OHIO AUDITOR OF STATE

KEITH FABER

CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY
JUNE 30, 2023

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GUERNSEY COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Cambridge City School District
Guernsey County
528 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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows 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.

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 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 of Expenditures of Federal Awards 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 March 18, 2024, 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

March 18, 2024

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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, 2023. 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 2023 are as follows**:**

- Net position of governmental activities increased $6,077,700.
- All categories of assets increased resulting in total assets increased by $5,318,140. Deferred outflows of resources and deferred inflows of resources increased primarily due to pension and OPEB related items. Total liabilities increased due to the changes in the net pension liabilities.
- General revenues accounted for $21,723,886 in revenue or 64 percent of all revenues for governmental activities. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $12,473,285 or 36 percent of total revenues of $34,197,171.
- The School District had $28,119,471 in expenses related to governmental activities; only $12,473,285 of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues in the amount of $21,723,886 were adequate to provide for these programs.

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.

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 2023?" 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.

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 2023 compared to 2022.

(Table 1) - Net Position

	Governmental Activities		
	2023	2022	Change
Assets			
Current and Other Assets	$26,870,164	$26,104,633	$765,531
Noncurrent Assets:			
Net OPEB Asset	1,978,561	1,655,152	323,409
Capital Assets, Net	37,769,153	33,539,953	4,229,200
Total Assets	66,617,878	61,299,738	5,318,140
Deferred Outflows of Resources			
Deferred Charge on Refunding	0	5,528	(5,528)
Pension	5,471,535	5,127,482	344,053
OPEB	793,664	585,962	207,702
Total Deferred Outflows of Resources	6,265,199	5,718,972	546,227
Liabilities			
Current and Other Liabilities	3,444,988	3,423,217	21,771
Long-Term Liabilities			
Due Within One Year	250,545	855,825	(605,280)
Due in More Than One Year:			
Net Pension Liability	21,414,931	12,581,721	8,833,210
Net OPEB Liability	1,168,853	1,353,044	(184,191)
Other Amounts	2,015,110	2,248,461	(233,351)
Total Liabilities	28,294,427	20,462,268	7,832,159
Deferred Inflows of Resources			
Property Taxes	6,211,095	5,903,793	307,302
Pension	2,283,136	10,791,842	(8,508,706)
OPEB	3,246,502	3,090,590	155,912
Total Deferred Inflows of Resources	11,740,733	19,786,225	(8,045,492)
Net Position			
Net Investment in Capital Assets	36,527,010	31,494,488	5,032,522
Restricted	2,776,459	3,105,784	(329,325)
Unrestricted (Deficit)	(6,455,552)	(7,830,055)	1,374,503
Total Net Position	$32,847,917	$26,770,217	$6,077,700

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023 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.

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 $5,318,140 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 capital assets of $4,229,200, is largely attributable to capital additions related to upgrades to Mcfarland Stadium and ongoing construction in progress additions to the transportation facility, exceeding current year depreciation. 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. Cash and cash equivalents have increased in the amount of $1,115,300 as a result of the temporary relief assistance of various COVID-19 grants. Intergovernmental receivable decreased from the prior year by $534,491 due to the School District receiving less grants and entitlements compared to the prior fiscal year. The decrease in intergovernmental receivable offset the current year increase in total assets.

Deferred outflows of resources increased in the amount of $546,227 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 increased by $7,832,159. Long-term liabilities, excluding the pension and OPEB liabilities, decreased in the amount of $838,631. Continued required debt service payments are the reason for this decrease. The increase 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 decreased by $8,045,492. This decrease was the result of two factors; a decrease in deferred inflows of resources related to pension due to changes in pension plan investments which offset the increase in net pension liability and a decrease in inflows of resources for property taxes, which were offset by an increase in deferred inflows of resources related to OPEB due to changes in assumptions.

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 $6,077,700. The largest change is in the School District's net investment in capital assets, an increase of $5,032,522. Net investment in capital assets increased due current year capitalization related to the completion of several projects and construction in progress additions to the transportation facility. 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.

Table 2 shows the changes in governmental activities net position for the fiscal year ended June 30, 2023, compared to June 30, 2022.

(Table 2) - Changes in Net Position

	2023	2022	Change
Revenues			
Program Revenues			
Charges for Services	$910,674	$1,154,322	($243,648)
Operating Grants, Contributions, and Interest	8,786,749	10,097,931	(1,311,182)
Capital Grants and Contributions	2,775,862	79,550	2,696,312
Total Program Revenues	12,473,285	11,331,803	1,141,482
General Revenues			
Property Taxes	8,696,285	8,960,445	(264,160)
Grants and Entitlements	12,209,116	12,437,130	(228,014)
Investment Earnings	466,157	23,817	442,340
Gain on Sale of Capital Assets	7,000	0	7,000
Miscellaneous	345,328	130,954	214,374
Total General Revenues	21,723,886	21,552,346	171,540
Total Revenues	34,197,171	32,884,149	1,313,022
Program Expenses			
Instruction:			
Regular	10,605,337	10,488,307	117,030
Special	3,863,455	3,571,301	292,154
Vocational	185,494	155,219	30,275
Adult/Continuing	3,685	2,115	1,570
Student Intervention Services	206,647	388,683	(182,036)
Support Services:			
Pupils	2,642,736	2,231,103	411,633
Instructional Staff	621,487	581,792	39,695
Board of Education	84,532	102,138	(17,606)
Administration	1,924,657	1,663,964	260,693
Fiscal	611,696	574,333	37,363
Business	253,152	238,561	14,591
Operation and Maintenance of Plant	2,714,997	3,662,882	(947,885)
Pupil Transportation	1,272,131	1,073,867	198,264
Central	622,947	563,026	59,921
Operation of Non-Instructional Services:			
Food Service Operations	1,279,486	1,217,310	62,176
Community Services	163,546	134,897	28,649
Extracurricular Activities	1,021,264	977,762	43,502
Interest	42,222	63,548	(21,326)
Total Expenses	28,119,471	27,690,808	428,663
Change in Net Position	6,077,700	5,193,341	884,359
Net Position Beginning of Year	26,770,217	21,576,876	5,193,341
Net Position End of Year	$32,847,917	$26,770,217	$6,077,700

As indicated in Table 2, the largest revenue fluctuation is evident in capital grants and contributions an increase in the amount of $2,696,312. During the fiscal year, the School District was awarded additional federal grants related to the COVID-19 pandemic which a portion were used for capital acquisitions. The overall increase in program revenues was offset by a decrease in operating grants, contributions, and interest by $1,311,182. This was a result of the School District using a larger portion of grant and entitlements for capital acquisitions than operating grants compared to prior fiscal year.

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 40 percent of general revenues for governmental activities for the School District. Of the remaining general revenues, the School District receives approximately 56 percent from state foundation and unrestricted federal and state grants, and 4 percent from investment earnings and miscellaneous revenues.

Instruction comprises approximately 53 percent of governmental program expenses and reflected a $258,993 increase from fiscal year 2022. Of the instructional expenses, approximately 71 percent is for regular instruction, 26 percent is for special instruction, 3 percent is for vocational, adult/continuing, and student intervention services instructions. In total, expenses increased in the amount of $428,663 or 2 percent. One component of this results from changes related to pensions as explained previously.

