%	28.16%	21.25%	29.62%	29.04%	29.31%

City of Campbell, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

Changes in Assumptions - OPERS

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	December 31, 2017	December 31, 2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

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

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

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campbell, Mahoning County, Ohio, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 22, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control that we considered to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We identified certain deficiencies in the accompanying Schedule of Findings and Questioned Costs that we considered a material weakness as item **2017-002**.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified certain deficiencies in the accompanying Schedule of Findings and Questioned Costs that we considered a significant deficiency as item **2017-003**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item **2017-001**.

City's Response to the Findings

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

Purpose of This Report

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



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

August 22, 2018

**CITY OF CAMPBELL
MAHONING COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

Finding No. 2017-001 - Material Non-Compliance - Expenditures Exceeding Appropriations

Statement of Condition/Criteria

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

Cause/Effect

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

Fund	Appropriations	Expenditures Plus Encumbrances	Variance
General Fund			
Police - Wages	\$ 740,950	\$ 895,844	\$ (154,894)
Police - Operations/Management	162,615	201,669	(39,054)
Fire - Wages	180,191	259,246	(79,055)
Zoning - Wages	0	9,563	(9,563)
Zoning - Benefits	0	2,635	(2,635)
Zoning - Operations/Management	0	3,672	(3,672)
Mayor - Operations/Management	4,482	9,642	(5,160)
City Council - Benefits	19,119	22,729	(3,610)
Muni Court - Wages	123,298	135,365	(12,067)
Muni Court - Benefits	140,190	146,059	(5,869)
Muni Court - Operations/Management	41,422	47,679	(6,257)
Finance - Benefits	34,462	35,975	(1,513)
Finance - Operations/Management	87,226	127,725	(40,499)
Administration - Benefits	43,295	51,455	(8,160)
Administration - Operations/Management	462,507	597,214	(134,707)
Law - Benefits	12,082	17,811	(5,729)
Other			
Safety Forces Levy - Benefits	0	164,673	(164,673)
Parks - Wages	34,000	38,786	(4,786)
Street - Wages	136,521	212,886	(76,365)
Street - Benefits	109,527	111,302	(1,775)
Street - Operations/Management	249,882	619,713	(369,831)
Police Pension - Benefits	18,450	39,503	(21,053)
Permissive Tax - Operations/Management	152,038	156,140	(4,102)
Community Development - Operations/Management	102,150	592,433	(490,283)
Water Operating - Wages	476,101	506,938	(30,837)
Water Operating - Benefits	291,421	303,949	(12,528)
Water Operating - Operations/Management	643,436	833,409	(189,973)
City Escrow - Operations/Management	40,000	52,998	(12,998)
K9 Fundraiser - Operations/Management	1,300	28,196	(26,896)
Law Enforcement Trust Fund II - Operations/Management	49,055	57,560	(8,505)

Recommendation

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

City's Response

The City will implement the recommendation.

**CITY OF CAMPBELL
MAHONING COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017
(CONTINUED)**

Finding No. 2017-002 - Material Weakness - Posting Receipts and Disbursements to the System

Statement of Condition/Criteria

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

1. Receipts and disbursements are posted to the system one to two months after the transaction occurs.
2. Checks are typed using a typewriter and then later entered into the system.
3. There are inconsistencies between the date of the receipt versus the date posted in the financial system.
4. The City was initially unable to provide support for 13 percent of the receipts posted to the system. These receipts were subsequently located prior to completion of the audit fieldwork.

Cause/Effect

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

Recommendation

We recommend that the City record transactions in its system timely and implement controls to ensure the transactions are recorded accurately and timely. We also recommend that the City receive training on how to properly use its system to help improve accuracy and efficiency. Starting in 2016, the City began preparing vendor checks through the use of financial software instead of manually; however, manual checks are still being used prior to month closing. We also recommend that the City maintain all supporting documentation for receipts in a controlled environment so they can be available as necessary.

City's Response

The City will implement the recommendations.

**CITY OF CAMPBELL
MAHONING COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017
(CONTINUED)**

Finding No. 2017-003 – Significant Deficiency – Police Overpayment

Statement of Condition/Criteria

In 2017, the City contracted with Automatic Data Processing (ADP) to process payroll. Due to an improper communication between the City and ADP, police officers who received officer-in-charge pay were overpaid. When an officer works as the officer-in-charge, he/she should be paid at the pay rate of a sergeant. However, officers-in-charge were actually recorded at both regular hours and also officer-in-charge hours, which resulted in overpayment to the employee. The City corrected the error in July 2018 and is currently negotiating with the affected police officers to reimburse the City for the overpayments. In addition, there was one police officer who was paid at the incorrect sergeant rate for his time as officer-in-charge hours.

Cause/Effect

Due to the transfer of the payroll process from in-house to ADP, police officers were overpaid by \$23,718 from May 2017 to June 2018.

Recommendation

We recommend that the City establish and implement procedures to review all payroll reports prepared by ADP timely to ensure that proper amounts are paid to employees and the financial statements are correctly stated. We also recommend the City be reimbursed by the officers for the overpayments received.

City's Response

The City is working with the police officers to come up with a payment plan to pay the City back.

**CITY OF CAMPBELL
 MAHONING COUNTY, OHIO
 SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

The prior issued audit report, as of December 31, 2016, included material non-compliance and material findings.

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2016-001	Expenditures Exceeding Appropriations	Not corrected.	Repeated as Finding 2017-001
2016-002	Posting Receipts and Disbursements to the System.	Not corrected.	Repeated as Finding 2017-002

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

OHIO AUDITOR OF STATE KEITH FABER



CITY OF CAMPBELL

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 14, 2019**