



OHIO AUDITOR OF STATE
KEITH FABER



**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY
JUNE 30, 2022**

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GUERNSEY COUNTY
JUNE 30, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Cambridge City School District
Guernsey County
518 South 8th Street
Cambridge, Ohio 43725

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambridge City School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambridge City School District, Guernsey County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Elementary and Secondary School Emergency Relief (ESSER) Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases* resulting in a restatement of net position at June 30, 2021. The School District also modified its approach related to the eligibility requirement of certain School District grants resulting in a restatement of fund balance/net position at June 30, 2021. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and Other Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 24, 2023

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Cambridge City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

The discussion and analysis of the Cambridge City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2022 are as follows:

- Net position of governmental activities increased \$5,193,341.
- All categories of assets increased resulting in total assets increasing by \$2,786,555. Deferred outflows of resources and deferred inflows of resources increased primarily due to pension and OPEB related items. Total liabilities decreased due to the changes in the net pension and OPEB liabilities.
- General revenues accounted for \$21,552,346 in revenue or 66 percent of all revenues for governmental activities. Program specific revenues in the form of charges for services and operating grants, contributions, and interest accounted for \$11,331,803 or 34 percent of total revenues of \$32,884,149.
- The School District had \$27,690,808 in expenses related to governmental activities; only \$11,331,803 of these expenses were offset by program specific charges for services and operating grants, contributions, and interest. General revenues in the amount of \$21,552,346 were adequate to provide for these programs.
- The Elementary and Secondary School Emergency Relief (ESSER) Special Revenue Fund and the Permanent Improvement Inside Millage Capital Projects Fund became major funds during fiscal year 2022.

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 reader can understand the Cambridge City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances 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 School District's most significant funds with all other non-major funds presented in total in one column and also provide information in more detail than the government-wide statements.

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While these documents contain information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position and the Statement of Activities answer this question. 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 School District's net position and changes in the position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District 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 School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, food service operations, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the ESSER Special Revenue Fund, and the Permanent Improvement Inside Millage Capital Projects Fund.

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The School District's only fund of this type is the Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.

Cambridge City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

Reporting the District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, and other government units. These activities are reported in a custodial fund. The School District's fiduciary activities are reported in a separate Statement of Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations. There was no activity in the School District's custodial fund during fiscal year 2022.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2022 compared to 2021.

(Table 1) - Net Position

	Governmental Activities		
	2022	2021	Change
Assets			
Current and Other Assets	\$26,104,633	\$23,809,690	\$2,294,943
Noncurrent Assets:			
Net OPEB Asset	1,655,152	1,380,577	274,575
Capital Assets, Net	33,539,953	33,322,916	217,037
<i>Total Assets</i>	<u>61,299,738</u>	<u>58,513,183</u>	<u>2,786,555</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	5,528	11,057	(5,529)
Pension	5,127,482	4,368,854	758,628
OPEB	585,962	711,516	(125,554)
<i>Total Deferred Outflows of Resources</i>	<u>5,718,972</u>	<u>5,091,427</u>	<u>627,545</u>
Liabilities			
Current and Other Liabilities	3,423,217	3,011,466	411,751
Long-Term Liabilities			
Due Within One Year	855,825	827,135	28,690
Due in More Than One Year:			
Net Pension Liability	12,581,721	23,983,171	(11,401,450)
Net OPEB Liability	1,353,044	1,692,253	(339,209)
Other Amounts	2,248,461	2,998,993	(750,532)
<i>Total Liabilities</i>	<u>20,462,268</u>	<u>32,513,018</u>	<u>(12,050,750)</u>
Deferred Inflows of Resources			
Property Taxes	5,903,793	5,619,239	284,554
Pension	10,791,842	1,009,294	9,782,548
OPEB	3,090,590	2,886,183	204,407
<i>Total Deferred Inflows of Resources</i>	<u>19,786,225</u>	<u>9,514,716</u>	<u>10,271,509</u>
Net Position			
Net Investment in Capital Assets	31,494,488	30,800,561	693,927
Restricted	3,105,784	2,901,660	204,124
Unrestricted (Deficit)	(7,830,055)	(12,125,345)	4,295,290
<i>Total Net Position</i>	<u>\$26,770,217</u>	<u>\$21,576,876</u>	<u>\$5,193,341</u>

Cambridge City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27". The School District has also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability (asset) to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 School District is not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

Cambridge City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Total assets increased \$2,786,555 as a combined result of an increase in current and other assets, net OPEB asset, and capital assets. The largest of these changes, an increase in current and other assets of \$2,294,943, is largely attributable to an increase in cash and cash equivalents of \$1,263,587. The School District has been able to increase its cash balance as a result of the temporary relief assistance of various COVID-19 grants. In addition, General Fund inside millage, allocated to a permanent improvement fund, resulted in an overall increase in property tax revenue as the allocation resulted in additional millage collected for the General Fund at the statutory minimum of 20 mills. This inside millage is being accumulated in the Permanent Improvement Inside Millage Capital Projects Fund for the School District's future capital needs. Intergovernmental receivables have decreased in the amount of \$567,287 as a result of the additional ESSER funding awarded to the School District in fiscal year 2021. This expenditure driven grant is reflecting a receivable in the amount of \$602,191 at year end. Property taxes receivable increased from the prior year by \$394,581. Even with the decrease in the overall tax rate, increased valuations have resulted in this increase. The voted levy that is used to retire the 2015 Classroom Facilities Refunding Bonds is reviewed each year and the millage is adjusted so that an excess balance is not accumulated in the Bond Retirement Debt Service Fund.

Deferred outflows of resources increased in the amount of \$627,545 due mostly to differences in projected and actual earnings on investments and changes of assumptions related to the School District's proportionate share of the net pension liabilities.

Total liabilities decreased by \$12,050,750. Long-term liabilities, excluding the pension and OPEB liabilities, decreased in the amount of \$721,842. Continued required debt service payments are the reason for this decrease. The decrease in the net pension liability and the decrease in the net OPEB liability represents the School District's share of the STRS and SERS unfunded benefits. As indicated previously, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of these liabilities.

Total deferred inflows of resources increased by \$10,271,509. The changes in deferred inflows from pension and OPEB components are explained in Notes 12 and 13.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the School District has improved as evidenced by the increase in net position in the amount of \$5,193,341. The largest change is in the School District's unrestricted net position, an increase of \$4,295,290. The collective changes in the net pension and OPEB related items are factored into unrestricted net position. Net investment in capital assets, increased by \$693,927 due to the recognition of depreciation/amortization at a slower pace than the retirement of capital related debt and current year capitalizations. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to retire these liabilities.

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 2 shows the changes in governmental activities net position for the fiscal year ended June 30, 2022, compared to June 30, 2021.

(Table 2) - Changes in Net Position

	2022	2021	Change
Revenues			
Program Revenues			
Charges for Services	\$1,154,322	\$1,051,568	\$102,754
Operating Grants, Contributions, and Interest	10,097,931	6,516,767	3,581,164
Capital Grants and Contributions	79,550	0	79,550
Total Program Revenues	<u>11,331,803</u>	<u>7,568,335</u>	<u>3,763,468</u>
General Revenues			
Property Taxes	8,960,445	8,278,939	681,506
Grants and Entitlements	12,437,130	12,856,824	(419,694)
Interest	23,817	59,140	(35,323)
Gain on Sale of Capital Assets	0	12,050	(12,050)
Miscellaneous	130,954	568,541	(437,587)
Total General Revenues	<u>21,552,346</u>	<u>21,775,494</u>	<u>(223,148)</u>
Total Revenues	<u>32,884,149</u>	<u>29,343,829</u>	<u>3,540,320</u>
Program Expenses			
Instruction:			
Regular	10,488,307	13,072,215	(2,583,908)
Special	3,571,301	3,638,594	(67,293)
Vocational	155,219	174,855	(19,636)
Adult/Continuing	2,115	1,858	257
Student Intervention Services	388,683	60,466	328,217
Support Services:			
Pupils	2,231,103	2,396,190	(165,087)
Instructional Staff	581,792	669,232	(87,440)
Board of Education	102,138	78,243	23,895
Administration	1,663,964	1,805,067	(141,103)
Fiscal	574,333	585,877	(11,544)
Business	238,561	203,234	35,327
Operation and Maintenance of Plant	3,662,882	2,555,710	1,107,172
Pupil Transportation	1,073,867	963,382	110,485
Central	563,026	478,528	84,498
Operation of Non-Instructional Services:			
Food Service Operations	1,217,310	981,447	235,863
Community Services	134,897	195,779	(60,882)
Extracurricular Activities	977,762	723,414	254,348
Interest and Fiscal Charges	63,548	55,646	7,902
Total Expenses	<u>27,690,808</u>	<u>28,639,737</u>	<u>(948,929)</u>
Change in Net Position	5,193,341	704,092	4,489,249
Net Position Beginning of Year	21,576,876	21,063,714	513,162
Restatement (See Note 3)	0	(190,930)	
Net Position End of Year	<u>\$26,770,217</u>	<u>\$21,576,876</u>	<u>\$5,193,341</u>

As indicated in Table 2, the largest revenue fluctuation is evident in operating grants, contributions, and interest, an increase in the amount of \$3,581,164. During the fiscal year, the School District was awarded additional federal grants related to the COVID-19 pandemic.

Cambridge City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00. Property taxes made up approximately 41 percent of general revenues for governmental activities for the School District. Of the remaining general revenues, the School District receives approximately 58 percent from state foundation and unrestricted federal and state grants, and 1 percent from interest and miscellaneous revenues.

