



Dave Yost • Auditor of State



**CAMBRIDGE CITY SCHOOL DISTRICT  
GUERNSEY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Cambridge City School District  
Guernsey County  
6111 Fairdale Road  
Cambridge, Ohio 43725

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying 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, 2013, 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.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

In our opinion, the 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Federal Award Receipts and Expenditures Schedule (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 6, 2014

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**Cambridge City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
Unaudited

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The discussion and analysis of the Cambridge City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. 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 2013 are as follows:

- Net position of governmental activities decreased \$877,620.
- General revenues accounted for \$19,864,164 in revenue or 81 percent of all revenues for governmental activities. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$4,672,363 or 19 percent of total revenues of \$24,536,527.
- Total assets decreased \$1,121,011. Capital assets comprised the majority of this decrease.
- The School District had \$25,414,147 in expenses related to governmental activities; only \$4,672,363 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues in the amount of \$19,864,164 were not 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 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.

***Reporting the School District as a Whole***

*Statement of Net Position and Statement of Activities*

While this document contains 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 2013?" 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.

**Cambridge City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
Unaudited

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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 10. 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 and Bond Retirement Debt Service 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.

**Reporting the District's Fiduciary Responsibilities**

The School District is the trustee, or fiduciary, for its scholarship program. This activity is presented as a private purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, and other government units. These activities are reported in an agency fund. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**Cambridge City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
 Unaudited

**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 2013 compared to 2012.

(Table 1)  
 Net Position

	Governmental Activities		
	2013	2012	Change
<b>Assets</b>			
Current and Other Assets	\$15,506,525	\$15,506,212	\$313
Capital Assets, Net	37,490,260	38,611,584	(1,121,324)
<i>Total Assets</i>	52,996,785	54,117,796	(1,121,011)
<b>Liabilities</b>			
Current and Other Liabilities	3,383,930	3,299,974	83,956
Long-Term Liabilities			
Due Within One Year	554,916	534,684	20,232
Due in More Than One Year	6,046,287	6,441,247	(394,960)
<i>Total Liabilities</i>	9,985,133	10,275,905	(290,772)
<b>Deferred Inflows of Resources</b>			
Property Taxes	4,116,703	4,069,322	47,381
<b>Net Position</b>			
Net Investment in Capital Assets	32,887,887	33,535,361	(647,474)
Restricted	4,257,179	4,372,337	(115,158)
Unrestricted	1,749,883	1,864,871	(114,988)
<i>Total Net Position</i>	\$38,894,949	\$39,772,569	(\$877,620)

Total assets decreased \$1,121,011. Current assets increased \$313, and the capitalization of assets decreased in the amount of \$1,121,234. This is the result of depreciation exceeding capitalizations in the current period.

Total liabilities decreased by \$290,772. The majority of this decrease is attributable to the current year debt service payments on outstanding bond and lease liabilities.

Total net position of the School District's governmental activities decreased \$877,620. Net investment in capital assets decreased \$647,474, due primarily to the decrease in capital assets due to depreciation expense and due to the changes in long-term liabilities related to capital assets. Changes in restricted and unrestricted net position are the result of the overall changes in assets and liabilities as indicated previously.

**Cambridge City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
**Unaudited**

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013, compared to June 30, 2012.

(Table 2)  
 Changes in Net Position

	Governmental Activities		Change
	2013	2012	
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$1,052,290	\$1,146,347	(\$94,057)
Operating Grants, Contributions, and Interest	3,591,710	3,822,182	(230,472)
Capital Grants and Contributions	28,363	1,725	26,638
Total Program Revenues	<u>4,672,363</u>	<u>4,970,254</u>	<u>(297,891)</u>
General Revenues			
Property Taxes	6,189,822	5,964,884	224,938
Grants and Entitlements	13,399,454	13,410,991	(11,537)
Interest	36,304	13,935	22,369
Gain on Sale of Capital Assets	0	1,700	(1,700)
Miscellaneous	238,584	225,351	13,233
Total General Revenues	<u>19,864,164</u>	<u>19,616,861</u>	<u>247,303</u>
Total Revenues	<u>24,536,527</u>	<u>24,587,115</u>	<u>(50,588)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	11,361,779	11,875,265	(513,486)
Special	3,362,059	2,923,496	438,563
Vocational	96,897	296,071	(199,174)
Adult/Continuing	14,072	14,117	(45)
Student Intervention Services	1,022	9,234	(8,212)
Support Services:			
Pupils	1,599,016	1,284,102	314,914
Instructional Staff	866,879	1,406,318	(539,439)
Board of Education	77,435	93,464	(16,029)
Administration	1,555,976	1,581,940	(25,964)
Fiscal	545,271	530,508	14,763
Business	35,624	38,670	(3,046)
Operation and Maintenance of Plant	2,363,625	2,289,817	73,808
Pupil Transportation	1,195,595	1,298,400	(102,805)
Central	242,969	220,523	22,446
Food Service Operations	1,072,198	1,025,914	46,284
Other Non-Instructional Services	141,062	112,887	28,175
Extracurricular Activities	564,730	598,270	(33,540)
Interest and Fiscal Charges	317,938	275,072	42,866
Total Expenses	<u>25,414,147</u>	<u>25,874,068</u>	<u>(459,921)</u>
Change in Net Position	(877,620)	(1,286,953)	409,333
Net Position Beginning of Year	<u>39,772,569</u>	<u>41,059,522</u>	<u>(1,286,953)</u>
Net Position End of Year	<u>\$38,894,949</u>	<u>\$39,772,569</u>	<u>(\$877,620)</u>

**Cambridge City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
 Unaudited

Property taxes made up approximately 31 percent of general revenues for governmental activities for the School District. Of the remaining general revenues, the School District receives 67 percent from state foundation and unrestricted federal and state grants, and 2 percent from interest and miscellaneous receipts. The School District experienced an increase in property taxes from fiscal year 2012 to fiscal year 2013. The increase is due to an increase in the amount available as advance on the August property tax settlement, and a triennial update in 2012.

Instruction comprises approximately 58 percent of governmental program expenses and reflected a \$282,354 decrease from fiscal year 2012. Overall, program expenses of the School District decreased by \$459,921, with the largest decrease being reflected in regular instruction, due to the realignment of staff a reduction in staff through attrition. The differences reflected in the expense lines of special instruction and instructional staff were mainly due to coding changes implemented by the State.