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 2023 compared to fiscal year 2022. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

(Table 3)
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program Expenses				
Instruction:				
Regular	$10,605,337	$7,810,344	$10,488,307	$8,604,428
Special	3,863,455	1,001,245	3,571,301	686,303
Vocational	185,494	118,213	155,219	122,139
Adult/Continuing	3,685	282	2,115	112
Student Intervention Services	206,647	(597,629)	388,683	(93,478)
Support Services:				
Pupils	2,642,736	1,371,942	2,231,103	1,417,833
Instructional Staff	621,487	(561,125)	581,792	99,690
Board of Education	84,532	75,408	102,138	102,138
Administration	1,924,657	1,553,707	1,663,964	1,280,542
Fiscal	611,696	565,571	574,333	572,771
Business	253,152	248,823	238,561	238,561
Operation and Maintenance of Plant	2,714,997	2,165,507	3,662,882	1,578,567
Pupil Transportation	1,272,131	1,120,222	1,073,867	970,038
Central	622,947	396,957	563,026	495,357
Operation of Non-Instructional Services:				
Food Service Operations	1,279,486	(66,814)	1,217,310	(368,194)
Community Services	163,546	(86,519)	134,897	1,391
Extracurricular Activities	1,021,264	487,830	977,762	587,259
Interest	42,222	42,222	63,548	63,548
Total	$28,119,471	$15,646,186	$27,690,808	$16,359,005

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 56 percent of instructional expenses are supported through taxes and other general revenues. For all governmental activities, general revenue support is also approximately 56 percent. In the prior year, general revenue support was approximately 64 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 $2,226,730. 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 $22,797,503 and expenditures of $20,756,880. The fund balance of the General Fund, including the other financing use, increased $1,948,154 from fiscal year 2022. This increase represents approximately 20 percent of the fund balance at the beginning of the year and was made possible by increased investment earnings as well as the temporary realignment of instruction expenditures to the ESSER Special Revenue Fund.

The ESSER Special Revenue Fund is an expenditure driven grant fund. The School District incurred payables in the amount of $423,737 that is also reflected as an intergovernmental receivable. The School District received $5,466,042 in intergovernmental revenue predominately used for capital outlay for the construction of the new Transportation Center.

The Permanent Improvement Inside Millage Capital Projects Fund accounts for inside millage, allocated from the General Fund, for the future capital needs of the School District. The balance in this fund decreased by $404,902 from the prior year due to the School District spending a portion of the fund balance on capital expenditures. Property taxes receivable increased from the prior year as the result of increased valuations, the majority of which is offset to deferred inflows of resources.

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 fiscal year 2023, the School Districts appropriations remained fairly consistent with a minor increase from the original appropriations (including other financing use) of $21,231,408 to the final appropriations (including other financing source) of $21,372,858. Final appropriations exceeded actual expenditures and other financing sources by $57,428. Actual revenues were $1,229,986 higher than final estimates due mainly to conservative property tax and intergovernmental (foundation) revenue estimates. Actual expenditures were $83,272 more than final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had $37,769,153 invested 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 2023 balances compared to 2022.

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

	Governmental Activities	
	2023	2022
Land	$4,870,593	$4,870,593
Construction in Progress	3,226,271	431,956
Land Improvements	2,469,006	1,212,965
Buildings and Improvements	25,102,675	25,336,040
Machinery, Equipment, Furniture, and Fixtures	1,053,273	740,568
Vehicles	874,434	791,994
Intangible Right to Use Leases	122,664	155,837
Intangible Right to Use Subscriptions	50,237	0
Totals	$37,769,153	$33,539,953

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

Debt

At June 30, 2023, the School District had $528,013 in general obligation bonds outstanding (including premiums), $94,186 in financed purchases, and $352,839 in leases payable, of which $194,680, 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 through fiscal year 2027. Even with this increase, the School District 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. Despite a projected increase in general property taxes forecasted through year 2027. The School District is projected to deficit spend throughout the remainder of the current 5 year forecast. The projected increase in revenues is offset by an increase in over expenditures due to inflation and increased salaries and benefits expenditures.

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, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$14,645,616
Cash and Cash Equivalents in Segregated Accounts	628
Cash and Cash Equivalents with Fiscal Agents	1,732,126
Investments	58,084
Inventory Held for Resale	32,463
Materials and Supplies Inventory	46,456
Accounts Receivable	317,992
Intergovernmental Receivable	850,526
Prepaid Items	93,771
Property Taxes Receivable	9,092,502
Net OPEB Asset	1,978,561
Nondepreciable Capital Assets	8,096,864
Depreciable Capital Assets, Net	29,672,289
Total Assets	66,617,878
Deferred Outflows of Resources	
Pension	5,471,535
OPEB	793,664
Total Deferred Outflows of Resources	6,265,199
Liabilities	
Accounts Payable	190,010
Accrued Wages and Benefits Payable	1,835,941
Contracts Payable	227,600
Intergovernmental Payable	441,971
Accrued Interest Payable	4,600
Retainage Payale	57,518
Unearned Revenue	266,869
Claims Payable	420,479
Long-Term Liabilities:	
Due Within One Year	250,545
Due in More Than One Year:	
Net Pension Liability	21,414,931
Net OPEB Liability	1,168,853
Other Amounts	2,015,110
Total Liabilities	28,294,427
Deferred Inflows of Resources	
Property Taxes	6,211,095
Pension	2,283,136
OPEB	3,246,502
Total Deferred Inflows of Resources	11,740,733
Net Position	
Net Investment in Capital Assets	36,527,010
Restricted for:	
Capital Projects	88,734
Food Service	679,334
Classroom Facilities Maintenance	186,278
District Managed Activities	128,228
Student Activities	120,061
State Programs	783,438
Federal Programs	198,282
OPEB Plans	294,205
Unclaimed Monies	1,574
Music Supplies	3,075
Science	8,891
College Scholarships	284,359
Unrestricted (Deficit)	(6,455,552)
Total Net Position	$32,847,917

See accompanying notes to the basic financial statements

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction:					
Regular	$10,605,337	$304,625	$1,404,834	$1,085,534	($7,810,344)
Special	3,863,455	16,521	2,816,328	29,361	(1,001,245)
Vocational	185,494	5,793	61,488	0	(118,213)
Adult/Continuing	3,685	0	3,403	0	(282)
Student Intervention Services	206,647	0	400,172	404,104	597,629
Support Services:					
Pupils	2,642,736	508	885,860	384,426	(1,371,942)
Instructional Staff	621,487	0	761,961	420,651	561,125
Board of Education	84,532	8,229	895	0	(75,408)
Administration	1,924,657	0	341,506	29,444	(1,553,707)
Fiscal	611,696	0	46,125	0	(565,571)
Business	253,152	0	4,329	0	(248,823)
Operation and Maintenance of Plant	2,714,997	13,813	377,103	158,574	(2,165,507)
Pupil Transportation	1,272,131	1,432	74,949	75,528	(1,120,222)
Central	622,947	113	115,809	110,068	(396,957)
Operation of Non-Instructional Services:					
Food Service Operations	1,279,486	92,821	1,230,302	23,177	66,814
Community Services	163,546	172	194,898	54,995	86,519
Extracurricular Activities	1,021,264	466,647	66,787	0	(487,830)
Interest	42,222	0	0	0	(42,222)
Total Governmental Activities	$28,119,471	$910,674	$8,786,749	$2,775,862	(15,646,186)