Instruction comprises approximately 53 percent of governmental program expenses and reflected a \$2,342,363 decrease from fiscal year 2021. Of the instructional expenses, approximately 72 percent is for regular instruction, 24 percent is for special instruction, 4 percent is for vocational, adult/continuing, and student intervention services instructions. In total, expenses decreased in the amount of \$948,929 or 3 percent. One component of this results from changes in assumptions and benefit terms related to pensions as explained elsewhere. Regular instruction decreased by \$2,583,908 during fiscal year 2022 and is the prominent operating program for the School District. The elimination of open enrollment adjustments from foundation are the key reason for the decrease.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and investment earnings offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2022 compared to fiscal year 2021. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Cambridge City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

(Table 3)

Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2022	2022	2021	2021
Program Expenses				
Instruction:				
Regular	\$10,488,307	\$8,604,428	\$13,072,215	\$11,234,593
Special	3,571,301	686,303	3,638,594	1,363,675
Vocational	155,219	122,139	174,855	98,407
Adult/Continuing	2,115	112	1,858	105
Student Intervention Services	388,683	(93,478)	60,466	25,175
Support Services:				
Pupils	2,231,103	1,417,833	2,396,190	1,478,148
Instructional Staff	581,792	99,690	669,232	398,210
Board of Education	102,138	102,138	78,243	78,243
Administration	1,663,964	1,280,542	1,805,067	1,533,289
Fiscal	574,333	572,771	585,877	584,612
Business	238,561	238,561	203,234	203,234
Operation and Maintenance of Plant	3,662,882	1,578,567	2,555,710	2,244,652
Pupil Transportation	1,073,867	970,038	963,382	960,497
Central	563,026	495,357	478,528	303,051
Operation of Non-Instructional Services:				
Food Service Operations	1,217,310	(368,194)	981,447	(71,696)
Community Services	134,897	1,391	195,779	59,084
Extracurricular Activities	977,762	587,259	723,414	522,477
Interest and Fiscal Charges	63,548	63,548	55,646	55,646
Total	\$27,690,808	\$16,359,005	\$28,639,737	\$21,071,402

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 64 percent of instructional expenses are supported through taxes and other general revenues. For all governmental activities, general revenue support is also approximately 59 percent. In the prior year, general revenue support was approximately 74 percent. The assistance from the federal government through COVID-19 related grants has decreased the School District's reliance on local resources.

The School District Major Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund has realized an increase in cash and cash equivalents in the amount of \$1,132,566. This is reflective of the School District's desire to maintain an adequate carryover balance into the next fiscal year. The General Fund had total revenues of \$22,814,402 and expenditures of \$21,282,228. The fund balance of the General Fund, including the other financing use, increased \$1,437,957 from fiscal year 2021. This increase represents approximately 17 percent of the fund balance at the beginning of the year and was made possible by increased tax revenues as well as the temporary realignment of instruction expenditures to the ESSER Special Revenue Fund.

Cambridge City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

The ESSER Special Revenue Fund is an expenditure driven grant fund that equates assets and liabilities and revenues and expenditures leaving a zero ending fund balance. The School District incurred payables in the amount of \$602,191 that is also reflected as an intergovernmental receivable. The School District received \$3,334,656 in intergovernmental revenue that was used across most expenditure functions.

The Permanent Improvement Inside Millage Capital Projects Fund became a major fund during fiscal year 2022. The inside millage, allocated from the General Fund, continues to accumulate for the future capital needs of the School District. The cash balance in this fund increased by \$237,770 from the prior year. Property taxes receivable increased from the prior year as the result of increased valuations.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2022, the School District did not amend its General Fund original budget, and as such, the budgetary statement shows the original and final amounts along with the variance compared to actual results. Actual revenues were \$681,276 higher than final estimates due mainly to conservative property tax and intergovernmental (foundation) revenue estimates. Actual expenditures were \$1,239,697 lower than final estimated amounts. Regular instruction expenditures fell below final estimated amounts as the School District was anticipating more foundation adjustments than actually occurred.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had \$31,494,488 invested, net of debt, in land, construction in progress, land improvements, buildings and improvements, machinery, equipment, furniture and fixtures, vehicles, and intangible assets, net of depreciation/amortization. Table 4 shows fiscal year 2022 balances compared to 2021.

(Table 4) Capital Assets at June 30 (Net of Depreciation/Amortization)

	Governmental Activities	
	2022	2021
Land	\$4,870,593	\$4,870,593
Construction in Progress	431,956	0
Land Improvements	1,212,965	1,013,643
Buildings and Improvements	25,336,040	25,631,271
Machinery, Equipment, Furniture, and Fixtures	740,568	656,489
Vehicles	791,994	961,910
Intangible Assets	155,837	189,010
Totals	<u>\$33,539,953</u>	<u>\$33,322,916</u>

See Note 11 to the basic financial statements for more information on capital assets.

Cambridge City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Debt

At June 30, 2022, the School District had \$1,217,168 in general obligation bonds outstanding (including premiums), \$185,221 in financed purchases, and \$375,079 in leases payable, of which \$788,275, collectively, is due within one year. See Note 14 to the basic financial statements for more information on leases and debt.

Economic Factors

The Board of Education and Administration closely monitor the School District's revenues and expenses in accordance with its financial forecast and work to prudently utilize, efficiently and effectively, the tax dollars and other resources available.

The School District still faces many challenges in today's environment. The School District anticipates an increase in State Revenue as a result of the phase-in formula that was approved in HB 110, but only through fiscal year 2023. Even with this increase, the School is anticipating a decrease in enrollment.

The School District's emergency operating levy generates approximately \$1,455,000 each year. A renewal of the existing emergency operating levy was passed on the November 2021 ballot. With the passage of this renewal, the School District's most recent Board of Education-approved five year financial forecast reflects positive cash balances in the next four forecasted years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ed Wright, Treasurer, at Cambridge City School District, 518 South 8th Street, Cambridge, Ohio 43725, or E-Mail at ed.wright@cambridgecityschools.org.

Cambridge City School District, Ohio

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,327,312
Cash and Cash Equivalents in Segregated Accounts	587
Cash and Cash Equivalents with Fiscal Agents	1,935,171
Investments	48,230
Inventory Held for Resale	30,737
Materials and Supplies Inventory	52,443
Accrued Interest Receivable	4,125
Accounts Receivable	224,188
Intergovernmental Receivable	1,385,017
Prepaid Items	148,646
Property Taxes Receivable	8,948,177
Net OPEB Asset	1,655,152
Nondepreciable Capital Assets	5,302,549
Depreciable Capital Assets, Net	<u>28,237,404</u>
<i>Total Assets</i>	<u>61,299,738</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	5,528
Pension	5,127,482
OPEB	<u>585,962</u>
<i>Total Deferred Outflows of Resources</i>	<u>5,718,972</u>
Liabilities	
Matured Compensated Absences Payable	3,162
Accounts Payable	201,900
Accrued Wages and Benefits Payable	1,837,968
Contracts Payable	315,741
Intergovernmental Payable	618,727
Accrued Interest Payable	8,854
Retainage Payable	23,322
Unearned Revenue	5,340
Claims Payable	408,203
Long-Term Liabilities:	
Due Within One Year	855,825
Due in More Than One Year:	
Net Pension Liability	12,581,721
Net OPEB Liability	1,353,044
Other Amounts	<u>2,248,461</u>
<i>Total Liabilities</i>	<u>20,462,268</u>
Deferred Inflows of Resources	
Property Taxes	5,903,793
Pension	10,791,842
OPEB	<u>3,090,590</u>
<i>Total Deferred Outflows of Resources</i>	<u>19,786,225</u>
Net Position	
Net Investment in Capital Assets	31,494,488
Restricted for:	
Debt Service	526,557
Food Service	583,127
Classroom Facilities Maintenance	308,294
District Managed Activities	122,314
Student Activities	97,842
State Programs	989,074
Federal Programs	190,832
Unclaimed Monies	1,574
Music Supplies	2,757
Science	8,865
College Scholarships	274,548
Unrestricted (Deficit)	<u>(7,830,055)</u>
<i>Total Net Position</i>	<u>\$26,770,217</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Revenue and Change in Net Position
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$10,488,307	\$679,151	\$1,204,728	\$0	(\$8,604,428)
Special	3,571,301	72,922	2,812,076	0	(686,303)
Vocational	155,219	0	33,080	0	(122,139)
Adult/Continuing	2,115	0	2,003	0	(112)
Student Intervention Services	388,683	0	482,161	0	93,478
Support Services:					
Pupils	2,231,103	0	813,270	0	(1,417,833)
Instructional Staff	581,792	0	482,102	0	(99,690)
Board of Education	102,138	0	0	0	(102,138)
Administration	1,663,964	0	383,422	0	(1,280,542)
Fiscal	574,333	0	1,562	0	(572,771)
Business	238,561	0	0	0	(238,561)
Operation and Maintenance of Plant	3,662,882	50,200	2,034,115	0	(1,578,567)
Pupil Transportation	1,073,867	0	103,829	0	(970,038)
Central	563,026	0	67,669	0	(495,357)
Operation of Non-Instructional Services:					
Food Service Operations	1,217,310	24,016	1,481,938	79,550	368,194
Community Services	134,897	0	133,506	0	(1,391)
Extracurricular Activities	977,762	328,033	62,470	0	(587,259)
Interest and Fiscal Charges	63,548	0	0	0	(63,548)
Totals	\$27,690,808	\$1,154,322	\$10,097,931	\$79,550	(16,359,005)
General Revenues					
Property Taxes Levied For:					
					7,401,353
					224,371
					95,611
					1,239,110
Grants and Entitlements not					
					12,437,130
					23,817
					130,954
					<u>21,552,346</u>
					<i>Change in Net Position</i>
					5,193,341
					<i>Net Position Beginning of Year - Restated (See Note 3)</i>
					<u>21,576,876</u>
					<i>Net Position End of Year</i>
					<u>\$26,770,217</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2022*