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 2013 compared to fiscal year 2012. 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 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
<b>Program Expenses</b>				
Instruction:				
Regular	\$11,361,779	\$10,603,335	\$11,875,265	\$11,089,545
Special	3,362,059	2,229,176	2,923,496	1,726,339
Vocational	96,897	3,421	296,071	202,595
Adult/Continuing	14,072	14,072	14,117	14,117
Student Intervention Services	1,022	1,022	9,234	9,234
Support Services:				
Pupils	1,599,016	1,396,792	1,284,102	1,068,112
Instructional Staff	866,879	148,747	1,406,318	704,074
Board of Education	77,435	77,435	93,464	93,464
Administration	1,555,976	1,426,014	1,581,940	1,435,150
Fiscal	545,271	398,554	530,508	383,354
Business	35,624	35,624	38,670	38,670
Operation and Maintenance of Plant	2,363,625	2,217,684	2,289,817	2,128,890
Pupil Transportation	1,195,595	1,179,214	1,298,400	1,242,654
Central	242,969	233,393	220,523	211,098
Food Service Operations	1,072,198	30,088	1,025,914	(123,557)
Other Non-Instructional Services	141,062	26,879	112,887	232
Extracurricular Activities	564,730	402,396	598,270	404,771
Interest and Fiscal Charges	317,938	317,938	275,072	275,072
<b>Total</b>	<b>\$25,414,147</b>	<b>\$20,741,784</b>	<b>\$25,874,068</b>	<b>\$20,903,814</b>

**Cambridge City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
Unaudited

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The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 87 percent of instructional expenses are supported through taxes and other general revenues. For all governmental activities, general revenue support is approximately 81 percent.

**The School District Major Funds**

Information about the School District's major funds begins on page 15. These funds are accounted for using the modified accrual basis of accounting. The General Fund had total revenues of \$20,135,706 and expenditures of \$20,446,109. The fund balance of the General Fund decreased \$309,669 from fiscal year 2012. This change is primarily due to an overall increase in expenditures of \$581,287 over fiscal year 2012 primarily due to an increase in the School District's purchased services.

The Bond Retirement Debt Service Fund had total revenues of \$741,322, which exceeded expenditures of \$649,472, and resulted in an increase in fund balance in the amount of \$91,850 from fiscal year 2012. The revenues and expenditures in this fund are related to revenues and debt service expenditures in accordance with amortization schedules associated with the School District's outstanding debt.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2013, the School District did not amend its General Fund estimated resources and the budgetary statement reflects both the original and final appropriated amounts. The actual results of operations were slightly different than budgeted amounts as spending in most categories was lower than budgeted amounts. However, in total, expenditures in the General Fund were approximately 3 percent below final budgeted amounts leading to ending fund balance being \$794,231 higher than anticipated.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the School District had \$37,490,260 invested in land, land improvements, buildings and improvements, furniture and fixtures, machinery and equipment, and vehicles, net of depreciation.

Table 4 shows fiscal year 2013 balances compared to 2012.

**Cambridge City School District**  
*Management's Discussion and Analysis*  
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 Unaudited

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

	Governmental Activities	
	2013	2012
Land	\$5,031,339	\$5,031,339
Land Improvements	348,982	381,785
Buildings and Improvements	31,253,569	32,303,004
Furniture and Fixtures	359,161	334,292
Machinery and Equipment	366,129	437,929
Vehicles	131,080	123,235
Totals	\$37,490,260	\$38,611,584

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

***Debt***

At June 30, 2013, the School District had \$5,222,529 in general obligation bonds outstanding (including premiums, discounts and accretion), of which \$470,000 is due within one year. During fiscal year 2013, the School District made lease payments in the amount of \$12,305 and at year end; \$1,707 remained outstanding on the capital leases with \$1,707 due within one year. During fiscal year 2013, the School District paid \$14,859 towards the buyout of their natural gas contract, and at year end; \$59,434 remained outstanding with \$14,859 due within one year. See Note 15 to the basic financial statements for more information on 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 although there is a possible bright spot in revenue as the result of the most recent Biennial State Budget. There is a projected growth in State Revenue for the District in Fiscal Year 2014 and 2015 based upon that State Budget. This growth is based upon two factors: a new funding formula and the projection of an "out of the ordinary" slight increase in students rather than a decrease. The reader must realize the reason for this increase is not fully understood nor do we know if this is just an aberration or a reversal in the trend so this estimated increase is subjective.

The School District's emergency operating levy generates approximately \$1,455,000 each year. A renewal of the existing emergency operating levy was passed in November, 2012. Even with the passage of this renewal, the School District's most recent Board-approved five year financial forecast reflects deficit cash balances beginning in fiscal year 2017

**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 Charles Radcliff, Treasurer, at Cambridge City School District, 6111 Fairdale Road, Cambridge, Ohio 43725, or E-Mail at [charles.radcliff@omeresanet.net](mailto:charles.radcliff@omeresanet.net).

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**Cambridge City School District**

*Statement of Net Position*

*June 30, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$6,344,088
Cash and Cash Equivalents in Segregated Accounts	5,467
Cash and Cash Equivalents with Fiscal Agents	495,225
Investments in Segregated Accounts	22,277
Inventory Held for Resale	15,865
Materials and Supplies Inventory	57,339
Accounts Receivable	52,577
Intergovernmental Receivable	669,781
Prepaid Items	74,633
Property Taxes Receivable	7,769,273
Nondepreciable Capital Assets	5,031,339
Depreciable Capital Assets, Net	<u>32,458,921</u>
<i>Total Assets</i>	<u>52,996,785</u>
<b>Liabilities</b>	
Accounts Payable	160,901
Accrued Wages and Benefits Payable	2,157,831
Intergovernmental Payable	595,011
Accrued Interest Payable	14,381
Matured Compensated Absences Payable	101,357
Claims Payable	354,449
Long-Term Liabilities:	
Due Within One Year	554,916
Due In More Than One Year	<u>6,046,287</u>
<i>Total Liabilities</i>	<u>9,985,133</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes not Levied to Finance Current Year Operations	<u>4,116,703</u>
<b>Net Position</b>	
Net Investment in Capital Assets	32,887,887
Restricted for:	
Debt Service	2,387,143
Capital Projects	240,827
Food Service	429,603
Classroom Facilities Maintenance	998,777
State Programs	30,736
Federal Programs	76,156
Unclaimed Monies	12,869
Music Supplies:	
Non-Expendable	500
Expendable	2,023
Other Purposes	78,545
Unrestricted	<u>1,749,883</u>
<i>Total Net Position</i>	<u>\$38,894,949</u>