General Revenues	
Property Taxes Levied For:	
General Purposes	7,322,049
Debt Service	1,358,289
Capital Maintenance	10,792
Capital Outlay	5,155
Gain on Sale of Capital Assets	7,000
Grants and Entitlements not Restricted to Specific Programs	12,209,116
Investment Earnings	466,157
Miscellaneous	345,328
Total General Revenues	21,723,886
Change in Net Position	6,077,700
Net Position Beginning of Year	26,770,217
Net Position End of Year	$32,847,917

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2023

	General	ESSER	Permanent Improvement Inside Millage	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$11,064,708	$0	$726,621	$2,712,060	$14,503,389
Cash and Cash Equivalents in Segregated Accounts	0	0	0	628	628
Investments	58,084	0	0	0	58,084
Receivables:					
Property Taxes	7,638,384	0	1,357,053	97,065	9,092,502
Accounts	11,585	0	0	25,463	37,048
Intergovernmental	73,909	423,727	0	352,890	850,526
Interfund	287,926	0	0	0	287,926
Prepaid Items	56,295	0	0	37,476	93,771
Inventory Held for Resale	0	0	0	32,463	32,463
Materials and Supplies Inventory	38,706	0	0	7,750	46,456
Restricted Assets					
Equity in Pooled Cash and Cash Equivalents	1,574	0	0	0	1,574
Total Assets	$19,231,171	$423,727	$2,083,674	$3,265,795	$25,004,367
Liabilities					
Accounts Payable	$73,077	$21,381	$55,952	$39,600	$190,010
Accrued Wages and Benefits Payable	1,576,167	51,738	0	208,036	1,835,941
Contracts Payable	0	148,644	78,956	0	227,600
Interfund Payable	0	150,818	0	137,108	287,926
Intergovernmental Payable	393,998	3,406	0	44,567	441,971
Retainage Payable	0	47,740	9,778	0	57,518
Unearned Revenue	0	0	0	266,869	266,869
Total Liabilities	2,043,242	423,727	144,686	696,180	3,307,835
Deferred Inflows of Resources					
Property Taxes	5,211,820	0	902,210	97,065	6,211,095
Unavailable Revenue	241,826	58,670	63,568	79,901	443,965
Total Deferred Inflows of Resources	5,453,646	58,670	965,778	176,966	6,655,060
Fund Balances					
Nonspendable:					
Inventories	38,706	0	0	7,750	46,456
Prepaid Items	56,295	0	0	37,476	93,771
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	0	0	0	256,644	256,644
Restricted for:					
Debt Service	0	0	0	5,136	5,136
Food Service Operations	0	0	0	679,266	679,266
State Grant Expenditures	0	0	0	780,688	780,688
Music Supplies	0	0	0	2,517	2,517
Science	0	0	0	1,949	1,949
College Scholarships	0	0	0	27,715	27,715
Classroom Facilities Maintenance	0	0	0	155,422	155,422
District Managed Activities	0	0	0	128,228	128,228
Student Activities	0	0	0	120,061	120,061
Committed for:					
Encumbrances	158,226	0	0	0	158,226
Capital Projects	0	0	973,210	43,916	1,017,126
College Scholarships	0	0	0	209,037	209,037
Assigned to:					
Purchases on Order	462,302	0	0	0	462,302
Public School Support	217,110	0	0	0	217,110
Unassigned (Deficit)	10,800,070	(58,670)	0	(70,656)	10,670,744
Total Fund Balances	11,734,283	(58,670)	973,210	2,392,649	15,041,472
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$19,231,171	$423,727	$2,083,674	$3,265,795	$25,004,367

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, 2023

Total Governmental Fund Balances		$15,041,472
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,769,153
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	233,723	
Intergovernmental Revenue	113,812	
Tuition and Fees	66,757	
Customer Sales and Services Revenue	25,463	
Miscellaneous Revenue	4,210	443,965
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 therfore are not reported in the funds		(4,600)
The net OPEB asset and the net pension/OPEB are not due and payable in the current period and therefore the asset, liability, and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	5,471,535	
Deferred Inflows - Pension	(2,283,136)	
Net Pension Liability	(21,414,931)	
Deferred Outflows - OPEB	793,664	
Deferred Inflows - OPEB	(3,246,502)	
Net OPEB Asset	1,978,561	
Net OPEB Liability	(1,168,853)	(19,869,662)
An internal service fund is used by management to charge the 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.		1,733,244
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	(510,000)	
Energy Conservation Improvement Bonds - Premium	(18,013)	
Financed Purchase	(94,186)	
Leases Payable	(352,839)	
Compensated Absences	(1,290,617)	
		(2,265,655)
Net Position of Governmental Activities		$32,847,917

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, 2023

	General	ESSER	Permanent Improvement Millage	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	$7,424,732	$0	$1,343,521	$27,432	$8,795,685
Intergovernmental	14,277,424	5,466,042	272,887	3,609,692	23,626,045
Investment Earnings	439,033	0	994	31,754	471,781
Tuition and Fees	319,317	0	0	0	319,317
Charges for Services	0	0	0	0	0
Extracurricular	128,389	0	0	316,790	445,179
Rent	52,640	0	0	0	52,640
Gifts and Donations	76,914	0	0	75,482	152,396
Customer Sales and Services	2,568	0	0	75,096	77,664
Miscellaneous	76,486	0	73,741	40,071	190,298
Total Revenues	22,797,503	5,466,042	1,691,143	4,176,317	34,131,005
Expenditures					
Current:					
Instruction:					
Regular	9,265,397	361,721	27,142	282,126	9,936,386
Special	2,553,353	11,337	0	1,094,469	3,659,159
Vocational	156,874	0	0	24,405	181,279
Adult/Continuing	0	0	0	3,538	3,538
Student Intervention Services	32,989	156,034	0	0	189,023
Support Services:					
Pupils	2,124,551	148,436	0	237,856	2,510,843
Instructional Staff	74,202	162,423	0	354,073	590,698
Board of Education	77,440	0	0	0	77,440
Administration	1,510,244	11,369	0	314,488	1,836,101
Fiscal	556,552	0	35,172	3,083	594,807
Business	228,704	0	2,274	0	230,978
Operation and Maintenance of Plant	2,183,789	61,229	533,825	346,298	3,125,141
Pupil Transportation	1,080,547	29,163	317,994	0	1,427,704
Central	282,833	42,500	268,572	7,358	601,263
Operation of Non-Instructional Services:					
Food Service Operations	0	8,949	0	1,212,453	1,221,402
Community Services	472	21,235	0	132,821	154,528
Extracurricular Activities	563,545	0	63,010	346,493	973,048
Captial Outlay	0	4,528,242	750,609	5,180	5,284,031
Debt Service:					
Principal Retirement	40,166	57,429	91,035	675,000	863,630
Interest	25,222	0	6,412	23,469	55,103
Issuance Costs	0	0	0	0	0
Total Expenditures	20,756,880	5,600,067	2,096,045	5,063,110	33,516,102
Excess of Revenues Over (Under) Expenditures	2,040,623	(134,025)	(404,902)	(886,793)	614,903
Other Financing Sources (Use)					
Inception of Subscription	0	75,355	0	0	75,355
Certificates of Participation Issued	0	0	0	0	0
Proceeds from Sale of Capital Assets	0	0	0	7,000	7,000
Transfers In	0	0	0	92,469	92,469
Transfers Out	(92,469)	0	0	0	(92,469)
Total Other Financing Sources (Use)	(92,469)	75,355	0	99,469	82,355
Net Change in Fund Balance	1,948,154	(58,670)	(404,902)	(787,324)	697,258
Fund Balances Beginning of Year	9,786,129	0	1,378,112	3,179,973	14,344,214
Fund Balances End of Year	$11,734,283	($58,670)	$973,210	$2,392,649	$15,041,472