	General	ESSER	Permanent Improvement Inside Millage	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$8,837,978	\$0	\$1,223,866	\$3,118,260	\$13,180,104
Cash and Cash Equivalents in Segregated Accounts	0	0	0	587	587
Investments	48,230	0	0	0	48,230
Receivables:					
Property Taxes	7,314,496	0	1,269,810	363,871	8,948,177
Accrued Interest	4,125	0	0	0	4,125
Accounts	12,791	0	0	7,601	20,392
Interfund	467,089	0	0	0	467,089
Intergovernmental	346,464	602,191	0	436,362	1,385,017
Prepaid Items	108,614	0	0	40,032	148,646
Inventory Held for Resale	0	0	0	30,737	30,737
Materials and Supplies Inventory	43,553	0	0	8,890	52,443
Restricted Asset - Equity in Pooled Cash and Cash Equivalents	1,574	0	0	0	1,574
<i>Total Assets</i>	<u>\$17,184,914</u>	<u>\$602,191</u>	<u>\$2,493,676</u>	<u>\$4,006,340</u>	<u>\$24,287,121</u>
Liabilities					
Matured Compensated Absences Payable	\$3,162	\$0	\$0	\$0	\$3,162
Accounts Payable	96,588	1,531	43,210	60,571	201,900
Accrued Wages and Benefits Payable	1,507,474	87,573	0	242,921	1,837,968
Contracts Payable	1,485	180,343	131,350	2,563	315,741
Interfund Payable	0	300,465	0	166,624	467,089
Intergovernmental Payable	524,894	23,624	0	70,209	618,727
Retainage Payable	0	8,655	14,667	0	23,322
Unearned Revenue	0	0	0	5,340	5,340
<i>Total Liabilities</i>	<u>2,133,603</u>	<u>602,191</u>	<u>189,227</u>	<u>548,228</u>	<u>3,473,249</u>
Deferred Inflows of Resources					
Property Taxes	4,770,373	0	877,537	255,883	5,903,793
Unavailable Revenue	494,809	0	48,800	22,256	565,865
<i>Total Deferred Inflows of Resources</i>	<u>5,265,182</u>	<u>0</u>	<u>926,337</u>	<u>278,139</u>	<u>6,469,658</u>
Fund Balances					
Nonspendable:					
Inventories	43,553	0	0	8,890	52,443
Prepaid Items	108,614	0	0	40,032	148,646
Unclaimed Monies	1,574	0	0	0	1,574
Music Supplies	0	0	0	500	500
Science	0	0	0	7,000	7,000
College Scholarships				256,644	256,644
Restricted for:					
Debt Service	0	0	0	548,107	548,107
Food Service Operations	0	0	0	608,350	608,350
State Grant Expenditures	0	0	0	983,461	983,461
Music Supplies	0	0	0	2,173	2,173
Science	0	0	0	1,949	1,949
College Scholarships	0	0	0	17,904	17,904
Classroom Facilities Maintenance	0	0	0	274,270	274,270
District Managed Activities	0	0	0	122,314	122,314
Student Activities	0	0	0	97,842	97,842
Committed to:					
Encumbrances	154,807	0	0	0	154,807
Capital Projects	0	0	1,378,112	10,633	1,388,745
College Scholarships	0	0	0	205,388	205,388
Assigned to:					
Purchases on Order	434,457	0	0	0	434,457
Public School Support	160,394	0	0	0	160,394
Unassigned (Deficit)	8,882,730	0	0	(5,484)	8,877,246
<i>Total Fund Balances</i>	<u>9,786,129</u>	<u>0</u>	<u>1,378,112</u>	<u>3,179,973</u>	<u>14,344,214</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$17,184,914</u>	<u>\$602,191</u>	<u>\$2,493,676</u>	<u>\$4,006,340</u>	<u>\$24,287,121</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2022*

Total Governmental Fund Balances		\$14,344,214
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		33,539,953
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	333,123	
Intergovernmental Revenue	152,271	
Interest Revenue	4,125	
Tuition and Fees Revenue	68,745	
Customer Sales and Services Revenue	7,601	565,865
Accrued interest payable is recognized for outstanding long-term liabilities with interest accruals that are not expected to be paid with expendable available resources and therefore are not reported in the funds.		(8,854)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Improvement Bonds - Term	(585,000)	
Energy Conservation Improvement Bonds Premium	(21,013)	
Classroom Facilities Refunding Bonds - Serial	(600,000)	
Classroom Facilities Refunding Bonds Premium	(11,155)	
Financed Purchase	(185,221)	
Leases Payable	(375,079)	
Compensated Absences Payable	(1,326,818)	(3,104,286)
The net OPEB asset and net pension/OPEB liability are not due and payable in the current period and therefore the asset, liability, and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	1,655,152	
Deferred Outflows - Pension	5,127,482	
Deferred Inflows - Pension	(10,791,842)	
Net Pension Liability	(12,581,721)	
Deferred Outflows - OPEB	585,962	
Deferred Inflows - OPEB	(3,090,590)	
Net OPEB Liability	(1,353,044)	(20,448,601)
Deferred outflows of resources represent deferred charges on refundings which do not provide current financial resources and therefore are not reported in the funds.		5,528
An internal service fund is used by management to charge to costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,876,398
<i>Net Position of Governmental Activities</i>		\$26,770,217

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	ESSER	Permanent Improvement Inside Millage	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$7,467,916	\$0	\$1,248,452	\$328,814	\$9,045,182
Intergovernmental	14,410,357	3,334,656	138,969	4,441,715	22,325,697
Interest	7,010	0	2,081	7,725	16,816
Tuition and Fees	691,926	0	0	0	691,926
Rent	50,200	0	0	0	50,200
Extracurricular Activities	68,088	0	0	254,945	323,033
Gifts and Donations	84,847	0	0	45,055	129,902
Customer Sales and Services	7,500	0	0	27,920	35,420
Miscellaneous	26,558	0	0	8,676	35,234
<i>Total Revenues</i>	<u>22,814,402</u>	<u>3,334,656</u>	<u>1,389,502</u>	<u>5,114,850</u>	<u>32,653,410</u>
Expenditures					
Current:					
Instruction:					
Regular	9,960,408	445,891	25,828	552,957	10,985,084
Special	2,616,849	0	0	1,045,910	3,662,759
Vocational	158,242	0	0	851	159,093
Adult/Continuing	0	0	0	2,003	2,003
Student Intervention Services	26,955	362,885	0	0	389,840
Support Services:					
Pupils	1,877,698	141,005	0	309,237	2,327,940
Instructional Staff	113,172	11,840	0	468,355	593,367
Board of Education	97,432	0	0	0	97,432
Administration	1,444,780	42,402	0	325,249	1,812,431
Fiscal	523,638	0	30,783	9,873	564,294
Business	187,627	0	40,477	0	228,104
Operation and Maintenance of Plant	2,304,364	1,328,575	639,563	142,779	4,415,281
Pupil Transportation	1,012,617	74,984	0	4,218	1,091,819
Central	363,532	43,306	212,102	9,693	628,633
Operation of Non-Instructional Services:					
Food Service Operations	0	55,549	0	1,239,788	1,295,337
Community Services	0	0	0	127,281	127,281
Extracurricular Activities	547,806	3,299	187,442	255,390	993,937
Capital Outlay	0	824,920	107,573	0	932,493
Debt Service:					
Principal Retirement	21,101	0	89,444	655,260	765,805
Interest and Fiscal Charges	26,007	0	8,003	39,908	73,918
<i>Total Expenditures</i>	<u>21,282,228</u>	<u>3,334,656</u>	<u>1,341,215</u>	<u>5,188,752</u>	<u>31,146,851</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,532,174</u>	<u>0</u>	<u>48,287</u>	<u>(73,902)</u>	<u>1,506,559</u>
Other Financing Source (Use)					
Transfers In	0	0	0	94,217	94,217
Transfers Out	(94,217)	0	0	0	(94,217)
<i>Total Other Financing Source (Use)</i>	<u>(94,217)</u>	<u>0</u>	<u>0</u>	<u>94,217</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,437,957	0	48,287	20,315	1,506,559
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>8,348,172</u>	<u>0</u>	<u>1,329,825</u>	<u>3,159,658</u>	<u>12,837,655</u>
<i>Fund Balances End of Year</i>	<u>\$9,786,129</u>	<u>\$0</u>	<u>\$1,378,112</u>	<u>\$3,179,973</u>	<u>\$14,344,214</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022*

Net Change in Fund Balances - Total Governmental Funds		\$1,506,559
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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/amortization expense in the current period:		
Capital Asset Additions	2,021,327	
Depreciation/Amortization Expense	<u>(1,752,245)</u>	269,082
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(52,045)
Revenues in the statement of activities that do not provide current financial resources are not reported in the funds:		
Delinquent Property Taxes	(84,737)	
Intergovernmental Revenue	151,304	
Interest Revenue	4,125	
Tuition and Fees Revenue	57,647	
Customer Sales and Services Revenue	(3,904)	
Miscellaneous Revenue	<u>(2,208)</u>	122,227
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Energy Conservation Improvement Bonds	75,000	
Classroom Facilities Refunding Bonds	580,000	
Financed Purchase	89,444	
Leases	<u>21,361</u>	765,805
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:		
Accrued Interest	1,747	
Amortization of Deferred Charge on Refunding	(5,529)	
Amortization of Energy Conservation Improvement Bond Premium	3,000	
Amortization of Classroom Facilities Refunding Serial Bond Premium	<u>11,152</u>	10,370
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(58,115)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,808,181	
OPEB	<u>51,978</u>	1,860,159
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	569,349	
OPEB	<u>231,845</u>	801,194
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net change in net position of the internal service fund is reported with governmental activities.		
		<u>(31,895)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$5,193,341</u></u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$6,659,443	\$6,659,443	\$7,238,897	\$579,454
Intergovernmental	13,830,908	13,830,908	14,278,363	447,455
Interest	12,094	12,094	34,378	22,284
Tuition and Fees	989,500	989,500	691,926	(297,574)
Rent	12,600	12,600	12,550	(50)
Gifts and Donations	0	0	54,950	54,950
Customer Sales and Services	2,500	2,500	2,500	0
Miscellaneous	146,530	146,530	21,287	(125,243)
<i>Total Revenues</i>	<u>21,653,575</u>	<u>21,653,575</u>	<u>22,334,851</u>	<u>681,276</u>
Expenditures				
Current:				
Instruction:				
Regular	10,699,848	11,100,771	9,911,663	1,189,108
Special	2,421,376	2,514,191	2,570,335	(56,144)
Vocational	173,574	173,574	177,297	(3,723)
Student Intervention Services	524,911	17,918	22,825	(4,907)
Support Services:				
Pupils	1,891,527	1,904,822	1,869,425	35,397
Instructional Staff	229,748	229,748	117,904	111,844
Board of Education	166,815	166,815	143,584	23,231
Administration	1,374,288	1,374,288	1,468,629	(94,341)
Fiscal	527,600	527,600	545,594	(17,994)
Business	337,831	337,831	318,142	19,689
Operation and Maintenance of Plant	2,561,414	2,561,374	2,452,453	108,921
Pupil Transportation	957,613	957,613	1,074,275	(116,662)
Central	439,252	439,252	436,438	2,814
Operation of Non-Instructional Services	79,396	79,396	0	79,396
Extracurricular Activities	471,564	471,564	508,496	(36,932)
Debt Service:				
Principal Retirement	21,101	21,101	21,101	0
Interest and Fiscal Charges	26,007	26,007	26,007	0
<i>Total Expenditures</i>	<u>22,903,865</u>	<u>22,903,865</u>	<u>21,664,168</u>	<u>1,239,697</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,250,290)	(1,250,290)	670,683	1,920,973
Other Financing Use				
Transfers Out	(120,000)	(120,000)	(94,217)	25,783
<i>Net Change in Fund Balance</i>	(1,370,290)	(1,370,290)	576,466	1,946,756
<i>Fund Balance Beginning of Year</i>	6,953,934	6,953,934	6,953,934	0
Prior Year Encumbrances Appropriated	924,365	924,365	924,365	0
<i>Fund Balance End of Year</i>	<u>\$6,508,009</u>	<u>\$6,508,009</u>	<u>\$8,454,765</u>	<u>\$1,946,756</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2022*