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues			Net Expense and Change in Net Position
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$11,361,779	\$620,775	\$137,669	\$0	(\$10,603,335)
Special	3,362,059	26,633	1,106,250	0	(2,229,176)
Vocational	96,897	0	93,476	0	(3,421)
Adult/Continuing	14,072	0	0	0	(14,072)
Student Intervention Services	1,022	0	0	0	(1,022)
Support Services:					
Pupils	1,599,016	0	202,224	0	(1,396,792)
Instructional Staff	866,879	0	718,132	0	(148,747)
Board of Education	77,435	0	0	0	(77,435)
Administration	1,555,976	0	129,962	0	(1,426,014)
Fiscal	545,271	0	146,717	0	(398,554)
Business	35,624	0	0	0	(35,624)
Operation and Maintenance of Plant	2,363,625	20,100	125,841	0	(2,217,684)
Pupil Transportation	1,195,595	0	16,381	0	(1,179,214)
Central	242,969	0	9,576	0	(233,393)
Operation of Non-Instructional Services:					
Food Service Operations	1,072,198	222,941	790,806	28,363	(30,088)
Other Non-Instructional Services	141,062	0	114,183	0	(26,879)
Extracurricular Activities	564,730	161,841	493	0	(402,396)
Interest and Fiscal Charges	317,938	0	0	0	(317,938)
<b>Totals</b>	<b>\$25,414,147</b>	<b>\$1,052,290</b>	<b>\$3,591,710</b>	<b>\$28,363</b>	<b>(20,741,784)</b>
<b>General Revenues</b>					
Property Taxes Levied For:					
					5,508,695
					600,937
					80,190
Grants and Entitlements not					
					13,399,454
Interest					
					36,304
Miscellaneous					
					238,584
<b>Total General Revenues</b>					<b>19,864,164</b>
<b>Change in Net Position</b>					<b>(877,620)</b>
<b>Net Position Beginning of Year</b>					<b>39,772,569</b>
<b>Net Position End of Year</b>					<b>\$38,894,949</b>

See accompanying notes to the basic financial statements

**Cambridge City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2013*

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,327,466	\$2,043,681	\$2,258,201	\$5,629,348
Cash and Cash Equivalents in Segregated Accounts	0	0	5,467	5,467
Investments in Segregated Accounts	22,277	0	0	22,277
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	12,869	0	0	12,869
Receivables:				
Property Taxes	6,915,099	753,288	100,886	7,769,273
Accounts	47,339	0	4,849	52,188
Intergovernmental	113,653	0	556,128	669,781
Interfund Receivable	31,436	0	0	31,436
Prepaid Items	74,633	0	0	74,633
Inventory Held for Resale	0	0	15,865	15,865
Materials and Supplies Inventory	53,834	0	3,505	57,339
<i>Total Assets</i>	<u>\$8,598,606</u>	<u>\$2,796,969</u>	<u>\$2,944,901</u>	<u>\$14,340,476</u>
<b>Liabilities</b>				
Accounts Payable	\$79,505	\$0	\$81,396	\$160,901
Accrued Wages and Benefits Payable	1,846,962	0	310,869	2,157,831
Interfund Payable	0	0	31,436	31,436
Intergovernmental Payable	523,525	0	71,486	595,011
Matured Compensated Absences Payable	62,802	0	38,555	101,357
<i>Total Liabilities</i>	<u>2,512,794</u>	<u>0</u>	<u>533,742</u>	<u>3,046,536</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes not Levied to Finance Current Year Operations	3,667,766	395,445	53,492	4,116,703
Unavailable Revenue	1,607,348	170,260	238,776	2,016,384
<i>Total Deferred Inflows of Resources</i>	<u>5,275,114</u>	<u>565,705</u>	<u>292,268</u>	<u>6,133,087</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventories	53,834	0	19,370	73,204
Prepaid Items	74,633	0	0	74,633
Unclaimed Monies	12,869	0	0	12,869
Music Supplies	0	0	500	500
Restricted for:				
Debt Service	0	2,231,264	0	2,231,264
Capital Projects	0	0	240,827	240,827
Food Service Operations	0	0	446,925	446,925
Music Supplies	0	0	2,023	2,023
Classroom Facilities Maintenance	0	0	976,404	976,404
Other Purposes	0	0	83,715	83,715
Committed to:				
Encumbrances	40,474	0	0	40,474
Scholarships	0	0	50,657	50,657
Assigned to:				
Purchases on Order	404,450	0	0	404,450
Subsequent Year's Appropriations	119,020	0	0	119,020
Capital Projects	0	0	358,584	358,584
Other Purposes	33,601	0	0	33,601
Unassigned (Deficit)	71,817	0	(60,114)	11,703
<i>Total Fund Balances</i>	<u>810,698</u>	<u>2,231,264</u>	<u>2,118,891</u>	<u>5,160,853</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$8,598,606</u>	<u>\$2,796,969</u>	<u>\$2,944,901</u>	<u>\$14,340,476</u>

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2013*

<b>Total Governmental Fund Balances</b>		\$5,160,853
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,490,260
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Property Taxes	1,727,847	
Grants	211,554	
Miscellaneous Accounts Receivable	4,849	
Tuition and Fees	36,203	
Extracurricular Activities	7,872	
Miscellaneous Revenue	28,059	
Total	2,016,384	2,016,384
Accrued interest payable is recognized for outstanding long-term liabilities with interest accruals that are not expected to be paid with expendable available resources and therefore are not reported in the funds.		(14,381)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds - Serial	(4,335,000)	
General Obligation Bonds - Capital Appreciation	(140,000)	
Accretion on Capital Appreciation Bonds Interest	(621,863)	
Premiums on Serial and Capital Appreciation Bonds	(125,666)	
Energy USA Contract Buyout	(59,434)	
Capital Leases	(1,707)	
Compensated Absences Payable	(1,317,533)	
Total	(6,601,203)	(6,601,203)
An internal service fund is used by management to charge to costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		843,036
<i>Net Position of Governmental Activities</i>		\$38,894,949