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio
Reconciliation of the Net Change in Fund Balance
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balance - Total Governmental Funds		697,258
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation:		
Capital Asset Additions	6,205,849	
Depreciation Expense	(1,976,649)	4,229,200
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(99,400)	
Intergovernmental Revenus	(38,459)	
Tuition and Fees	(1,988)	
Investment Earnings	(4,125)	
Customer Sales and Services Revenue	17,862	
Miscellaneous	4,210	(121,900)
Issuance of debt is reported as other financing sources in governmental funds, but the issuance increases long-term liabilities on the Statement of Net Position:		
Inception of Subscription		(75,355)
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	600,000	
Financed Purchase	91,035	
Leases	22,240	
Subscriptions	75,355	863,630
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	4,254	
Amortization of Deferred Charge on Refunding	(5,528)	
Amortization of Energy Conservation Improvement Bond Premium	3,000	
Amortization of Classroom Facilities Refunding Serial Bond Premium	11,155	12,881
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.		36,201
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows:		
Pension	1,875,050	
OPEB	60,348	1,935,398
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	(1,855,501)	
OPEB	499,042	(1,356,459)
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.		(143,154)
Change in Net Position of Governmental Activities		$6,077,700

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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$7,103,069	$7,103,069	$7,439,608	$336,539
Intergovernmental	13,875,196	13,934,923	14,399,947	465,024
Interest	305,641	305,641	449,196	143,555
Tuition and Fees	42,500	98,454	319,317	220,863
Customer Sales and Services	0	0	2,568	2,568
Rent	12,600	12,600	12,600	0
Gifts and Donations	1,000	18,500	58,600	40,100
Miscellaneous	52,500	52,500	73,837	21,337
Total Revenues	21,392,506	21,525,687	22,755,673	1,229,986
Expenditures				
Current:				
Instruction:				
Regular	9,584,778	9,339,389	9,387,805	(48,416)
Special	2,291,364	2,536,791	2,615,255	(78,464)
Vocational	107,277	183,090	158,670	24,420
Student Intervention Services	125,332	23,765	23,765	0
Support Services:				
Pupils	4,046,320	1,925,396	2,086,365	(160,969)
Instructional Staff	1,374,933	121,277	81,075	40,202
Board of Education	30,501	132,833	85,415	47,418
Administration	363,834	1,523,943	1,512,138	11,805
Fiscal	550,453	613,901	568,055	45,846
Business	187,856	322,351	306,319	16,032
Operation and Maintenance of Plant	1,743,513	2,524,820	2,489,882	34,938
Pupil Transportation	140,676	1,127,984	1,111,293	16,691
Central	461,834	350,370	321,474	28,896
Operation of Non-Instructional Services	1,099	337	393	(56)
Extracurricular Activities	161,515	480,836	542,451	(61,615)
Debt Service:				
Principal Retirement	22,240	22,240	22,240	0
Interest	25,222	25,222	25,222	0
Total Expenditures	21,218,747	21,254,545	21,337,817	(83,272)
Excess of Revenues Over (Under) Expenditures	173,759	271,142	1,417,856	1,146,714
Other Financing Source (Use)				
Transfers Out	(12,661)	(118,313)	(92,469)	25,844
Total Other Financing Source (Use)	(12,661)	(118,313)	(92,469)	25,844
Net Change in Fund Balance	161,098	152,829	1,325,387	1,172,558
Fund Balance Beginning of Year	8,454,765	8,454,765	8,454,765	0
Prior Year Encumbrances Appropriated	700,031	700,031	700,031	0
Fund Balance End of Year	$9,315,894	$9,307,625	$10,480,183	$1,172,558

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 (ESSER) Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance
	Original	Final	Actual	with Final Budget
Revenues				
Intergovernmental	$7,158,837	$7,158,837	$5,703,176	($1,455,661)
Expenditures				
Current:				
Instruction:				
Regular	271,576	355,488	650,954	(295,466)
Special	19,520	11,337	11,337	0
Student Intervention Services	667,943	414,965	218,615	196,350
Support Services:				
Pupils	255,408	253,420	149,913	103,507
Instructional Staff	100,473	105,400	256,617	(151,217)
Administration	42,897	43,986	11,369	32,617
Operation and Maintenance of Plant	123,394	115,543	105,290	10,253
Pupil Transportation	18,338	25,408	36,558	(11,150)
Central	49,872	34,460	57,012	(22,552)
Operation of Non-Instructional Services:				
Food Service Operations	41,837	24,299	24,299	0
Capital Outlay	3,677,661	4,652,536	4,553,424	99,112
Total Expenditures	5,268,919	6,036,842	6,075,388	(38,546)
Net Change in Fund Balance	1,889,918	1,121,995	(372,212)	1,494,207
Fund Balance (Deficit) Beginning of Year	(2,072,127)	(2,072,127)	(2,072,127)	0
Prior Year Encumbrances Appropriated	1,771,659	1,771,659	1,771,659	0
Fund Balance (Deficit) End of Year	$1,589,450	$821,527	($672,680)	($1,494,207)

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Statement of Fund Net Position
Medical Self-Insurance Internal Service Fund
June 30, 2023

Current Assets	
Equity in Pooled Cash and Cash Equivalents	$140,653
Cash and Cash in Segregated Accounts	1,732,126
Accounts Receivable	280,944
Total Assets	2,153,723
Current Liabilities	
Claims Payable	420,479
Net Position	
Unrestricted	$1,733,244

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Statement of Revenues, Expenses, and Changes in Fund Net Position
Medical Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2023

Operating Revenues	
Charges for Services	$3,605,142
Other Revenues	150,820
Total Revenues	3,755,962
Operating Expenses	
Purchased Services	791,238
Claims	3,138,124
Total Operating Expenses	3,929,362
Operating Loss	(173,400)
Non-Operating Revenue	
Interest Income	30,246
Change in Net Position	(143,154)
Net Position Beginning of Year	1,876,398
Net Position End of Year	$1,733,244

See accompanying notes to the basic financial statements

Cambridge City School District, Ohio

Statement of Cash Flows
Medical Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2023

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	$3,605,142
Cash Received from Other Operating Services	150,820
Cash Payments for Good and Services	(791,238)
Cash Payments for Claims	(3,202,996)
Net Cash Used for Operating Activities	(238,272)
Cash Flows from Investing Activities	
Interest on Investments	30,246
Net Decrease in Cash and Cash Equivalents	(208,026)
Cash and Cash Equivalents at Beginning of Year	2,080,805
Cash and Cash Equivalents at End of Year	$1,872,779
Reconciliation of Operating Gain to Net Cash Received from Operating Activities	
Operating Loss	($173,400)
Changes in Assets and Liabilities	
Increase in Accounts Receivable	(77,148)
Increase in Claims Payable	12,276
Total Changes in Assets and Liabilities	(64,872)
Net Cash Received from Operating Activities	($238,272)

See accompanying notes to the basic financial statements

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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 115 classified employees and 163 certified personnel, who provide services to 1,811 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 (CORAS) 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 as follows.