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$10,163,628	\$10,194,301	\$3,097,149	(\$7,097,152)
Expenditures				
Current:				
Instruction:				
Regular	1,669,940	1,249,305	763,519	485,786
Student Intervention Services	738,761	738,761	298,368	440,393
Support Services:				
Pupils	2,143,607	2,124,668	182,234	1,942,434
Instructional Staff	35,000	36,000	11,840	24,160
Administration	129,000	129,000	42,402	86,598
Operation and Maintenance of Plant	1,299,840	1,299,250	1,360,057	(60,807)
Pupil Transportation	80,600	78,715	47,224	31,491
Central	15,250	7,625	49,166	(41,541)
Operation of Non-Instructional Services:				
Food Service Operations	220	220	40,199	(39,979)
Extracurricular Activities	493	493	3,299	(2,806)
Capital Outlay	5,864,980	4,452,157	2,292,861	2,159,296
<i>Total Expenditures</i>	<u>11,977,691</u>	<u>10,116,194</u>	<u>5,091,169</u>	<u>5,025,025</u>
<i>Net Change in Fund Balance</i>	(1,814,063)	78,107	(1,994,020)	2,072,127
<i>Fund Balance (Deficit) Beginning of Year</i>	(1,972,280)	(1,972,280)	(1,972,280)	0
Prior Year Encumbrances Appropriated	<u>1,894,173</u>	<u>1,894,173</u>	<u>1,894,173</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$1,892,170)</u>	<u>\$0</u>	<u>(\$2,072,127)</u>	<u>(\$2,072,127)</u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Statement of Fund Net Position

Proprietary Fund

June 30, 2022

	<u>Governmental Activity Internal Service Fund</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$145,634
Cash and Cash Equivalents with Fiscal Agents	1,935,171
Accounts Receivable	<u>203,796</u>
<i>Total Assets</i>	2,284,601
Current Liabilities	
Claims Payable	<u>408,203</u>
Net Position	
Unrestricted	<u><u>\$1,876,398</u></u>

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2022

	Governmental Activity
	Internal Service Fund
Operating Revenues	
Charges for Services	\$3,608,230
Other Revenues	97,928
<i>Total Operating Revenues</i>	3,706,158
Operating Expenses	
Purchased Services	743,079
Claims	3,005,558
<i>Total Operating Expenses</i>	3,748,637
<i>Operating Loss</i>	(42,479)
Non-Operating Revenues	
Interest	10,584
<i>Net Change in Net Position</i>	(31,895)
<i>Net Position Beginning of Year</i>	1,908,293
<i>Net Position End of Year</i>	\$1,876,398

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2022

	Governmental Activity
	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$3,608,230
Cash Received from Other Operating Sources	97,928
Cash Payments for Goods and Services	(743,079)
Cash Payments for Claims	(3,152,139)
Net Cash Used for Operating Activities	(189,060)
Cash Flows from Investing Activities	
Interest	10,584
<i>Net Decrease in Cash and Cash Equivalents</i>	(178,476)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,259,281
<i>Cash and Cash Equivalents End of Year</i>	\$2,080,805
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$42,479)
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(178,549)
Increase in Claims Payable	31,968
Net Cash Used for Operating Activities	(\$189,060)

Noncash Investing Transactions:

The School District reflects a net decrease in cash and cash equivalents in the amount of \$118 due to the decrease in fair value of pooled investments.

See accompanying notes to the basic financial statements

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Cambridge City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1 - Description of the School District and Reporting Entity

Cambridge City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's four instructional facilities and three support facilities staffed by 117 classified employees and 163 certified personnel, who provide services to 1,797 students and other community members.

Reporting Entity

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

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

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), the Mid-East Career and Technology Centers (Center), and the Coalition of Rural and Appalachian Schools which are jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program, the Ohio School Plan (OSP), and the Jefferson Health Plan Self-Insurance Plan which are defined insurance purchasing pools. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Elementary and Secondary School Emergency Relief (ESSER) Fund The ESSER Fund is used to account for restricted relief grants in response to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.

Permanent Improvement (PI) Inside Millage Fund The PI Inside Millage Fund is used to account for inside millage from the General Fund. Expenditures are committed for acquiring, constructing, or improving of permanent improvements.

The other governmental funds of the School District account for grants and other resources whose use is restricted 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 enterprise or internal service. The School District's only proprietary fund type is an internal service fund:

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operations of the School District's self-insurance program for employee medical, prescription drug, dental, and vision benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's fiduciary funds consist of one custodial fund which is used to account for Ohio High School Athletic Association (OHSAA) monies. For fiscal year 2022, there was no activity to present in this custodial fund.

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 School District 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.

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 are generally 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 fund financial statements for governmental funds.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Like the government-wide statements, proprietary and fiduciary 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 net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities, other than those to beneficiaries, are recognized using the economic resources measurement focus.

For proprietary funds, the statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to, and deductions from, custodial funds.

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 are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use 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 Non-Exchange 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees, and charges for services. 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.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District deferred inflows of resources include property taxes, unavailable revenue, and pension and OPEB plans. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, interest, miscellaneous accounts receivable, and intergovernmental grants. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

Expenses/Expenditures On the accrual basis, 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.

Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

The School District has separate bank accounts for self-insurance and athletic monies. The self-insurance account includes money that is distributed for medical/surgical, prescription drug, and dental claims. A portion of the medical/surgical, prescription drug, and dental claims account is presented on the financial statements as "cash and cash equivalents with fiscal agents. The athletic account monies are kept separate from the School District treasury. This account is presented on the financial statements as "cash and cash equivalents in segregated accounts."

During fiscal year 2022, investments were limited to federal agency securities, common stock and STAR Ohio.

Investments in federal agency securities are stated at fair value. Investments in common stock are measured at fair value which is the price the stock could be sold for on the measurement date.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2022 amounted to \$7,010, which includes \$4,056 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity or more than three months not purchased from the pool are reported as investments. The School District reports the change in fair value of investments. The calculation of realized gains/losses is independent of the calculation of the change in fair value of investments. The realized gains/losses of the current period include unrealized amounts from prior periods.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets (except for intangible right to use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	15-40 years
Machinery, Equipment, Furniture and Fixtures	5-20 years
Vehicles	8 years
Intangible Right to Use Leases:	
Land Improvements	20 years
Equipment	5-7 years

The School District is reporting intangible right to use assets related to leased land improvements and equipment. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated on of the statement of net position.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent unclaimed monies not available for appropriation.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

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

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund which the employees who will receive the payment are paid.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, financed purchases, and leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Employment Benefits (OPEB)

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

Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements.

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District 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. It also includes the long-term amount of loans receivable, prepaids, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Bond Premiums

On the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the period in which the debt is issued. The face amount of the debt and the premium received on the debt issuance are reported as other financing sources.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charge on Refunding

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

Capital Contributions

Contributions of capital arise from contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services and other operating revenues of the self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Estimates

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

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the function and object levels and has the authority to allocate appropriations at these levels without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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

Note 3 - Change in Accounting Principles and Restatement of Fund Balances and Net Position

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's 2022 financial statements and had an effect on beginning net position.

The School District is also implementing *Implementation Guide No. 2020-1*, GASB Statement No. 92 - *Omnibus 2020*, and GASB Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the School District's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2022, the School District modified its approach related to the eligibility requirements of certain School District grants. In addition, the School District restated the beginning balance of capital assets due to a revised value for vehicles.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Due to these changes, the following restatements were made to fund balance/net position at July 1, 2021:

	Governmental Funds	
	ESSER	Nonmajor
Fund Balances (Deficit), June 30, 2021	(\$274,596)	\$3,153,639
Adjustments:		
Overstated Intergovernmental Receivable	(2)	(816,911)
Overstated Unavailable Revenue	274,598	822,930
Restated Fund Balances, July 1, 2021	\$0	\$3,159,658
	Governmental Activities	
Net Position, June 30, 2021	\$22,584,719	
Adjustments:		
Overstated Intergovernmental Receivable	(816,913)	
Capital Assets - Vehicles	23,250	
GASB 87	(214,180)	
Restated Fund Balances, July 1, 2021	21,576,876	

Note 4 - Accountability and Compliance

Accountability

The following special revenue funds had deficit fund balances as of June 30, 2022:

	Amount
Title I	\$4,360
Miscellaneous Federal Grants	1,124

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

Contrary to Section 5705.39, Revised Code, the ESSER Special Revenue Fund had original appropriations exceeding original estimated resources in the amount of \$1,892,170.

Contrary to Section 5705.39, Revised Code, the following funds had final appropriations exceeding final estimated resources:

Fund	Amount
Miscellaneous School District Special Revenue Fund	\$5,494
Miscellaneous State Grants Special Revenue Fund	894
Coronavirus Relief Special Revenue Fund	11,836

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Contrary to Section 5705.41, Revised Code the Permanent Improvement Capital Projects Fund had expenditures plus encumbrances in excess of appropriations in the amount of \$3,728.