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2013*

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$5,450,078	\$595,233	\$79,651	\$6,124,962
Intergovernmental	13,681,291	146,089	3,199,294	17,026,674
Interest	17,878	0	1,557	19,435
Tuition and Fees	642,813	0	0	642,813
Rent	20,100	0	7,200	27,300
Extracurricular Activities	59,874	0	100,632	160,506
Gifts and Donations	22,730	0	2,971	25,701
Customer Sales and Services	0	0	218,092	218,092
Miscellaneous	240,942	0	30,929	271,871
<i>Total Revenues</i>	<u>20,135,706</u>	<u>741,322</u>	<u>3,640,326</u>	<u>24,517,354</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	10,998,366	0	110,888	11,109,254
Special	2,253,809	0	1,022,237	3,276,046
Vocational	92,670	0	0	92,670
Adult/Continuing	14,072	0	0	14,072
Student Intervention Services	8,069	0	0	8,069
Support Services:				
Pupils	1,340,007	0	204,659	1,544,666
Instructional Staff	63,394	0	760,267	823,661
Board of Education	73,343	0	0	73,343
Administration	1,350,386	0	158,500	1,508,886
Fiscal	487,844	18,847	2,517	509,208
Business	34,874	0	0	34,874
Operation and Maintenance of Plant	1,898,087	0	368,950	2,267,037
Pupil Transportation	1,216,273	0	15,411	1,231,684
Central	221,799	0	9,000	230,799
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,012,088	1,012,088
Other Non-Instructional Services	952	0	122,748	123,700
Extracurricular Activities	379,081	0	126,107	505,188
Debt Service:				
Principal Retirement	12,305	440,000	0	452,305
Interest and Fiscal Charges	778	190,625	0	191,403
<i>Total Expenditures</i>	<u>20,446,109</u>	<u>649,472</u>	<u>3,913,372</u>	<u>25,008,953</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(310,403)</u>	<u>91,850</u>	<u>(273,046)</u>	<u>(491,599)</u>
<b>Other Financing Source</b>				
Proceeds from Sale of Capital Assets	734	0	0	734
<i>Net Change in Fund Balances</i>	(309,669)	91,850	(273,046)	(490,865)
<i>Fund Balances Beginning of Year</i>	<u>1,120,367</u>	<u>2,139,414</u>	<u>2,391,937</u>	<u>5,651,718</u>
<i>Fund Balances End of Year</i>	<u>\$810,698</u>	<u>\$2,231,264</u>	<u>\$2,118,891</u>	<u>\$5,160,853</u>

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

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**Net Change in Fund Balances - Total Governmental Funds** (\$490,865)

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

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

Capital Asset Additions	121,155	
Depreciation Expense	<u>(1,230,200)</u>	
Total		(1,109,045)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of proceeds and loss on disposal of assets:

Proceeds from Sale of Capital Assets	(734)	
Loss on Disposal of Assets	<u>(11,545)</u>	
Total		(12,279)

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

Property Taxes	64,860	
Intergovernmental	(57,192)	
Tuition and Fees	(2,605)	
Extracurricular Activities	1,335	
Charges for services	4,849	
Miscellaneous Revenue	<u>(33,287)</u>	
Total		(22,040)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

General Obligation Bonds	440,000	
Capital Leases	<u>12,305</u>	
Total		452,305

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Accrued Interest	(37,872)	
Accretion of Interest	(150,030)	
Amortization of Capital Appreciation Bond Premium	56,567	
Amortization of Serial Bond Premium	<u>4,800</u>	
Total		(126,535)

Some expenses 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:

Compensated Absences	70,520	
Energy USA Buyout Contract	<u>(59,434)</u>	
Total		11,086

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities.

The net change in net position of the internal service fund is reported with governmental activities.		<u>419,753</u>
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*Change in Net Position of Governmental Activities* (\$877,620)

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$5,384,500	\$5,384,500	\$5,435,752	\$51,252
Intergovernmental	13,751,050	13,751,050	13,643,273	(107,777)
Interest	11,290	11,290	10,679	(611)
Tuition and Fees	665,786	665,786	642,763	(23,023)
Rent	12,000	12,000	20,100	8,100
Extracurricular Activities	45,000	45,000	59,874	14,874
Gifts and Donations	1,282	1,282	22,730	21,448
Miscellaneous	142,631	142,631	192,651	50,020
<i>Total Revenues</i>	20,013,539	20,013,539	20,027,822	14,283
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	11,462,142	11,462,142	11,133,580	328,562
Special	2,162,912	2,162,912	2,185,669	(22,757)
Vocational	187,825	187,825	152,760	35,065
Adult/Continuing	16,000	16,000	14,072	1,928
Student Intervention Services	41,350	41,350	6,365	34,985
Support Services:				
Pupils	1,314,293	1,314,293	1,303,236	11,057
Instructional Staff	90,316	90,316	145,082	(54,766)
Board of Education	118,278	118,278	86,826	31,452
Administration	1,376,665	1,376,665	1,340,976	35,689
Fiscal	537,507	537,507	540,720	(3,213)
Business	63,853	63,853	44,260	19,593
Operation and Maintenance of Plant	2,231,584	2,231,584	2,124,111	107,473
Pupil Transportation	1,311,017	1,311,017	1,255,082	55,935
Central	232,680	232,680	233,565	(885)
Operation of Non-Instructional Services	158	158	962	(804)
Extracurricular Activities	433,600	433,600	387,899	45,701
Debt Service:				
Principal Retirement	12,305	12,305	12,305	0
Interest and Fiscal Charges	778	778	778	0
<i>Total Expenditures</i>	21,593,263	21,593,263	20,968,248	625,015
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,579,724)	(1,579,724)	(940,426)	639,298
<b>Other Financing Source (Uses)</b>				
Proceeds from Sale of Capital Assets	0	0	734	734
Refund of Prior Year Receipts	(14,000)	(14,000)	0	14,000
Other Financing Uses	(140,199)	(140,199)	0	140,199
<i>Total Other Financing Source (Uses)</i>	(154,199)	(154,199)	734	154,933
<i>Net Change in Fund Balance</i>	(1,733,923)	(1,733,923)	(939,692)	794,231
<i>Fund Balance Beginning of Year</i>	1,284,344	1,284,344	1,284,344	0
Prior Year Encumbrances Appropriated	453,530	453,530	453,530	0
<i>Fund Balance End of Year</i>	\$3,951	\$3,951	\$798,182	\$794,231