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 stand-alone government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the financial condition of the governmental and business-type 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 and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The 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 two categories: governmental and proprietary.

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.

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 2023, 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 all liabilities 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 current liabilities 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.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position.

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 total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in 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 and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 fiscal year when the resources are required to be used or the fiscal 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.

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 represent 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 pension and OPEB plans. 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 until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and governmental fund financial statements. Unavailable revenue is reported only on the governmental fund's balance sheet and represents receivables that will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental, tuition and fees, customer sales and services, and miscellaneous. 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 16. 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 2023, 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.

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 2023, 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 appreciated. STAR Ohio reserves the right to limit the transactions to $250 million per day.

Under existing Ohio statues all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings credited to the General Fund during 2023 amounted to $439,033 which includes $106,486 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, 2023, 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 and subscription 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).

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	20-50 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 lease assets and subscription asset. The lease assets included land improvements and equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to another party's digital textbooks. These intangible right to use assets are being amortized in a systemic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

Leases/Subscription Payable

The School District serves as lessee in various noncancellable leases which are accounted for as follows:

> ***Lessee*** At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. 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, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on in a systematic and rational manner over the shorted of the subscription term or the useful life of the underlying IT asset Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the Statement of Net Position.

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 governments. 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.

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, leases and subscriptions payable 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.

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 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 are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, prepaid items, 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*** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. 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 determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the 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 the 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 Board of Education or a School District official delegated that authority by resolution or State statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report deficit balances.

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 the 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.

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.

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 all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for OPEB plans represents the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is 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 for adult education programs. Operating expenses are necessary costs incurred to provide the goods or services 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. Neither of which occurred during the year.

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.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. For reporting purposes, various custodial funds, utilized for internal control purposes, have been combined with the General Fund and the special revenue fund. 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 level and has the authority to allocate appropriations to the function and object level.

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 revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

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

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements; and GASB Statement No. 99, Omnibus 2022.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the School District's 2023 financial statements.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Note 4 - Accountability and Compliance

Accountability

The following special revenue funds had deficit fund balances as of June 30, 2023:

	Amount
Miscellaneous State Grant Fund	310
IDEA Part B Grant Fund	5,047
Title I Grant Fund	46,302
Miscellaneous Federal Grant Fund	9,024
ESSER Grant Fund	58,670
21st Century Grant Fund	8,055

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.

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).

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	$1,948,154	($58,670)
Revenue Accurals	316,562	12,132
Beginning:		
Investment Fair Value Adjustment	35,764	0
Prepaid Items	108,614	0
Negative Cash Advances	(467,089)	300,465
Ending:		
Investment Fair Value Adjustment	(25,601)	0
Prepaid Items	(56,295)	0
Negative Cash Advances	287,926	(150,818)
Expenditure Accruals	(96,033)	(10,891)
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund type	(38,790)	57,429
Encumbrances	(687,825)	(521,859)
Budget Basis	$1,325,387	($372,212)

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.

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.

At June 30, 2023, the School District's Internal Service Fund had a balance of $1,732,126 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, 2023, the School District had the following investments, which are part of the internal investment pool:

Measurement/Investment	Measurement Amount	Maturity	S&P Rating	Percent of Total Investments
Fair Value - Level 1 Inputs				
JP Morgan Chase & Co. Common Stock	$58,084	N/A	Not Rated	1.44%
Fair Value - Level 2 Inputs				
Federal Home Loan Bank Bonds	3,968,074	03/09/2024-11/24/25	AA+	98.56%
Net Value Per Share				
STAR Ohio	10,444,198	38.5 days	AAAm	N/A
Total	$14,470,356			

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, 2023. 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.

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 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, 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 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, 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, 2023, are available to finance fiscal year 2023 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, 2023 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, 2023, was $2,256,409 in the General Fund, and $391,275 in the Permanent Improvement Inside Millage Capital Projects Fund. At June 30, 2022, $2,271,285 was available as an advance in the General Fund, $29,366 was available in the Classroom Facilities Maintenance Special Revenue Fund, $67,137 was available in the Bond Retirement Debt Service Fund, and $343,473 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.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$279,690,600	86.36%	$280,528,200	85.26%
Public Utility Personal	44,189,210	13.64%	48,508,510	14.74%
Total	$323,879,810	100.00%	$329,036,710	100.00%
Tax Rate per $1,000 of assessed valuation	$34.60		$33.30	

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 2023 Taxes Abated
Community Reinvestment Areas:	
Guernsey County	$14,815
City of Cambridge	13,269

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, 2023, 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 $233,723 may not be collected within one year. All other receivables are expected to be collected within one year.

A summary of principal items of intergovernmental receivables follows:

Early Childhood Grants	$3,163
IDEA Part B Grant	96,478
Title I Grants	197,385
Title VI-B Grants	6,957
Title II-A Grant	3,152
Title IV-A Grant	12,452
21st Century Grant	33,303
Elementary and Secondary School Emergency Relief Grants	423,727
County Board of Developmental Disabilities Mini Grant	4,230
Food Service Breakfast and Lunch Reimbursements	6,886
Medicaid Reimbursements	3,411
Foundation Adjustments	55,172
Fuel Tax Reimbursement	4,210
Total Intergovernmental Receivables	$850,526

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 2023, 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)

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 Ommissions	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.

Workers' Compensation

For fiscal year 2023, 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 $875.64 for single coverage and $2,009.64 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 $420,479 reported in the internal service fund at June 30, 2023, 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.

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
2022	$376,235	$3,184,107		$3,152,139	$408,203
2023	408,203	3,215,272	(1)	3,202,996	420,479

(1) Claims Expense	$3,138,124
Net Increase in Stop Loss Receivable	77,148
Current Year Claims	$3,215,272

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.