The School District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund and the ESSER Special Revenue Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).
4. Prepaid items are reported on the balance sheet (GAAP basis) but not on the budget basis.
5. Adjustments to record investments at fair value and negative cash advances to other funds are reported on the balance sheet (GAAP basis) but not on budget basis.
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

Cambridge City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and ESSER Special Revenue Fund:

	Net Change in Fund Balance	
	General	ESSER
GAAP Basis	\$1,437,957	\$0
Revenue Accruals	(555,232)	(15,149)
Beginning:		
Investment Fair Value Adjustment	63,132	0
Prepaid Items	224,470	0
Negative Cash Advances	(272,114)	78,107
Ending:		
Investment Fair Value Adjustment	(35,764)	0
Prepaid Items	(108,614)	0
Negative Cash Advances	467,089	(300,465)
Expenditure Accruals	116,040	15,149
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund type	(60,467)	0
Encumbrances	(700,031)	(1,771,662)
Budget Basis	<u>\$576,466</u>	<u>(\$1,994,020)</u>

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board of Education 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 School District'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.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

At June 30, 2022, the School District’s Internal Service Fund had a balance of \$1,935,171 with Jefferson Health Plan Self-Insurance Plan, a risk sharing, claims servicing, and insurance purchasing pool (see Note 16). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained by the Plan’s fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Investments

As of June 30, 2022, the School District had the following investments, which are part of the internal investment pool:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>S&P Rating</u>	<u>Percent of Total Investments</u>
Fair Value - Level 1 Inputs				
JP Morgan Chase & Co. Common Stock	\$48,230	N/A	Not Rated	2.37%
Fair Value - Level 2 Inputs				
Federal Home Loan Bank Bonds	1,987,595	03/09/2023-11/24/23	AA+	97.63%
Net Value Per Share				
STAR Ohio	<u>1,563,828</u>	35.3 days	AAAm	N/A
Total	<u><u>\$3,599,653</u></u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District’s recurring fair value measurements as of June 30, 2022. The School District’s investment in common stock is valued at quoted market prices (Level 1 inputs). The School District’s investment in Federal Home Loan Bank Bonds are measured at fair value using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (level 2 inputs).

Interest Rate Risk The School District’s investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily. The stated intent of the investment policy is to avoid the need to sell securities prior to maturity.

Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The investments in common stock are donated investments, and were not purchased by the School District. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

Note 7 - Property Taxes and Abatements

Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Guernsey County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources - property taxes.

The amount available as an advance, and recognized as revenue at June 30, 2022, was \$2,271,285 in the General Fund, \$29,366 in the Classroom Facilities Maintenance Special Revenue Fund, \$67,137 in the Bond Retirement Debt Service Fund, and \$343,473 in the Permanent Improvement Inside Millage Capital Projects Fund. At June 30, 2021, \$2,042,266 was available as an advance in the General Fund, \$27,475 was available in the Classroom Facilities Maintenance Special Revenue Fund, \$95,663 was available in the Bond Retirement Debt Service Fund, and \$351,093 was available in the Permanent Improvement Inside Millage Capital Projects Fund.

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

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$252,998,120	87.08%	\$279,690,600	86.36%
Public Utility Personal	37,526,530	12.92%	44,189,210	13.64%
Total	<u>\$290,524,650</u>	<u>100.00%</u>	<u>\$323,879,810</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$35.35		\$34.60	

The decrease in millage from the prior year is due a decrease in the tax rate of the Bond Retirement Debt Service Fund. The County Auditor reviews the balance in this fund and adjusts the millage so that the balance is adequate compared to future debt service requirements.

Abatements

School District property taxes were reduced as follows under county and city agreements entered into by overlapping governments:

Overlapping Governments	Amount of Fiscal Year 2022 Taxes Abated
<i>Community Reinvestment Areas:</i>	
Guernsey County	\$31,883
City of Cambridge	14,105

Pursuant to Section 5709.82 of the Ohio Revised Code, Guernsey County and the City of Cambridge created various Community Reinvestment Area Compensation Agreements. These agreements include from 50 percent to 100 percent tax abatement on the various projects in order to retain or attract new industry, preserve or increase employment, and revitalize the local economy. These tax abatements entered into by overlapping governments affect the School District’s revenue stream as it forgoes tax revenue it would have otherwise been entitled to receive. All agreements are in effect prior to the reduction of taxes.

Note 8 - Receivables

Receivables at June 30, 2022, consisted of property taxes, accrued interest, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$333,123 may not be collected within one year. All other receivables are expected to be collected within one year.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

A summary of principal items of intergovernmental receivables follows:

Early Childhood Grants	\$3,061
IDEA Part B Grant	134,220
Title I Grants	171,262
Title VI-B Grants	8,721
Title II-A Grant	7,904
Title IV-A Grant	6,984
School Quality Improvement	34,107
21st Century Grant	50,675
Elementary and Secondary School Emergency Relief Grants	602,191
County Board of Developmental Disabilities Mini Grant	4,402
E-Rate Reimbursement	144,076
Food Service Breakfast and Lunch Reimbursements	19,428
Medicaid Reimbursements	133,422
Foundation Adjustments	59,501
Fuel Tax Reimbursement	5,063
Total Intergovernmental Receivables	<u>\$1,385,017</u>

Note 9 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 16)

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

The types and amounts of coverage are as follows:

Educational General Liability - no deductible	
Bodily Injury, Property Damage, and Wrongful Act - each occurrence	\$5,000,000
Personal and Advertising Injury - each occurrence	5,000,000
General Aggregate Limit	7,000,000
Products - Completed Operations Aggregate Limit	5,000,000
Fire Damage	500,000
Medical Expense	10,000
Employers' Liability - no deductible	5,000,000
Fiduciary Liability - \$2,500 deductible	
Each Fiduciary Limit	5,000,000-7,000,000
Security and Law Enforcement Liability - no deductible	5,000,000-7,000,000
Legal Liability - \$2,500 deductible	
Errors and Omissions	5,000,000
Aggregate Limit	7,000,000
Employment Practices	5,000,000
Aggregate Limit	7,000,000
Declaratory, Equitable and Injunctive Relief Defense Aggregate	100,000
Back Wages each act limit	25,000
Back Wages Aggregate Limit	50,000
Violence Coverage	
Plan Limit	1,000,000
Aggregate Limit	1,000,000
Automobile Coverage	
Liability	5,000,000
Uninsured/Underinsured Motorists	1,000,000
Medical Payments	5,000
Comprehensive - \$250-\$1,000 deductible	Actual Cash Value
Collision - \$500-\$1,000 deductible	Actual Cash Value
Property Damage - \$1,000 deductible	
Property Coverage	115,038,585
Flood, Earthquake, and Extra Expense Coverage - each	1,000,000
Accounts Receivable	100,000
Business Interruption and Rental Income/Tuition Income	250,000
Boiler and Machinery Breakdown Combined Limit	100,000,000
Additional Perils and Coverages - each	250,000
Crime Coverage - \$1,000-\$2,500 deductible	5,000-100,000
Cyber Coverage - \$100,000 deductible	
Member Certificate Limit	1,000,000
Policy Aggregate	50,000,000
Pollution Coverage - \$25,000-\$500,000 deductible	
Certificate Aggregate	1,000,000
Policy Aggregate	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Workers' Compensation

For fiscal year 2022, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool (Note 16). The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for participants. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a premium refund or assessment. Employers will pay experience or based rated premiums under the same terms as if they were not in a group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Comp Management, Inc. serves as the third party administrator of the Program and provides administrative, cost control, and actuarial services. Each year, the School District pays an enrollment fee to the Program to cover the cost of administering the Program. The School District may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Program prior to withdrawal.

Employee Insurance Benefits

The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk sharing, claims servicing, and insurance purchasing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

All employees were offered coverage for medical/surgical, prescription drug, and dental coverage through the Jefferson Health Plan self-insured plan. The Board of Education pays 86 percent premiums for all medical/surgical and prescription drug coverage and 100 percent of the premium for dental coverage. The monthly cost of premiums is \$833.94 for single coverage and \$1,913.94 for family coverage on medical/surgical and prescription drug coverage. The total monthly cost of the premiums for dental coverage is \$43.22 for single and \$99.33 for family coverage.

The claims liability of \$408,203 reported in the internal service fund at June 30, 2022, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Changes in claims activity for the past two fiscal years are as follows:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2021	\$302,790	\$2,661,761	\$2,588,316	\$376,235
2022	376,235	3,184,107	(1) 3,152,139	408,203
		\$3,005,558		
		178,549		
		<u>\$3,184,107</u>		

(1) Claims Expense
Net Increase in Stop Loss Receivable
Current Year Claims

Note 10 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 260 days for certified employees and 240 days for classified employees.

Upon retirement, certificated employees receive payment for one-fourth of the total sick leave accumulation up to a maximum of 180 unused sick leave days, or a maximum payment of 45 days, plus one day of severance pay for each ten days of accumulated sick leave beyond 180 days.

Upon retirement, classified employees with at least 5 years of service with the School District, receive payment for one-third of the total sick leave accumulation, up to a maximum of 105 unused sick leave days, or a maximum payment of 35 days, plus one day of sick leave for each 20 days of accumulated sick leave beyond 105 days.

Health Insurance

Effective January 1, 2016, the School District offered to employees a high deductible medical and prescription plan in conjunction with a Health Savings Account. The high deductible plan sets amounts at \$3,500 for single and \$7,000 for family coverage for both classified and certified employees. The creation of the Health Savings Account states that the School District will contribute to each account a total of \$3,000 for single and \$5,700 for family plans for classified and administrative employees and \$2,000 for single and \$4,000 for family plans for certified employees. Payments to each eligible classified employee health savings account will occur on January 1 and July 1 of each year. Payments to each eligible certified employee health savings account will occur on January 1 and September 1 of each year.

Life Insurance

The School District provides life insurance to contracted employees through Grady Enterprises, Inc., in the amount of \$30,000 for classified employees, \$25,000 for certified employees, and \$100,000 for administrators with the exception of the superintendent who has \$500,000.