See accompanying notes to the basic financial statements

**Cambridge City School District**

*Statement of Fund Net Position*

*Proprietary Fund*

*June 30, 2013*

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	Governmental Activity
	<u>Internal Service Fund</u>
<b>Current Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$701,871
Cash and Cash Equivalents with Fiscal Agents	495,225
Accounts Receivable	<u>389</u>
<i>Total Assets</i>	1,197,485
<b>Current Liabilities</b>	
Claims Payable	<u>354,449</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$843,036</u></u>

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Governmental Activity Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$4,143,562
<b>Operating Expenses</b>	
Purchased Services	1,216,640
Claims	2,524,968
<i>Total Operating Expenses</i>	<i>3,741,608</i>
<i>Operating Income</i>	401,954
<b>Non-Operating Revenues</b>	
Interest	17,799
<i>Net Change in Net Position</i>	419,753
<i>Net Position Beginning of Year</i>	423,283
<i>Net Position End of Year</i>	\$843,036

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2013

	Governmental Activity
	Internal Service Fund
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Transactions with Other Funds	\$4,143,562
Cash Payments for Goods and Services	(1,216,640)
Cash Payments for Claims	(2,494,122)
	432,800
<b>Cash Flows from Investing Activities</b>	
Interest	17,799
	450,599
<i>Net Increase in Cash and Cash Equivalents</i>	<i>450,599</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>746,497</i>
	<i>\$1,197,096</i>
	<i>\$1,197,096</i>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$401,954
Changes in Liabilities:	
Decrease in Accounts Receivable	113,240
Decrease in Claims Payable	(82,394)
	\$432,800
Net Cash Provided by Operating Activities	\$432,800

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2013*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$435,351	\$40,578
Cash and Cash Equivalents in Segregated Accounts	39,447	0
<i>Total Assets</i>	474,798	\$40,578
<b>Liabilities</b>		
Due to Students	0	\$40,578
<b>Net Position</b>		
Restricted for Endowments	333,715	
Held in Trust for Scholarships	141,083	
Total Net Position	\$474,798	

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*June 30, 2013*

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	<u>Private Purpose Trust</u>
<b>Additions</b>	
Gifts and Contributions	\$15,150
Interest	3,707
Miscellaneous	<u>549</u>
<i>Total Additions</i>	19,406
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>8,406</u>
<i>Change in Net Position</i>	11,000
<i>Net Position Beginning of Year</i>	<u>463,798</u>
<i>Net Position End of Year</i>	<u><u>\$474,798</u></u>

See accompanying notes to the basic financial statements

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 1 - Description of the School District and Reporting Entity**

The Cambridge City School District (the 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 five instructional facilities and three support facilities staffed by 140 classified employees and 193 certified personnel, who provide services to 2,426 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 the 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, the Metropolitan Educational Council (MEC), the Educational Regional Service System 12 (ERSS), and the Coalition of Rural and Appalachian Schools (CORAS), which are jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) and the Jefferson Health Plan Self-Insurance Plan which are defined insurance purchasing pools. These organizations are presented in Notes 16 and 17 to the basic financial statements.

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

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

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental 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 School District does not have any business-type activities.

The statement of net position presents the financial condition of the governmental 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 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.

**B. Fund Accounting**

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

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

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

**Bond Retirement Debt Service Fund** This Bond Retirement Debt Service Fund accounts for the accumulation of resources for the payment of general obligation bond principal and interest.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

### ***C. Measurement Focus***

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

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

The private purpose trust fund is reported using the economic resources measurement focus.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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Like the government-wide statements, the proprietary fund is 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 this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

***D. Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes 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 year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

***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.

***E. Cash and Cash Equivalents***

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

During fiscal year 2013, investments were limited to common stock. Investments in common stock are stated at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$17,878, which includes \$11,091 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. The School District reports the change in fair value of investments.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2013, 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.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***G. 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.

***H. 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 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 fixed assets are recorded at their fair market 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, 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture and Fixtures	5-20 years
Machinery and Equipment	5-20 years
Vehicles	10 years

***I. 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.

***J. Restricted Assets***

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

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***K. 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 vacation leave after an employee's anniversary hire date.

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.

***L. 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 and capital leases are recognized as a liability on the governmental fund financial statements when due.

***M. Internal Activity***

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

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

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

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***N. Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, prepaids, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

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

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

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***O. Bond Premiums and Discounts***

In 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 and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds.

On the governmental fund financial statements, bond premiums and bond discounts are recognized in the period in which the debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

***P. Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes music and athletic programs and local, federal, and state grants restricted to expenditure for specified purposes.

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

***Q. Operating Revenues and Expenses***

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

***R. 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.

***S. Estimates***

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

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***T. Budgetary Process***

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated 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.

**Note 3 - Change in Accounting Principles**

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 61, "The Financial Reporting Entity: Omnibus," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No.62".

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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GASB Statement No. 63 provides guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows or resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

**Note 4 - Accountability**

The following special revenue funds had deficit fund balances as of June 30, 2013:

Idea B	\$18,809
Title I	34,270
Miscellaneous Federal Grants	7,035

These deficits were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances in the special revenue funds; 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 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis) presented for the General 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).

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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4. Prepaid items are reported on the balance sheet (GAAP basis) but no on the budget basis.
5. Adjustments to record investments at market value are reported on the balance sheet (GAAP basis) but not on budget basis.

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

Net Change in Fund Balance	<u>General</u>
GAAP Basis	(\$309,669)
Revenue Accruals	(100,685)
Fiscal Year 2012 Market Value Adjustment	13,340
Fiscal Year 2013 Market Value Adjustment	(20,539)
Fiscal Year 2012 Prepaid Items	68,653
Fiscal Year 2013 Prepaid Items	(74,633)
Expenditure Accruals	59,168
Encumbrances	<u>(575,327)</u>
Budget Basis	<u><u>(\$939,692)</u></u>

**Note 6 - Deposits and Investments**

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

Active deposits are public deposits necessary to 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.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
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 division (1) or (2) above;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2013, the School District's Internal Service Fund had a balance of \$495,225 with Jefferson Health Plan Self-Insurance Plan, a risk sharing, claims servicing, and insurance purchasing pool (see Note 17). 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.