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Governmental Activities				
Nondepreciable Capital Assets				
Land	$4,870,593	$0	$0	$4,870,593
Construction in Progress	431,956	4,304,798	(1,510,483)	3,226,271
Total Nondepreciable Capital Assets	5,302,549	4,304,798	(1,510,483)	8,096,864
Depreciable Capital Assets				
Tangible Assets				
Land Improvements	4,513,601	1,536,080	0	6,049,681
Buildings and Improvements	46,168,577	1,062,872	0	47,231,449
Machinery, Equipment, Furniture and Fixtures	2,592,643	443,186	0	3,035,829
Vehicles	1,982,033	294,041	(72,529)	2,203,545
Total Tangible Assets	55,256,854	3,336,179	(72,529)	58,520,504
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Land Improvements	447,459	0	0	447,459
Intangible Right to Use - Equipment	59,400	0	0	59,400
Total Lease Assets	506,859	0	0	506,859
Subscription Assets				
Intangible Right to Use - Subscription	0	75,355	0	75,355
Total Intangible Right to Use Assets	506,859	75,355	0	582,214
Total Depreciable Capital Assets	55,763,713	3,411,534	(72,529)	59,102,718
Less Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(3,300,636)	(280,039)	0	(3,580,675)
Buildings and Improvements	(20,832,537)	(1,296,237)	0	(22,128,774)
Machinery, Equipment, Furniture and Fixtures	(1,852,075)	(130,481)	0	(1,982,556)
Vehicles	(1,190,039)	(211,601)	72,529	(1,329,111)
Total Depreciation	(27,175,287)	(1,918,358)	72,529	(29,021,116)
Amortization				
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Land Improvements	(313,222)	(22,373)	0	(335,595)
Intangible Right to Use - Equipment	(37,800)	(10,800)	0	(48,600)
Total Lease Assets	(351,022)	(33,173)	0	(384,195)
Subscription Assets				
Intangible Right to Use - Subscription	0	(25,118)	0	(25,118)
Total Intangible Right to Use Assets	(351,022)	(58,291)	0	(409,313)
Total Accumulated Depreciation/Amortization	(27,526,309)	(1,976,649)	72,529	(29,430,429)
Total Depreciable Capital Assets, Net	28,237,404	1,434,885	0	29,672,289
Governmental Activities Capital Assets, Net	$33,539,953	$5,739,683	($1,510,483)	$37,769,153

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

Instruction:	
Regular	$753,396
Special	247,981
Vocational	10,778
Adult/Continuing	147
Intervention	26,989
Support Services:	
Pupils	154,921
Instructional Staff	40,398
Board of Education	7,092
Administration	115,541
Fiscal	39,880
Business	16,565
Operation and Maintenance of Plant	265,140
Pupil Transportation	74,566
Central	39,095
Extracurricular Activities	90,266
Operation of Non-Instruction Services	9,367
Food Service Operations	84,527
Total Depreciation Expense	$1,976,649

** Of the current year depreciation total of $1,976,649, $58,291 is presented as regular ($25,118) 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 subscriptions, copiers, athletic facilities, and tower space, which are included as Intangible Right to Use Leases.

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 (Asset)

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) represents 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, healthcare plan enrollees pay a portion of the healthcare 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 fiscal 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.

Plan Description - 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 2.5 percent COLA for calendar year 2023.

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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $455,034 for fiscal year 2023. Of this amount, $76,109 is reported as an intergovernmental payable.

Plan Description - 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 Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on the 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 the 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 upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018.

Eligibility changes will be phased in until August 1, 2023, 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 DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of 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 fifty 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.

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 that 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 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $1,420,016 for fiscal year 2023. Of this amount, $183,572 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, 2022, 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.08187530%	0.076411980%	
Prior Measurement Date	0.06896290%	0.078502034%	
Change in Proportionate Share	0.01291240%	-0.002090054%	
Proportionate Share of the Net Pension Liability	$4,428,452	$16,986,479	$21,414,931
Pension Expense	$387,271	$1,468,230	$1,855,501

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$179,356	$217,449	$396,805
Changes of assumptions	43,697	2,032,772	2,076,469
Net difference between projected and actual earnings on pension plan investments	0	591,092	591,092
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	483,005	49,114	532,119
School District contributions subsequent to the measurement date	455,034	1,420,016	1,875,050
Total Deferred Outflows of Resources	$1,161,092	$4,310,443	$5,471,535
Deferred Inflows of Resources			
Differences between expected and actual experience	$29,072	$64,979	$94,051
Changes of assumptions	0	1,530,092	1,530,092
Net difference between projected and actual earnings on pension plan investments	154,533	0	154,533
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	88,452	416,008	504,460
Total Deferred Inflows of Resources	$272,057	$2,011,079	$2,283,136

$1,875,050 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, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$175,041	($56,900)	$118,141
2025	222,905	(183,375)	39,530
2026	(220,753)	(603,083)	(823,836)
2027	256,808	1,722,706	1,979,514
Total	$434,001	$879,348	$1,313,349

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.

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, 2022, are presented below:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 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
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates 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 was 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.

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 rebalancing uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 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	$6,518,472	$4,428,452	$2,667,641

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on 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 June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective July 1, 2022.
Target weights were phased in over a 3 month period
concluding on October 1, 2022
** 10 year annualized geometric nominal returns, which include
the real rate of return and inflation of 2.25 percent, and is net
of 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, 2022. 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, 2022. 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, 2022.

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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$25,660,386	$16,986,479	$9,651,039

Note 13 - Defined Benefit OPEB Plans

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

Plan Description - 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. 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.

Funding Policy - State statute permits SERS to fund healthcare 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 2023, 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 2023, 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 2023, the School District's surcharge obligation was $60,348.

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 $60,348 for fiscal year 2023; all are reported as an intergovernmental payable.

Plan Description - 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, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (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, 2022, 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. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.08325100%	0.076411980%	
Prior Measurement Date	0.07149190%	0.078502034%	
Change in Proportionate Share	0.01175910%	-0.002090054%	
Proportionate Share of the:			
Net OPEB Liability	$1,168,853	$0	$1,168,853
Net OPEB (Asset)	$0	($1,978,561)	($1,978,561)
OPEB Expense	($71,616)	($427,426)	($499,042)

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$9,826	$28,682	$38,508
Changes of assumptions	185,921	84,280	270,201
Net difference between projected and actual earnings on OPEB plan investments	6,075	34,442	40,517
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	379,356	4,734	384,090
School District contributions subsequent to the measurement date	60,348	0	60,348
Total Deferred Outflows of Resources	$641,526	$152,138	$793,664
Deferred Inflows of Resources			
Differences between expected and actual experience	$747,684	$297,141	$1,044,825
Changes of assumptions	479,822	1,402,990	1,882,812
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	182,502	136,363	318,865
Total Deferred Inflows of Resources	$1,410,008	$1,836,494	$3,246,502

$60,348 reported as deferred outflows of resources related to OPEB resulting from School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($226,852)	($524,672)	($751,524)
2025	(207,242)	(511,506)	(718,748)
2026	(165,390)	(211,045)	(376,435)
2027	(106,905)	(88,007)	(194,912)
2028	(65,446)	(115,403)	(180,849)
Thereafter	(56,995)	(233,723)	(290,718)
Total	($828,830)	($1,684,356)	($2,513,186)

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, 2022, are presented below:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	7.00 to 4.40 percent

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 was 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.