Cambridge City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance 06/30/2021	Additions	Reductions	Balance 06/30/2022
Capital Assets Not Being Depreciated				
Land	\$4,870,593	\$0	\$0	\$4,870,593
Construction in Progress	0	431,956	0	431,956
Total Capital Assets Not Being Depreciated	4,870,593	431,956	0	5,302,549
Capital Assets Being Depreciated/Amortized				
Land Improvements	4,155,115	448,999	(90,513)	4,513,601
Buildings and Improvements	45,244,469	924,108	0	46,168,577
Machinery, Equipment, Furniture and Fixtures	2,416,709	193,249	(17,315)	2,592,643
Vehicles	1,959,018	23,015	0	1,982,033
Intangible Right to Use Leases: **				
Land Improvements	447,459	0	0	447,459
Equipment	59,400	0	0	59,400
Total Capital Assets Being Depreciated/Amortized	54,282,170	1,589,371	(107,828)	55,763,713
Accumulated Depreciation/Amortization				
Land Improvements	(3,141,472)	(197,632)	38,468	(3,300,636)
Buildings and Improvements	(19,613,198)	(1,219,339)	0	(20,832,537)
Machinery, Equipment, Furniture and Fixtures	(1,760,220)	(109,170)	17,315	(1,852,075)
Vehicles	(997,108)	(192,931)	0	(1,190,039)
Intangible Right to Use Leases: **				
Land Improvements	(290,849)	(22,373)	0	(313,222)
Equipment	(27,000)	(10,800)	0	(37,800)
Total Accumulated Depreciation/Amortization	(25,829,847)	(1,752,245) *	55,783	(27,526,309)
Capital Assets Being Depreciated/Amortized, net	28,452,323	(162,874)	(52,045)	28,237,404
Governmental Activities Capital Assets, net	\$33,322,916	\$269,082	(\$52,045)	\$33,539,953

* Depreciation and amortization expense was charged to governmental functions as follows:

Instruction:		Support Services:	
Regular	\$801,345	Pupils	\$146,890
Special	223,051	Instructional Staff	41,025
Vocational	10,718	Board of Education	4,796
Adult/Continuing	114	Administration	110,653
Intervention	3,707	Fiscal	35,915
		Business	12,459
		Operation and Maintenance of Plant	156,669
		Pupil Transportation	59,057
		Central	29,334
		Extracurricular Activities	44,346
		Operation of Non-Instructional Services	12,002
		Food Service Operations	60,164
(continued)		Total Depreciation and Amortization Expense	\$1,752,245

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

** Of the current year depreciation total of \$1,752,245, \$33,173 is presented as operation and maintenance of plant (\$10,800) and extracurricular activities (\$22,373) expense on the Statement of Activities related to the School District's intangible assets of copiers, athletic facilities, and tower space, which are included as Intangible Right to Use Leases. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 12 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB 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/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 these estimates annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

School Employees Retirement System (SERS)

Plan Description - School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to retire on or before August 1, 2017 *	Eligible to retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School District's contractually required contribution to SERS was \$414,340 for fiscal year 2022. Of this amount, \$89,739 is reported as an intergovernmental payable.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

State Teachers Retirement System (STRS)

Plan Description - School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for the DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's Defined Contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,393,841 for fiscal year 2022. Of this amount, \$230,586 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District'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>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability			
Current Measurement Date	0.06896290%	0.078502034%	
Prior Measurement Date	0.07523190%	0.078553590%	
Change in Proportionate Share	<u>-0.00626900%</u>	<u>-0.000051556%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,544,531	\$10,037,190	\$12,581,721
Pension Expense	(\$69,441)	(\$499,908)	(\$569,349)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$245	\$310,100	\$310,345
Changes of assumptions	53,580	2,784,496	2,838,076
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	84,053	86,827	170,880
School District contributions subsequent to the measurement date	<u>414,340</u>	<u>1,393,841</u>	<u>1,808,181</u>
Total Deferred Outflows of Resources	<u>\$552,218</u>	<u>\$4,575,264</u>	<u>\$5,127,482</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$65,990	\$62,913	\$128,903
Net difference between projected and actual earnings on pension plan investments	1,310,508	8,650,137	9,960,645
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>238,369</u>	<u>463,925</u>	<u>702,294</u>
Total Deferred Inflows of Resources	<u>\$1,614,867</u>	<u>\$9,176,975</u>	<u>\$10,791,842</u>

\$1,808,181 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$388,539)	(\$1,801,102)	(\$2,189,641)
2024	(374,611)	(1,168,381)	(1,542,992)
2025	(311,591)	(1,297,596)	(1,609,187)
2026	<u>(402,248)</u>	<u>(1,728,473)</u>	<u>(2,130,721)</u>
Totals	<u>(\$1,476,989)</u>	<u>(\$5,995,552)</u>	<u>(\$7,472,541)</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree Mortality Table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree Mortality Table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 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 earnings were calculated using the long-term assumed investment rate of return (7.00 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, the 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 School District'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 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,233,475	\$2,544,531	\$1,120,171

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
School District's proportionate share of the net pension liability	\$18,795,902	\$10,037,190	\$2,636,099

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination, and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2022, there are no employees who have elected Social Security. The Board of Education's liability is 6.2 percent of wages paid.

Note 13 - Defined Benefit OPEB Plans

See Note 12 for a description of the net OPEB liability.

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage Plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$51,978.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$51,978 for fiscal year 2022, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.07149190%	0.078502034%	
Prior Measurement Date	<u>0.07786460%</u>	<u>0.078553590%</u>	
Change in Proportionate Share	<u>-0.00637270%</u>	<u>-0.00005156%</u>	
Proportionate Share of the:			<u>Total</u>
Net OPEB Liability	\$1,353,044	\$0	\$1,353,044
Net OPEB (Asset)	\$0	(\$1,655,152)	(\$1,655,152)
OPEB Expense	(\$45,108)	(\$186,737)	(\$231,845)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$14,423	\$58,935	\$73,358
Changes of assumptions	212,261	105,724	317,985
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	138,553	4,088	142,641
School District contributions subsequent to the measurement date	<u>51,978</u>	<u>0</u>	<u>51,978</u>
Total Deferred Outflows of Resources	<u>\$417,215</u>	<u>\$168,747</u>	<u>\$585,962</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$673,876	\$303,254	\$977,130
Changes of assumptions	185,288	987,418	1,172,706
Net difference between projected and actual earnings on pension plan investments	29,395	458,779	488,174
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>244,911</u>	<u>207,669</u>	<u>452,580</u>
Total Deferred Inflows of Resources	<u>\$1,133,470</u>	<u>\$1,957,120</u>	<u>\$3,090,590</u>

\$51,978 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$182,912)	(\$523,220)	(\$706,132)
2024	(183,118)	(511,736)	(694,854)
2025	(163,785)	(498,381)	(662,166)
2026	(125,856)	(191,481)	(317,337)
2027	(77,568)	(65,054)	(142,622)
Thereafter	(34,994)	1,499	(33,495)
Totals	(\$768,233)	(\$1,788,373)	(\$2,556,606)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree Mortality Table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree Mortality Table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor Mortality Table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee Mortality Table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure the total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease <u>(1.27%)</u>	Current Discount Rate <u>(2.27%)</u>	1% Increase <u>(3.27%)</u>
School District's proportionate share of the net OPEB liability	\$1,676,584	\$1,353,044	\$1,094,575

	1% Decrease <u>(6.75 % decreasing to 3.40 %)</u>	Current Trend Rate <u>(6.75 % decreasing to 4.40 %)</u>	1% Increase <u>(7.75 % decreasing to 5.40%)</u>
School District proportionate share of the net OPEB liability	\$1,041,732	\$1,353,044	\$1,768,858

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented below:

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

	June 30, 2021	June 30, 2020
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021 and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
School District's proportionate share of the net OPEB asset	(\$1,396,692)	(\$1,655,152)	(\$1,871,055)

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	(\$1,862,307)	(\$1,655,152)	(\$1,398,984)

Note 14 - Long-Term Obligations

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	<u>Restated</u> <u>Principal</u> <u>Outstanding</u> <u>06/30/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal</u> <u>Outstanding</u> <u>6/30/22</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General Obligation Bonds:					
2014 Energy Conservation Improvement Bonds:					
Term Bonds - \$805,000 - 1.75%-2.90%	\$660,000	\$0	\$75,000	\$585,000	\$75,000
Bond Premium	24,013	0	3,000	21,013	0
Total 2014 Energy Conservation Improvement Bonds	<u>684,013</u>	<u>0</u>	<u>78,000</u>	<u>606,013</u>	<u>75,000</u>
2015 Classroom Facilities Refunding Bonds:					
Serial Bonds - \$3,410,000 - 2.00%-3.00%	1,180,000	0	580,000	600,000	600,000
Premium on Serial Bonds	22,307	0	11,152	11,155	0
Total 2015 Classroom Facilities Refunding Bonds	<u>1,202,307</u>	<u>0</u>	<u>591,152</u>	<u>611,155</u>	<u>600,000</u>
Financed Purchase Payable from Direct Borrowing	<u>274,665</u>	<u>0</u>	<u>89,444</u>	<u>185,221</u>	<u>91,035</u>
Leases Payable	<u>396,440</u>	<u>0</u>	<u>21,361</u>	<u>375,079</u>	<u>22,240</u>
Net Pension Liability:					
STRS	19,007,174	0	8,969,984	10,037,190	0
SERS	4,975,997	0	2,431,466	2,544,531	0
Total Net Pension Liability	<u>23,983,171</u>	<u>0</u>	<u>11,401,450</u>	<u>12,581,721</u>	<u>0</u>
Net OPEB Liability - SERS	<u>1,692,253</u>	<u>0</u>	<u>339,209</u>	<u>1,353,044</u>	<u>0</u>
Compensated Absences	1,268,703	159,121	101,006	1,326,818	67,550
Total Long-Term Liabilities	<u>\$29,501,552</u>	<u>\$159,121</u>	<u>\$12,621,622</u>	<u>\$17,039,051</u>	<u>\$855,825</u>

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

General Obligation Bonds

On October 16, 2014, the School District issued \$1,146,020 of general obligation school improvement bonds in accordance with House Bill 264. The bonds were issued to finance energy conservation projects and consisted of \$300,000 in serial bonds, \$805,000 in term bonds, and \$41,020 in capital appreciation bonds. The bonds were issued for a period of fifteen years with final maturity at December 1, 2028. The bonds were issued with a premium of \$45,013 which is reported as an increase to bonds payable. This amount is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2022 was \$3,000 leaving an unamortized balance of \$21,013. These bonds are being retired from the Bond Retirement Debt Service Fund with General Fund savings from the energy conservation measures.