***Deposits***

***Custodial credit*** risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$1,650,690 of the School District's bank balance of \$7,246,993, including the payroll account balance of \$283,933, was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

***Investments***

As of June 30, 2013, the School District had the following investment, of which is a part of the internal investment pool:

	Fair Value	Maturity	S&P Rating	Percent of Total Investments
JP Morgan Chase & Co. Common Stock	\$22,277	N/A	N/R	100.00%

***Credit Risk*** The School District has no investment policy that would further limit its investment choices. The investments in common stock are donated investments, and were not purchased by the School District.

***Custodial 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 custodial 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.

***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**

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 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, 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.

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Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, 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, 2013, are available to finance fiscal year 2014 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, 2013 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 for property taxes.

The amount available as an advance, and recognized as revenue at June 30, 2013, was \$1,712,119 in the General Fund, \$25,021 in the Classroom Facilities Maintenance Special Revenue Fund, and \$187,583 in the Bond Retirement Debt Service Fund. At June 30, 2012, \$1,697,793 was available as an advance in the General Fund, \$24,845 was available in the Classroom Facilities Maintenance Special Revenue Fund, and \$184,160 was available in the Bond Retirement Debt Service 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 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$199,090,820	90.84%	\$202,228,080	90.53%
Public Utility Personal	20,076,380	9.16%	21,164,660	9.47%
Total	\$219,167,200	100.00%	\$223,392,740	100.00%
Tax Rate per \$1,000 of assessed valuation	\$38.39		\$38.30	

**Note 8 - Receivables**

Receivables at June 30, 2013, consisted of property taxes, accounts (student fees), 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 \$1,727,847 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:

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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**Governmental Activities:**

Retirement Overpayments	\$25,145
Early Childhood Grant	59,512
IDEA Part B	116,943
Title I	307,330
Title VI-B Rural	22,548
Title II-A	44,134
Workers' Compensation Rebate	56,151
Foundation Adjustment	38,018
	\$669,781

**Note 9 - Risk Management**

***A. 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 2013, the School District purchased the following coverage:

Barengo Insurance Agency

Property Blanket	\$94,010,160	
General Liability	\$3,000,000	annual aggregate
Inland Marine	\$500,000	\$250 deductible
Commercial Crime	\$5,000-\$100,000	\$500-\$1,000 deductible
Commercial Automobile	\$5,000-\$1,000,000	each accident
Umbrella	\$6,000,000	annual aggregate

W.B. Green & Co., Inc.

Treasurer Bond Insurance	\$50,000	
Blanket Bond Insurance covering all employees	\$25,000	\$500 deductible

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.

***B. Workers' Compensation***

For fiscal year 2013, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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**C. Employee Medical 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 covered for medical/surgical, prescription drug, and dental coverage through the Jefferson Health Plan self-insured plan. The Board pays 87 percent of premiums for all medical/surgical and prescription drug coverage and 100 percent of the premium for dental coverage. The monthly cost of premiums is \$750.69 for single coverage and \$1,724.56 for family coverage on medical/surgical and prescription drug coverage for certified employees and \$775.48 for single coverage and \$1,781.53 for family coverage on medical/surgical and prescription drug coverage for the classified staff. The total monthly cost of the premiums for dental coverage is \$35.99 for single and \$82.69 for family coverage.

The claims liability of \$354,449 reported in the internal service fund at June 30, 2013, 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
2012	\$428,274	\$3,056,840	\$3,048,271	\$436,843
2013	436,843	2,525,357 (1)	2,607,751 (2)	354,449
		(1) Claims Expense	\$2,524,968	
		Net Increase in Stop Loss Receivable	389	
		Current Year Claims	\$2,525,357	
			(2) Cash Payments for Claims	\$2,494,122
			Stop Loss Received for 2012 Claims	113,629
			Claims Payments	\$2,607,751

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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**Note 10 - Employee Benefits**

***A. 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.

***B. Life Insurance***

The School District provides life insurance to contracted employees through American United Life Insurance in the amount of \$30,000 for classified employees, \$25,000 for certified employees, and \$100,000 for administrators.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 06/30/2012	Additions	Reductions	Balance 06/30/2013
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$5,031,339	\$0	\$0	\$5,031,339
Total capital assets not being depreciated	<u>5,031,339</u>	<u>0</u>	<u>0</u>	<u>5,031,339</u>
Capital assets being depreciated				
Land Improvements	656,056	0	0	656,056
Buildings and Improvements	42,402,595	0	(42,839)	42,359,756
Furniture and Fixtures	524,775	50,528	(4,202)	571,101
Machinery and Equipment	1,359,116	24,160	(28,030)	1,355,246
Vehicles	1,383,152	46,467	(24,933)	1,404,686
Total capital assets being depreciated	<u>46,325,694</u>	<u>121,155</u>	<u>(100,004)</u>	<u>46,346,845</u>
Accumulated depreciation				
Land Improvements	(274,271)	(32,803)	0	(307,074)
Buildings and Improvements	(10,099,591)	(1,049,435)	42,839	(11,106,187)
Furniture and Fixtures	(190,483)	(25,659)	4,202	(211,940)
Machinery and Equipment	(921,187)	(83,681)	15,751	(989,117)
Vehicles	(1,259,917)	(38,622)	24,933	(1,273,606)
Total accumulated depreciation	<u>(12,745,449)</u>	<u>(1,230,200) *</u>	<u>87,725</u>	<u>(13,887,924)</u>
Capital assets being depreciated, net	<u>33,580,245</u>	<u>(1,109,045)</u>	<u>(12,279)</u>	<u>32,458,921</u>
Governmental Activities capital assets, net	<u>\$38,611,584</u>	<u>(\$1,109,045)</u>	<u>(\$12,279)</u>	<u>\$37,490,260</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$519,862
Special	127,982
Vocational	12,961
Intervention	1,022
Support Services:	
Pupils	62,719
Instructional Staff	61,564
Board of Education	4,092
Administration	83,867
Fiscal	23,224
Business	1,693
Operation and Maintenance of Plant	107,237
Pupil Transportation	40,376
Central	17,035
Extracurricular Activities	59,541
Operation of Non-Instructional Services	4,942
Food Service Operations	102,083
Total Depreciation Expense	<u>\$1,230,200</u>

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, 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 and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$321,812, \$306,758 and \$160,355, respectively. For fiscal year 2013, 79.73 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