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 2016 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 long-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.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 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 all projected 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, 2022, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate 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 3.69 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

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 healthcare 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 (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$1,451,733	$1,168,853	$940,492

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$901,395	$1,168,853	$1,518,196

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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, 2022. The projection of cash flows used to determine the discount rate assumed 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, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

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, 2022, 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 OPEB asset as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	($1,829,127)	($1,978,561)	($2,106,563)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($2,052,249)	($1,978,561)	($1,885,547)

Note 14 - Long-Term Obligations

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

	Principal Outstanding 06/30/22	Additions	Reductions	Principal Outstanding 6/30/23	Amounts Due Within One Year
General Obligation Bonds:					
2014 Energy Conservation Improvement Bonds:					
Term Bonds - $805,000 - 1.75%-2.90%	$585,000	$0	$75,000	$510,000	$80,000
Bond Premium	21,013	0	3,000	18,013	0
Total 2014 Energy Conservation Improvement Bonds	606,013	0	78,000	528,013	80,000
2015 Classroom Facilities Refunding Bonds:					
Serial Bonds - $3,410,000 - 2.00%-3.00%	600,000	0	600,000	0	0
Premium on Serial Bonds	11,155	0	11,155	0	0
'Total 2015 Classroom Facilities Refunding Bonds	611,155	0	611,155	0	0
Finaned Purchase Payable from Direct Borrowing	185,221	0	91,035	94,186	94,186
Leases Payable	375,079	0	22,240	352,839	20,494
Subscriptions Payable	0	75,355	75,355	0	0
Net Pension Liability:					
STRS	10,037,190	6,949,289	0	16,986,479	0
SERS	2,544,531	1,883,921	0	4,428,452	0
Total Net Pension Liability	12,581,721	8,833,210	0	21,414,931	0
Net OPEB Liability - SERS	1,353,044	0	184,191	1,168,853	0
Compensated Absences	1,326,818	115,239	151,440	1,290,617	55,865
Total Long-Term Liabilities	$17,039,051	$9,023,804	$1,213,416	$24,849,439	$250,545

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 2023 was $3,000 leaving an unamortized balance of $18,013. 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 $80,000, 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:

Redemption Date (December 1)	Principal Amount to be Redeemed
2024	$80,000

Unless otherwise called for redemption, the remaining $80,000 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:

Redemption Date (December 1)	Principal Amount to be Redeemed
2026	$85,000
2027	85,000
Total	$170,000

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:

Fiscal Year	Term	
Ending	Principal	Interest
2024	$80,000	$15,425
2025	80,000	13,025
2026	85,000	10,550
2027	85,000	4,638
2028	90,000	4,725
2029	90,000	4,725
	$510,000	$53,088

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 2023 is $11,155 leaving an unamortized balance of $0. 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 2023 is $5,528 leaving an unamortized balance of $0.

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 fully retired as of June 30, 2023.

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
2024	$94,186	$3,261	$97,447

Upon the occurrence of an Event of Default by the Borrower (School District), the Lendor (Mercedes-Benz Financial Services USA LLC) has the following remedies:

1. The Lendor may declare all installment payments by Borrower to be immediately due and payable.
2. Th Lendor may enter the premises where the equipment is located and retake possession of such equipment or require Borrower to promptly return and or all such equipment to the possession of Lendor.
3. The exercise of any such remedies in respect of any such event of default shall not relieve Borrower of any other liabilities under any other contract.
4. Lendor may terminate any escrow agreement relating to such contract and apply any proceeds in the escrow fund thereunder to the installment payments under the contract.
5. Lendor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under contract or as a secured party in any or all of the equipment and any related escrow fund.

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 the estimated useful life of the asset or the lease term. These leases will be paid from the General Fund. A summary of the principal and interest amounts for the remaining leases is as follows:

	Leases	
Year	Principal	Interest
2024	$20,494	$23,788
2025	16,092	21,752
2026	17,159	20,733
2027	18,298	19,643
2028	19,420	18,468
2029-2033	101,806	73,194
2034-2038	142,495	32,505
2039	17,075	436
	$352,839	$210,519

Subscriptions Payable

The School District leased subscription textbooks which were booked as subscriptions payable due to the implementation of GASB Statement No. 96, these subscriptions, have met the criteria of subscriptions thus requiring them to be recorded by the School District. The entire subscription was paid during fiscal year 2023. Therefore, there was no outstanding subscriptions payable at year-end. These subscriptions were paid from the General Fund and Elementary and Secondary School Emergency Relief (ESSER) Fund.

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, 2023, was $29,088,092 with an unvoted debt margin of $328,811.

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 2023, the amount paid to OME-RESA from the School District was $60,456 for cooperative purchasing, technology, internet access, financial accounting services, and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952.

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 2023, 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 $400 for fiscal year 2023. The financial information for CORAS can be obtained from the Executive Director, at McCraken 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 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 $1,975 in enrollment fees to the Program for fiscal year 2023.

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 moratorium. 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.

Note 17 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

School Foundation

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2023 are finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

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 statue, 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, 2022	$0
Current Year Set-aside Requirement	408,411
Current Year Offsets	(1,419,654)
Current Year Qualifying Disbursements	(596,254)
Total	($1,607,497)
Set-aside Reserve Balance as of June 30, 2023	$0

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.

Note 19 - Internal Activity

During fiscal year 2023, the General Fund provided cash flow resources to various funds in the total amount of $287,926 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:

	Amount
Elementary and Secondary School Emergency Relief Grant Fund	$150,818
Title I Grant Fund	63,752
School Subsidy Grant Fund	3,818
IDEA Part B Grant Fund	59,687
Miscellaneous Federal Grant Fund	1,605
21st Century Learning Grant Fund	8,246
Total	$287,926

During fiscal year 2023, interfund transfers were made from the General Fund in the amount of $92,469. Transfers were to the Bond Retirement Debt Service Fund totaling $92,469 for debt service payments on the House Bill 264 Energy Conservation Bonds.

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 $2,517 for music supplies, $1,949 for science, and $27,715 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, 2023, the School District's contractual purchase commitments are as follows:

Project	Fund	Contract Amount	Amount Expended	Balance at 06/30/2023
Transportation Facility Improvements	PI Inside Millage	$3,226,271	$3,226,271	$0

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:

Governmental Funds	Encumbrances
General Fund	$687,825
General Fund - Public School Support	4,841
Total General Fund	692,666
ESSER	521,859
PI Inside Millage	581,874
Nonmajor Governmental Funds	310,976
Total Governmental Funds	$2,107,375

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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 Ten Fiscal Years**

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.08187530%	0.06896290%	0.07523190%	0.06901260%
School District's Proportionate Share of the Net Pension Liability	$4,428,452	$2,544,531	$4,975,997	$4,129,143
School District's Covered Payroll	$2,959,571	$2,479,321	$2,550,993	$2,389,111
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	149.63%	102.63%	195.06%	172.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

* 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
0.07036540%	0.07635500%	0.07846910%	0.08225390%	0.08284000%	0.08284000%
$4,029,956	$4,562,042	$5,743,215	$4,693,487	$4,192,485	$4,926,229
$2,325,474	$2,448,371	$2,503,243	$2,511,721	$2,533,931	$2,595,351
173.30%	186.33%	229.43%	186.86%	165.45%	189.81%
71.36%	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 Ten Fiscal Years**

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.076411980%	0.078502034%	0.07855359%	0.07807865%
School District's Proportionate Share of the Net Pension Liability	$16,986,479	$10,037,190	$19,007,174	$17,266,624
School District's Covered Payroll	$9,956,007	$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	170.62%	103.49%	199.88%	188.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

* 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 Seven Fiscal Years (1)**

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.08325100%	0.07149190%	0.07786460%	0.07069450%
School District's Proportionate Share of the Net OPEB Liability	$1,168,853	$1,353,044	$1,692,253	$1,777,816
School District's Covered Payroll	$2,959,571	$2,479,321	$2,550,993	$2,389,111
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.49%	54.57%	66.34%	74.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