The term bonds maturing on December 1, 2022, in the amount of \$75,000, is to be paid at the stated maturity.

The term bonds maturing on December 1, 2025 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2023	\$80,000
2024	80,000
Total	<u>\$160,000</u>

Unless otherwise called for redemption, the remaining \$85,000 principal amount of the term bonds due December 1, 2025, is to be paid at stated maturity.

The term bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2026	\$85,000
2027	90,000
Total	<u>\$175,000</u>

Unless otherwise called for redemption, the remaining \$90,000 principal amount of the term bonds due December 1, 2028, is to be paid at stated maturity.

Principal and interest requirements to maturity for the 2014 term bonds are as follows:

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Fiscal Year Ending	Term	
	Principal	Interest
2023	\$75,000	\$17,468
2024	80,000	15,425
2025	80,000	13,025
2026	85,000	10,550
2027	85,000	7,788
2028-2029	180,000	6,300
	<u>\$585,000</u>	<u>\$70,556</u>

On September 10, 2015, the School District issued \$3,865,000 of Classroom Facilities Refunding Bonds that consisted of \$3,410,000 in serial bonds and \$455,000 in capital appreciation bonds that were used to current refund the 2005 Classroom Facilities Refunding Bonds. The capital appreciation bonds, along with the accumulated accretion, were retired during fiscal year 2017. These refunding bonds were sold at a premium of \$168,959 that will be amortized over the term of the bonds. The amount amortized in fiscal year 2022 is \$11,152 leaving an unamortized balance of \$11,155. As of result of the refunding, \$3,865,000 of the refunded bonds is considered defeased and the liability was removed from the statement of net position. \$3,944,863 (after premium, underwriting fees, and other issuance costs) was deposited into an irrevocable trust until the refunded bonds were called on December 1, 2015 and the escrow account was closed. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price in the amount of \$33,459. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is amortized to interest expense through fiscal year 2023. The amount amortized for fiscal year 2022 is \$5,529 leaving an unamortized balance of \$5,528. The bonds are backed by the full faith and credit of the School District and are being retired from the Bond Retirement Debt Service Fund using proceeds from a tax levy. The bonds were issued for an eight year period with final maturity in 2023.

Principal and interest requirements to retire the 2015 refunding serial bonds outstanding at June 30, 2022, are as follows:

Fiscal Year Ending	Principal	Interest
2023	\$600,000	\$6,000

Financed Purchase from Direct Borrowing

During fiscal year 2021, the School District entered into a financed purchase obligation for the purchase of buses in the amount of \$364,957 to be paid from the Permanent Improvement Inside Millage Capital Projects Fund. This agreement includes an interest rate of 3.462%. Principal and interest requirements to retire this financed purchase are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$91,035	\$6,412	\$97,447
2024	94,186	3,261	97,447
Total	<u>\$185,221</u>	<u>\$9,673</u>	<u>\$194,894</u>

Leases Payable

The School District has outstanding agreements to lease tower space and athletic facilities. Due to the implementation of GASB Statement No. 87, these leases, plus existing prior year capital leases for copiers, have met the criteria of leases thus requiring them to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the shorter of

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

the estimated useful life of the asset or the lease term. A summary of the principal and interest amounts for the remaining leases is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$22,240	\$25,222	\$47,462
2024	20,494	23,788	44,282
2025	16,092	21,752	37,844
2026	17,159	20,733	37,892
2027	18,298	19,643	37,941
2028-2032	98,038	79,850	177,888
2033-2037	133,228	41,772	175,000
2038-2039	49,530	2,981	52,511
Total	<u>\$375,079</u>	<u>\$235,741</u>	<u>\$610,820</u>

Other Long-Term Liabilities

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: the General Fund and the Elementary and Secondary School Emergency Relief (ESSER), Food Service, Auxiliary, Miscellaneous State Grants, IDEA Part B, Title I, Elementary and Secondary School Emergency Relief, 21st Century Learning, and Miscellaneous Federal Grants Special Revenue Funds. For more information on the net pension/OPEB liability, see Notes 12 and 13.

Compensation absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund and the Food Service Special Revenue Fund.

The overall debt margin of the School District as of June 30, 2022, was \$28,489,569, with an unvoted debt margin of \$323,627.

Note 15 - Jointly Governed Organizations

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments

The School District is a participant in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA). OME-RESA was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a board comprised of a representative from each participating school district.

The board exercised total control over the operations of OME-RESA including budgeting, appropriating, contracting, and designing management. Each participant's control is limited to its representation on the board. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2022, the amount paid to OME-RESA from the School District was \$59,529 for cooperative purchasing, technology, internet access, financial accounting services, and educational management information. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952.

Cambridge City School District, Ohio

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For the Fiscal Year Ended June 30, 2022

Mid-East Career and Technology Centers

The Mid-East Career and Technology Centers (Center) is a jointly governed organization providing vocational education services to its thirteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's boards. The board exercised total control over the operations of the Center including budgeting, appropriating, contracting, and designing management. Each participant's control is limited to its representation on the board. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2022, the School District made no payments to the Center. To obtain financial information write to the Mid-East Career and Technology Centers, Nan Nolder, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS), in partnership with the Ohio University College of Education, is a jointly governed organization composed of 136 school districts, institutions of higher learning, and other educational agencies in the 35-county region of Ohio designated as Appalachia. CORAS is operated by a Board which is composed of no more than 19 members, not including ex-officio members. The Board shall include the Dean of the College of Education and two additional members from Ohio University appointed by the Dean. There shall be one elected member from each of the eight multi-county regions. The eight elected members shall appoint eight additional members, one from each multi-county region. A county region must have a minimum of five active public school district members to qualify for an elected and an appointed member on the Board. Elected and appointed members, other than those representing Ohio University, must be active school superintendents from a member school district. CORAS provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. CORAS is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for CORAS. The School District's membership fee was \$325 for fiscal year 2022. The financial information for CORAS can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 16 - Risk Sharing, Claims Servicing, and Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program

The Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts.

The Program, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The Program created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium

Cambridge City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can receive either a premium refund or premium assessment. The Program's third party administrator (TPA), Comp Management, Inc., provides administrative, cost control, and actuarial services to the Program. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group. The School District paid \$1,935 in enrollment fees to the Program for fiscal year 2022.

Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to, and as authorized by, Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a twelve member Board of Directors consisting of school district superintendents, treasurers, business managers, and board of education members. Hylant Administrative Services, LLC is the Administrator of the OSP and is responsible for providing underwriting, claims management, risk management, accounting, system support services, sales, and marketing.

The Jefferson Health Plan Self-Insurance Plan

The School District participates in the Jefferson Health Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over three hundred participants, including six pool organizations within the consortium. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental, prescription drug, and vision coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$200,000 under which the individual member is responsible for all claims below the selected deductible. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$1,500,000, and all claims between the deductible and the \$1,500,000 are paid from the internal shared risk pool.

The internal pool is not owned by the plan participants. All participants pay a funding accrual that is actuarially calculated based on the participants' actual claims experience which is utilized for the payment of claims and plan expenses within the participant's reserve account up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for the selected deductible that is included in the funding accrual that is based on the claims of the selected internal pool deductible in aggregate and is not based on individual participant claims experience. In the event of a deficit in a participant's reserve account, the participant would be charged an additional funding accrual, and in the event of a surplus, the participant can apply for a funding accrual moratoria. For all individual claims exceeding \$1,500,000, umbrella stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services, among other fixed costs that are included in the monthly funding accrual.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Note 17 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

Litigation

The School District is currently not a party to any legal proceedings.

Note 18 - Set-Asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future years. Pursuant to State statute, the Board of Education expended all of the amounts previously set-aside for the budget reserve.

Effective June 30, 2005, through Amended Substitute House Bill 66, school districts that are declared to be in Fiscal Caution, may either reduce or eliminate the set-aside, provided that the school districts apply and receive approval from the Ohio Department of Education.

The following cash basis information describes the change in the fiscal year-end set aside amounts for capital improvements. Disclosure of this information is required by State statute.

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2021	\$0
Current Year Set-aside Requirement	334,316
Current Year Offsets	(1,611,521)
Current Year Qualifying Disbursements	(675,820)
Total	<u>(\$1,953,025)</u>
Set-aside Reserve Balance as of June 30, 2022	<u>\$0</u>

The School District had qualifying expenditures and offsets during the fiscal year that reduced the capital improvements set-asides below zero, which may not be carried forward to future fiscal years.

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Note 19 - Internal Activity

During fiscal year 2022, the General Fund provided cash flow resources to various funds in the total amount of \$467,089 which is reflected as an interfund receivable. These advances were used to provide short-term interfund loans needed for operations until the receipt of grant monies. The special revenue funds that received these cash flow resources, which are reflected as interfund payables, are as follows:

	<u>Amount</u>
Title I	\$61,247
IDEA Part B	91,899
Miscellaneous Federal Grants	4,689
Elementary and Secondary School Emergency Relief	300,465
21st Century Learning	<u>8,789</u>
Total	<u><u>\$467,089</u></u>

During fiscal year 2022, interfund transfers were made from the General Fund in the amount of \$94,217. Transfers were to the Bond Retirement Debt Service Fund totaling \$94,156 for debt service payments on the House Bill 264 Energy Conservation Bonds. In addition, a transfer of \$61 was made to the Music and Science Permanent Fund to replenish a portion of the nonexpendable balance to be maintained in this fund.

Note 20 - Donor Restricted Endowments

The School District's permanent funds include donor restricted endowments that indicate that interest, and not principal, should be used on music supplies and science. In addition, certain special revenue funds include donor restricted endowments that indicate that interest, and not principal, should be used for college scholarships. Nonspendable fund balance amounts of \$500 for music supplies, \$7,000 for science, and \$256,644 for college scholarships represent the principal portion of the endowments. Restricted fund balance amounts of \$2,173 for music supplies, \$1,949 for science, and \$17,904 for college scholarships represent the interest earnings on donor-restricted investments and is available for expenditure by the Board of Education to appropriate, for purposes consistent with the endowments' intent.