***B. State Teachers Retirement System***

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://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. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$1,225,004 and \$17,036 for the fiscal year ended June 30, 2013, \$1,240,549 and \$16,933 for the fiscal year ended June 30, 2012, and \$1,293,572 and \$12,743 for the fiscal year ended June 30, 2011. For fiscal year 2013, 84.10 percent has been contributed for the DB plan and 86.44 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011. Contributions made to STRS Ohio for the DC Plan and for fiscal year 2013 were \$33,172 made by the School District and \$23,695 made by the plan members. In addition, member contributions of \$12,169 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2013, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

**Note 13 - Postemployment Benefits**

***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$35,335 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$42,799, \$43,881, and \$75,098, respectively. For fiscal year 2013, 2.93 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$18,023, \$17,793, and \$11,292 respectively. For fiscal year 2013, 79.55 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

***B. State Teachers Retirement System***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$94,231, \$98,321, and \$101,928 respectively. For fiscal year 2013, 84.10 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**Cambridge City School District**  
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**Note 14 - Capital Leases**

In prior years, the School District has entered into two capitalized leases for copying equipment. The leases meet the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Equipment acquired by lease has been capitalized in government wide statements governmental activities in the amount of \$52,690, which is equal to the present value of the minimum lease payments. A corresponding liability was recorded in the government wide statements governmental activities. Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$5,277. Principal payments in fiscal year 2013 totaled \$12,305, in the governmental funds.

Future minimum lease payments through fiscal year 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$1,707	\$17

**Note 15 - Long Term Obligations**

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

	<u>Principal Outstanding 06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/13</u>	<u>Amounts Due in One Year</u>
<b>Governmental Activities:</b>					
2005 Classroom Facilities					
Refunding General Obligation Bonds:					
Serial Bonds - 3.25%-5.5%	\$4,775,000	\$0	\$440,000	\$4,335,000	\$0
Original Issue of Capital Appreciation					
Bonds - 22.66%-23.63%	140,000	0	0	140,000	75,000
Accretion on Capital Appreciation Bonds	471,833	150,030	0	621,863	395,000
Premium on Capital Appreciation Bonds	137,001	0	56,567	80,434	0
Premium on Serial Bonds	50,032	0	4,800	45,232	0
Total 2005 Bonds	<u>5,573,866</u>	<u>150,030</u>	<u>501,367</u>	<u>5,222,529</u>	<u>470,000</u>
Energy USA Contract Buyout	0	74,293	14,859	59,434	14,859
Capital Leases	14,012	0	12,305	1,707	1,707
Compensated Absences	1,388,053	149,318	219,838	1,317,533	68,350
Total Governmental Activities	<u>\$6,975,931</u>	<u>\$373,641</u>	<u>\$748,369</u>	<u>\$6,601,203</u>	<u>\$554,916</u>

Sick leave and vacation benefits will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund and the Food Service, Miscellaneous State Grants, IDEA Part B, Title I, and Miscellaneous Federal Grants Special Revenue Funds.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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In September 2012, the School District opted to discontinue its contract with Energy USA. The cost to buy out the remaining contract was \$74,293, which is to be paid in five equal annual installments of \$14,859.

On September 13, 2005, the School District issued \$5,745,000 in refunding bonds to retire \$5,745,000 of outstanding school improvement bonds. \$6,283,525 (after discount, underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded bonds. \$5,745,000 of refunded bonds was considered defeased and the liability was removed from the statement of net position. The defeased bonds were called and fully repaid in December 2010.

The Serial Refunding Bonds maturing on December 1, 2016, and thereafter are subject to optional redemption in whole or in part on any date in any order of maturity as determined by the Board of Education on or after December 1, 2015, at par.

The 2005 capital appreciation bonds were sold at a premium of \$521,657, of which \$56,567 was amortized in fiscal year 2013. The capital appreciation bonds will mature in fiscal year 2014. The maturity amount of the bonds is \$940,000. For the fiscal year 2013, \$150,030 was accreted for a total bond value of \$761,863.

The overall debt margin of the School District as of June 30, 2013, was \$17,846,166, with an unvoted debt margin of \$223,240.

Principal and interest requirements to retire the 2005 refunding bonds outstanding at June 30, 2013, are as follows:

Fiscal Year Ending	Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest
2014	\$0	\$178,525	\$75,000	\$395,000
2015	0	178,525	65,000	405,000
2016	470,000	169,125	0	0
2017	485,000	149,419	0	0
2018	505,000	128,381	0	0
2019-2022	2,875,000	297,625	0	0
	<u>\$4,335,000</u>	<u>\$1,101,600</u>	<u>\$140,000</u>	<u>\$800,000</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

On January 28, 2013, Assured Guaranty Municipal Corp, the bond insurer for this debt issue, was downgraded by Moody's Investor Services to A2.

The downgrade of a bond insurer may not, in and by itself, create an immediate default under the bond indentures or other bond documents or cause any reallocation of rights or responsibilities among parties; however, it will likely have an adverse effect on the value of the bonds as they are traded in the secondary market.

The School District was notified of this downgrade by their bond counsel and on January 29, 2013, filed a Material Event Notice with Disclosure USA referencing to the relevant transactions and rating downgrades which had occurred by that date.

**Note 16 - Jointly Governed Organizations**

***A. 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 2013, the amount paid to OME-RESA from the School District was \$66,843 for 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 2023 Sunset Blvd., Steubenville, Ohio 43952.

***B. Mid-East Career and Technology Centers***

The Mid-East Career and Technology Centers 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 Mid-East Career and Technology Centers 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 2013, the School District made no payments to the Center. To obtain financial information write to the Mid-East Career and Technology Centers, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

***C. Metropolitan Educational Council***

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 193 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 39 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate.

The governing board of MEC is composed of 44 members, either the superintendent, a designated representative, or a member of the board of education for each participating school district in Franklin County and one representative from each county. The board exercised total control over the operations of MEC including budgeting, appropriating, contracting, and designing management. Each participant's control is limited to its representation on the board. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. During fiscal year 2013, the School District made a payment of \$952 to MEC for a membership fee. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
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***D. Educational Regional Service System Region 12***

*Educational Regional Service System Region 12* - The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

***E. Coalition of Rural and Appalachian Schools (CORAS)***

*Coalition of Rural and Appalachian Schools (CORAS)* -The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designing management. Each participant's control is limited to its representation on the board. The Council 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. The Council 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 the Council. The School District's membership fee was \$325 for fiscal year 2013. To obtain financial information write to the Coalition of Rural and Appalachian Schools, Mike Shoemaker, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

**Note 17 - Risk Sharing, Claims Servicing, and Insurance Purchasing Pool**

***A. Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP)***

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

***B The Jefferson Health Plan Self-Insurance Plan***

*The Jefferson Health Plan Self-Insurance Plan* – The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. 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 and prescription drug 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 \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool 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 participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, 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. The plan also purchases fully insured life insurance for plan participants provided by American United Life Insurance.