(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

2019	2018	2017
0.07135460%	0.07713960%	0.07931520%
$1,979,570	$2,070,224	$2,260,777
$2,325,474	$2,448,371	$2,503,243
85.13%	84.56%	90.31%
13.57%	12.46%	11.49%

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 Seven Fiscal Years (1)*

	2023	2022	2021	2020
School District's Proportion of the Net OPEB (Asset) Liability	0.076411980%	0.078502034%	0.07855359%	0.07807865%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($1,978,561)	($1,655,152)	($1,380,577)	($1,293,171)
School District's Covered Payroll	$9,956,007	$9,699,036	$9,509,364	$9,179,929
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-19.87%	-17.07%	-14.52%	-14.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%	174.70%

(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

2019	2018	2017
0.07715842%	0.08810948%	0.08892893%
($1,239,856)	$3,437,707	$4,755,942
$9,076,764	$9,411,164	$9,486,807
-13.66%	36.53%	50.13%
176.00%	47.10%	66.80%

Cambridge City School District, Ohio

Required Supplementary Information

Schedule of School District Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$455,034	$414,340	$347,105	$357,139
Contributions in Relation to the Contractually Required Contribution	(455,034)	(414,340)	(347,105)	(357,139)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$3,238,721	$2,959,571	$2,479,321	$2,550,993
Pension Contributions as a Percentage of Covered Payroll	14.05%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	$60,348	$51,978	$47,692	$43,009
Contributions in Relation to the Contractually Required Contribution	(60,348)	(51,978)	(47,692)	(43,009)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.86%	1.76%	1.92%	1.69%
Total Contributions as a Percentage of Covered Payroll	15.91%	15.76%	15.92%	15.69%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$322,530	$313,939	$342,772	$350,454	$331,045	$351,203
(322,530)	(313,939)	(342,772)	(350,454)	(331,045)	(351,203)
$0	$0	$0	$0	$0	$0
$2,389,111	$2,325,474	$2,448,371	$2,503,243	$2,511,721	$2,533,931
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
$54,956	$50,038	$40,456	$39,256	$62,989	$44,291
(54,956)	(50,038)	(40,456)	(39,256)	(62,989)	(44,291)
$0	$0	$0	$0	$0	$0
2.30%	2.15%	1.65%	1.57%	2.51%	1.75%
15.80%	15.65%	15.65%	15.57%	15.69%	15.61%

Cambridge City School District, Ohio

Required Supplementary Information

Schedule of School District Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$1,420,016	$1,393,841	$1,357,865	$1,331,311
Contributions in Relation to the Contractually Required Contribution	(1,420,016)	(1,393,841)	(1,357,865)	(1,331,311)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$10,162,921	$9,956,007	$9,699,036	$9,509,364
Pension Contributions as a Percentage of Covered Payroll	13.97%	14.00%	14.00%	14.00%
Net OPEB Liability/Asset				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	13.97%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$1,285,190	$1,270,747	$1,317,563	$1,328,153	$1,345,344	$1,217,624
(1,285,190)	(1,270,747)	(1,317,563)	(1,328,153)	(1,345,344)	(1,217,624)
$0	$0	$0	$0	$0	$0
$9,179,929	$9,076,764	$9,411,164	$9,486,807	$9,609,600	$9,366,477
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$93,665
0	0	0	0	0	(93,665)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. 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

Beginning in 2022, amounts reported 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 was 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 as follows:

	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	From 2.5 percent to 12.5 percent based on age	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 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were 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 setback from age 90 and above.

Changes in Benefit Term – STRS Pension

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

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 as follows:

	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

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 2023	3.69 percent
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 2023	4.08 percent
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 was decreased. The assumed mortality, disability, retirement, withdrawal, and future healthcare 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.

For fiscal year 2023, the projected salary increases were changed from age-based (2.5 percent to 12.50 percent) to service-based (2.5 percent to 8.5 percent.)

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.

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 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

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CAMBRIDGE CITY SCHOOL DISTRICT
GUERNSEY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR *Pass Through Grantor* **Program / Cluster Title**	**Assistant Listing Number**	**Pass Through Entity Indentifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program (Food Donation)	10.555	2023	$70,812
Cash Assistance:			
School Breakfast Program	10.553	2023	374,245
National School Lunch Program	10.555	2023	672,154
COVID-19 National School Lunch Program	10.555	2023	48,434
Cash Assistance Subtotal			1,094,833
Total Child Nutrition Cluster			1,165,645
Pandemic EBT Administrative Costs	10.649	2023	3,135
Total U.S. Department of Agriculture			1,168,780
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education and Workforce			
Title I Grants to Local Educational Agencies	84.010	2022	120,289
		2023	831,761
School Quality Improvement		2022	18,743
Title I Expanding Opportunities for Each Child Non-Competitive Grant		2023	41,666
Title I Supplemental School Improvement		2023	81,432
Total Title I Grants to Local Educational Agencies			1,093,891
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	2022	43,344
		2023	430,610
COVID-19 Special Education Grants to States	84.027X	2023	32,851
Total Special Education Grants to States			506,805
Special Education Preschool Grants	84.173	2023	21,519
COVID-19 Special Education Preschool Grants	84.173X	2023	2,899
Total Special Education Preschool Grants			24,418
Total Special Education Cluster (IDEA)			531,223
Twenty-First Century Community Learning Centers	84.287	2022	44,812
		2023	174,895
Total Twenty-First Century Community Learning Centers			219,707
Rural Education	84.358	2022	8,671
		2023	29,102
Total Rural Education			37,773
Supporting Effective Instruction State Grants	84.367	2022	4,078
		2023	107,496
Total Supporting Effective Instruction State Grants			111,574
Student Support and Academic Enrichment Program	84.424	2022	5,050
		2023	63,028
Total Student Support and Academic Enrichment Program			68,078
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	2022	6,255
Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	2022	476,999
		2023	100,515
ARP Elementary and Secondary School Emergency Relief	84.425U	2022	1,422,269
		2023	3,543,308
ARP Elementary and Secondary School Emergency Relief (Homeless)	84.425W	2022	30
		2023	4,156
Total Education Stabilization Fund			5,553,532
Total U.S. Department of Education			7,615,778
U.S. DEPARTMENT OF ENERGY			
Passed Through Ohio Department of Development			
State Energy Program	81.041	ODSA-GR-2021-166174	200,000
Total U.S. Department of Energy			200,000
Total Expenditures of Federal Awards			**$8,984,558**

The accompanying notes are an integral part of this Schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR §200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Cambridge City School District (the School District) under programs of the federal government for the year ended June 30, 2023. 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 of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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 to not 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

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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, 2023, 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 March 18, 2024.

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

March 18, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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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 for 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 the Cambridge City School District's major federal programs for the year ended June 30, 2023. 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, 2023.

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 the 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

March 18, 2024

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CAMBRIDGE CIY SCHOOL DISTRICT
GUERNSEY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

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):** AL #10.553 and 10.555 – Nutrition Cluster AL # 84.027 and 84.173 – Special Education Cluster (IDEA) AL #84.425D, #84.425U and #84.425W – Education Stabilization Fund	
(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. FINDINGS 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 3/28/2024

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

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www.ohioauditor.gov