Note 21 - Significant Commitments

Contractual Commitments

As of June 30, 2022, the School District's contractual purchase commitments are as follows:

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 06/30/2022</u>
Plug Smart Energy Improvements	ESSER and PI Inside Millage	\$318,031	\$118,731	\$199,300
McFarland Stadium Improvements	ESSER and PI Inside Millage	875,985	172,625	703,360
Transportation Facility Improvements	PI Inside Millage	<u>140,600</u>	<u>140,600</u>	<u>0</u>
Total Contractual Commitments		<u><u>\$1,334,616</u></u>	<u><u>\$431,956</u></u>	<u><u>\$902,660</u></u>

Cambridge City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

Encumbrances

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

<u>Governmental Funds</u>	<u>Encumbrances</u>
General Fund	\$700,031
General Fund - Public School Support	6,054
Total General Fund	<u>706,085</u>
ESSER	* 1,771,662
PI Inside Millage	876,740
Nonmajor Governmental Funds	<u>128,358</u>
Total Governmental Funds	<u><u>\$3,482,845</u></u>

* Included in this amount is a purchase order for roof maintenance project on all School District buildings in the amount of \$1,045,747.

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020, due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Cambridge City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Nine Fiscal Years (1) **

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.06896290%	0.07523190%	0.06901260%	0.07036540%
School District's Proportionate Share of the Net Pension Liability	\$2,544,531	\$4,975,997	\$4,129,143	\$4,029,956
School District's Covered Payroll	\$2,479,321	\$2,550,993	\$2,389,111	\$2,325,474
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	102.63%	195.06%	172.83%	173.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

(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 fiscal year were determined as of the School District's measurement date which is
the prior fiscal year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.07635500%	0.07846910%	0.08225390%	0.08284000%	0.08284000%
\$4,562,042	\$5,743,215	\$4,693,487	\$4,192,485	\$4,926,229
\$2,448,371	\$2,503,243	\$2,511,721	\$2,533,931	\$2,595,351
186.33%	229.43%	186.86%	165.45%	189.81%
69.50%	62.98%	69.16%	71.70%	65.52%

Cambridge City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Nine Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.078502034%	0.07855359%	0.07807865%
School District's Proportionate Share of the Net Pension Liability	\$10,037,190	\$19,007,174	\$17,266,624
School District's Covered Payroll	\$9,699,036	\$9,509,364	\$9,179,929
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.49%	199.88%	188.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%

(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 fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.07715842%	0.08819048%	0.08892893%	0.09169054%	0.09176812%	0.09176812%
\$16,965,403	\$20,949,837	\$29,767,192	\$25,340,584	\$22,321,183	\$26,588,847
\$9,076,764	\$9,411,164	\$9,486,807	\$9,609,600	\$9,366,477	\$9,809,323
186.91%	222.61%	313.77%	263.70%	238.31%	271.06%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Cambridge City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.07149190%	0.07786460%	0.07069450%	0.07135460%	0.07713960%	0.07931520%
School District's Proportionate Share of the Net OPEB Liability	\$1,353,044	\$1,692,253	\$1,777,816	\$1,979,570	\$2,070,224	\$2,260,777
School District's Covered Payroll	\$2,479,321	\$2,550,993	\$2,389,111	\$2,325,474	\$2,448,371	\$2,503,243
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	54.57%	66.34%	74.41%	85.13%	84.56%	90.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Cambridge City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.078502034%	0.07855359%	0.07807865%	0.07715842%	0.08810948%	0.08892893%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,655,152)	(\$1,380,577)	(\$1,293,171)	(\$1,239,856)	\$3,437,707	\$4,755,942
School District's Covered Payroll	\$9,699,036	\$9,509,364	\$9,179,929	\$9,076,764	\$9,411,164	\$9,486,807
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-17.07%	-14.52%	-14.09%	-13.66%	36.53%	50.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%	176.00%	47.10%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Cambridge City School District, Ohio
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017
Net Pension Liability						
Contractually Required Contribution	\$414,340	\$347,105	\$357,139	\$322,530	\$313,939	\$342,772
Contributions in Relation to the Contractually Required Contribution	<u>(414,340)</u>	<u>(347,105)</u>	<u>(357,139)</u>	<u>(322,530)</u>	<u>(313,939)</u>	<u>(342,772)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,959,571	\$2,479,321	\$2,550,993	\$2,389,111	\$2,325,474	\$2,448,371
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
Net OPEB Liability						
Contractually Required Contribution (2)	\$51,978	\$47,692	\$43,009	\$54,956	\$50,038	\$40,456
Contributions in Relation to the Contractually Required Contribution	<u>(51,978)</u>	<u>(47,692)</u>	<u>(43,009)</u>	<u>(54,956)</u>	<u>(50,038)</u>	<u>(40,456)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.76%</u>	<u>1.92%</u>	<u>1.69%</u>	<u>2.30%</u>	<u>2.15%</u>	<u>1.65%</u>

2016	2015	2014	2013
\$350,454	\$331,045	\$351,203	\$359,197
<u>(350,454)</u>	<u>(331,045)</u>	<u>(351,203)</u>	<u>(359,197)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,503,243	\$2,511,721	\$2,533,931	\$2,595,351
<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>
\$39,256	\$62,989	\$44,291	\$44,903
<u>(39,256)</u>	<u>(62,989)</u>	<u>(44,291)</u>	<u>(44,903)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.57%</u>	<u>2.51%</u>	<u>1.75%</u>	<u>1.73%</u>

Cambridge City School District, Ohio
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Net Pension Liability					
Contractually Required Contribution	\$1,393,841	\$1,357,865	\$1,331,311	\$1,285,190	\$1,270,747
Contributions in Relation to the Contractually Required Contribution	<u>(1,393,841)</u>	<u>(1,357,865)</u>	<u>(1,331,311)</u>	<u>(1,285,190)</u>	<u>(1,270,747)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$9,956,007	\$9,699,036	\$9,509,364	\$9,179,929	\$9,076,764
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability/Asset					
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013
\$1,317,563	\$1,328,153	\$1,345,344	\$1,217,624	\$1,275,212
<u>(1,317,563)</u>	<u>(1,328,153)</u>	<u>(1,345,344)</u>	<u>(1,217,624)</u>	<u>(1,275,212)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,411,164	\$9,486,807	\$9,609,600	\$9,366,477	\$9,809,323
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$93,665	\$98,093
<u>0</u>	<u>0</u>	<u>0</u>	<u>(93,665)</u>	<u>(98,093)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Cambridge City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

Cambridge City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions - SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Cambridge City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions - STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

Changes in Benefit Terms - STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

Cambridge City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistant Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program (Food Donation)	10.555	2022	\$77,503
Cash Assistance:			
School Breakfast Program	10.553	2022	308,136
National School Lunch Program	10.555	2022	696,121
Supply Chain Assistance Program	10.555	2022	35,015
Covid Emergency	10.555	2022	17,723
Cash Assistance Subtotal			<u>1,056,995</u>
Total Child Nutrition Cluster			1,134,498
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Gran	10.649	2022	3,063
Child Nutrition Discretionary Grants Limited Availability	10.579	2022	<u>79,551</u>
Total U.S. Department of Agriculture			<u>1,217,112</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	2021	104,969
		2022	816,908
School Quality Improvement		2021	23,564
		2022	358,894
Title I Expanding Opportunities for Each Child Non-Competitive Grant		2021	103
		2022	<u>30,244</u>
Total Title I Grants to Local Educational Agencies			<u>1,334,682</u>
Special Education Cluster (IDEA):			
Special Education_Grants to States	84.027A	2021	48,890
		2022	548,821
Special Education_ARP IDEA	84.027X	2022	450
Special Education_ARP IDEA Early Childhood Special Education	84.173X	2022	5,122
Total Special Education_Grants to States			<u>603,283</u>
Special Education_Preschool Grants	84.173A	2022	<u>25,725</u>
Total Special Education Cluster (IDEA)			629,008
Twenty-First Century Community Learning Centers	84.287C	2021	40,994
		2022	293,347
Total Twenty-First Century Community Learning Centers			<u>334,341</u>
Rural Education	84.358B	2021	39,586
		2022	35,102
Total Rural Education			<u>74,688</u>
Supporting Effective Instruction State Grants	84.367A	2021	6,837
		2022	85,654
Total Supporting Effective Instruction State Grants			<u>92,491</u>
Student Support and Academic Enrichment Program	84.424A	2021	9,895
		2022	39,871
Total Student Support and Academic Enrichment Program			<u>49,766</u>
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	2022	97,025
Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	2022	2,512,231
Elementary and Secondary School Emergency Relief (ARP)	84.425U	2022	706,410
ARP Homeless	84.425W	2022	3,843
Total Education Stabilization Fund			<u>3,319,509</u>
Total U.S. Department of Education			5,834,485
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education</i>			
Coronavirus Relief Fund (CRF) - Rural & Small Town	21.019	2022	<u>770</u>
Total U.S. Department of Treasury			<u>770</u>
Total Expenditures of Federal Awards			<u>\$7,052,367</u>

The accompanying notes are an integral part of this Schedule.

**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Cambridge City School District (the School District's) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Cambridge City School District
Guernsey County
518 South 8th Street
Cambridge, Ohio 43725

To the Board of Education:

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cambridge City School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 24, 2023, wherein we noted the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases* resulting in a restatement of net position at June 30, 2021. The School District also modified its approach related to the eligibility requirement of certain School District grants resulting in a restatement of fund balance/net position at June 30, 2021.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District'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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 24, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Cambridge City School District
Guernsey County
518 South 8th Street
Cambridge, Ohio 43725

To the Board of Education:

Report on Compliance on Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cambridge City School District's, Guernsey County, Ohio (the School District), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Cambridge City School District's major federal programs for the year ended June 30, 2022. Cambridge City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Cambridge City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The School District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 24, 2023

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**CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Education Stabilization Fund – Elementary and Secondary School Emergency Relief (ESSER), AL #84.425 • Twenty-First Century Community Learning Centers, AL #84.287 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



CAMBRIDGE CITY SCHOOL DISTRICT

GUERNSEY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/14/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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