**Note 18 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**B. Litigation**

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

**Note 19 - 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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Pursuant to State statute, the Board of Education expended all of the amounts previously set-aside for the budget reserve.

Effective June 30, 2005, through Amended Substitute House Bill 66, School Districts that are declared to be in Fiscal Caution, may either reduce or eliminate the set-aside, provided that the 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, 2012	\$0
Current Year Set-aside Requirement	388,130
Current Year Offsets	(671,284)
Current Year Qualifying Disbursements	(267,235)
Total	(\$550,389)
Set-aside Reserve Balance as of June 30, 2013	\$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 20 – Internal Balances**

The governmental balance sheet reflects interfund receivables and payables in the amount of \$31,436. This is the result of cash deficit balances in the Miscellaneous State Grants, Idea Part B Federal Grant, Title I Federal Grant, and Miscellaneous Federal Grants Special Revenue Funds in the amounts of \$1,480, \$5,335, \$21,533, and \$3,088, respectively, which were covered by cash advances from the General Fund.

The above interfund balances are anticipated to be repaid within one fiscal year.

**Cambridge City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 21 - Donor Restricted Endowments**

The School District's private purpose trust funds include donor restricted endowments. The endowments are \$333,715. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$141,083 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowments, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

**Note 22 - Significant Commitments**

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 year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<u>Governmental Funds</u>	<u>Encumbrances</u>
General Fund	\$575,327
Nonmajor Governmental Funds	<u>619,999</u>
Total Governmental Funds	<u><u>\$1,195,326</u></u>

**Note 23 - Subsequent Events**

The School District ratified a new employment contract with the Cambridge Education Association effective July 1, 2013, through June 30, 2015. This contract includes raises in base salary of 1.25 percent each year of the contract, as well as the resumption of step increases, which had been frozen. The new contract requires a 12.065 percent employee contribution for health insurance in fiscal year 2014, 13.5 percent in fiscal year 2015, and there is no longer a cap for maximum employee share.

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**CAMBRIDGE CITY SCHOOL DISTRICT  
GUERNSEY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>FEDERAL GRANTOR/ Pass-Through Grantor Program Title</b>	<b>Fiscal Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed-Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program (Food Donation)	2012 / 2013	10.555	\$11,084	\$11,084
Cash Assistance:				
School Breakfast Program	2012 / 2013	10.553	206,256	206,256
National School Lunch Program	2012 / 2013	10.555	548,423	548,423
Cash Assistance Subtotal			<u>754,679</u>	<u>754,679</u>
Total Child Nutrition Cluster			765,763	765,763
State Administrative Expenses for Child Nutrition	2013	10.560	28,363	25,784
Total U.S. Department of Agriculture			794,126	791,547
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed-Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies:				
Title I Grants to Local Educational Agencies	2012	84.010	106,450	172,881
	2013		1,088,226	1,109,653
Title I Program for Neglected and Delinquent Children	2012		(260)	620
	2013		10,607	10,696
Title I Grants to Local Educational Agencies, School Improvement	2013		11,860	11,860
Total Title I Grants to Local Educational Agencies			<u>1,216,883</u>	<u>1,305,710</u>
Special Education (IDEA) Cluster:				
Special Education, Grants to States (IDEA, Part B)	2012	84.027	56,088	81,080
	2013		486,459	491,787
Total Special Education, Grants to States (IDEA, Part B)			<u>542,547</u>	<u>572,867</u>
Special Education - Preschool Grants	2013	84.173	26,439	26,439
Total Special Education (IDEA) Cluster			568,986	599,306
Rural and Low Income Education	2012	84.358	10,308	13,338
	2013		27,874	28,143
Total Rural and Low Income Education			<u>38,182</u>	<u>41,481</u>
Improving Teacher Quality State Grants	2012	84.367	14,602	28,887
	2013		153,851	156,647
Total Improving Teacher Quality State Grants			<u>168,453</u>	<u>185,534</u>
Total U.S. Department of Education			<u>1,992,504</u>	<u>2,132,031</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$2,786,630</u></b>	<b><u>\$2,923,578</u></b>

*The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.*

**CAMBRIDGE CITY SCHOOL DISTRICT  
GUERNSEY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the School District's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The School District passes certain federal awards received from the Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE C - 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 D - FOOD DONATION PROGRAM**

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

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from 2012 to 2013 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2012 to 2013</u>
Title I Program for Neglected and Delinquent Children	84.010	\$ 560

The School District received \$300 from Ohio Department of Education for the Title I Neglected grant on August 2, 2013 and the carrying amount was determined to be (\$560), therefore the amount of receipts on the federal scheduled will be the net amount of \$260.



# Dave Yost • Auditor of State

## 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  
6111 Fairdale Road  
Cambridge, Ohio 43725

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and 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, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 6, 2014. We also noted the School District has adopted new accounting guidance in Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*, and No. 65, *Items Previously Reported as Assets and Liabilities*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 6, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Cambridge City School District  
Guernsey County  
6111 Fairdale Road  
Cambridge, Ohio 43725

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Cambridge City School District's, Guernsey County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

### ***Management's Responsibility***

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 6, 2014

**CAMBRIDGE CITY SCHOOL DISTRICT  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	
	<ul style="list-style-type: none"> <li>• Child Nutrition Cluster – CFDA #10.553 and #10.555</li> <li>• Title I Grants to Local Educational Agencies – CFDA #84.010</li> </ul>	
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**CAMBRIDGE CITY SCHOOL DISTRICT  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315 (b)  
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Noncompliance and Material Weakness- 34 CFR 80.21(c): Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. Education Jobs Grant funds were not spent within the period of time for which cash was requested.	Yes	N/A



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Cambridge City School District  
Guernsey County  
6111 Fairdale Road  
Cambridge, Ohio 43725

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Cambridge City School District, Guernsey County, Ohio, has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 20, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 6, 2014

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# Dave Yost • Auditor of State

**CAMBRIDGE CITY SCHOOL DISTRICT**

**GUERNSEY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 25, 2014**