



OHIO AUDITOR OF STATE
KEITH FABER



**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Cambridge Township
Guernsey County
66551 Toland Dr.
Cambridge, Ohio 43725

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Cambridge Township, Guernsey County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles Section* of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 20, 2023

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Cambridge Township
Guernsey County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Permanent	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$35,739	\$738,601	\$0	\$774,340
Intergovernmental	31,929	428,913	0	460,842
Earnings on Investments	6,856	6,093	262	13,211
Miscellaneous	2,646	9,714	0	12,360
<i>Total Cash Receipts</i>	<u>77,170</u>	<u>1,183,321</u>	<u>262</u>	<u>1,260,753</u>
Cash Disbursements				
Current:				
General Government	80,677	264,128	1,000	345,805
Public Safety	0	186,333	0	186,333
Public Works	108	584,756	0	584,864
Health	0	9,377	0	9,377
Intergovernmental	4,000	0	0	4,000
Capital Outlay	0	4,587	0	4,587
Debt Service:			0	
Principal Retirement	0	44,738	0	44,738
Interest and Fiscal Charges	0	2,441	0	2,441
<i>Total Cash Disbursements</i>	<u>84,785</u>	<u>1,096,360</u>	<u>1,000</u>	<u>1,182,145</u>
<i>Net Change in Fund Cash Balances</i>	(7,615)	86,961	(738)	78,608
<i>Fund Cash Balances, January 1</i>	<u>120,202</u>	<u>536,907</u>	<u>18,108</u>	<u>675,217</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$112,587</u></u>	<u><u>\$623,868</u></u>	<u><u>\$17,370</u></u>	<u><u>\$753,825</u></u>

See accompanying notes to the basic financial statements

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Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Cambridge Township, Guernsey County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, and cemetery maintenance. The Township contracts with the City of Cambridge to provide fire services, while Law Enforcement is provided by the Guernsey County Sheriff's Department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in a property consortium with the City of Cambridge, Community Improvement Corporation, Guernsey County Commissioners and Guernsey County Port Authority. Land was acquired from the State of Ohio in 2002 for development purposes. Representatives from each entity meet as needed to review activity of protentional land sales, which is marketed by the Community Improvement Corporation. The Guernsey County Port Authority serves as the Treasurer for the Consortium, which currently has a balance of \$8,069. In 2005, the Consortium sold 10 acres for development of a Health Care Center. This venture is for development purposes only to improve the community and provide jobs to the area. No direct financial gain is expected by any of the entities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund received property tax money for direct or indirect cost of constructing, maintaining, and repairing Township roads and bridges.

Road Improvement Fund The road improvement fund receive property tax money for maintain and improving Township roads.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2022
(Continued)

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Township did use the encumbrance method of accounting.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2022
(Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Non-spendable The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the non-spendable portion of the corpus in permanent funds.

Restricted Fund balance is *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 Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Township 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2022
(Continued)

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,021	\$77,170	\$25,149
Special Revenue	1,086,529	1,183,321	96,792
Permanent	15	262	247
Total	\$1,138,565	\$1,260,753	\$122,188

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,233	\$84,785	\$87,448
Special Revenue	1,623,435	1,096,360	527,075
Permanent	1,100	1,000	100
Total	\$1,796,768	\$1,182,145	\$614,623

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2022
Demand deposits	\$1,617
STAR Ohio	752,208
Total deposits and investments	\$753,825

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2022
(Continued)

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA) Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Cambridge Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2022
(Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Truck Promissory Note	\$8,646	2.87%
Backhoe Promissory Note	50,609	2.46%
Total	\$59,255	

In 2020, the Township entered into a loan agreement with Peoples Bank, NA in the amount of \$60,000 at an interest rate of 2.87% for the purchase of a 2020 Ford F550. There will be thirty-six (36) monthly installment with the first installment due June 19, 2020 and the final installment due May 18, 2023, respectfully.

In 2021, the Township entered into a loan agreement with Peoples Bank, NA in the amount of \$75,000 at an interest rate of 2.46% for the purchase of a 2021 Case 580SN WT 4 WD Backhoe. There will be three (3) annual installments in the amount of \$26,262, with the first installment due February 8, 2022. The remaining installments are due February 8, 2023 and February 8, 2024, respectfully.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Promissory Note
2023	\$34,977
2024	26,262
Total	\$61,239

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2022
(Continued)

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Joint Ventures

The Township is part of a property consortium with the City of Cambridge, Cambridge Improvement corporation Guernsey County Commissioners and Guernsey County Port Authority. Land was acquired from the State of Ohio in 2002 for development purposes. Representatives from each group meet as needed to review activity on the land. In 2005, the property consortium sold 10 acres for the development of a Health Care Center. The venture is for development purposes only to improve the community and provide jobs to the area and not direct financial gain is expected by any of the entities involved.

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the un-expendable corpus of the permanent funds. 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Permanent	Total
Nonspendable:		
Corpus	17,023	17,023

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the non-spendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and permanent funds would be including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

In 2021, the Township received \$200,495 in ARP funding and received an additional \$202,094 in 2022, along with \$4,552 in interest. In 2022, the Township utilized these funds to resurface roads in the amount of \$163,874. The Township is working with the City of Cambridge Officials to help provide funding for Safety related EMA Equipment, along with additional paving of roads and address the heating systems in the Township Garage to improve air flow and address Personal Protection needs.

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Cambridge Township
Guernsey County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Permanent	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$29,828	\$661,834	\$0	\$691,662
Intergovernmental	33,050	426,969	0	460,019
Earnings on Investments	365	80	13	458
Miscellaneous	27,935	14,389	0	42,324
<i>Total Cash Receipts</i>	<u>91,178</u>	<u>1,103,272</u>	<u>13</u>	<u>1,194,463</u>
Cash Disbursements				
Current:				
General Government	88,449	121,304	0	209,753
Public Safety	0	258,144	0	258,144
Public Works	431	574,383	0	574,814
Health	0	12,595	0	12,595
Human Services	0	2,888	0	2,888
Capital Outlay	0	104,346	0	104,346
Debt Service:			0	
Principal Retirement	0	50,394	0	50,394
Interest and Fiscal Charges	0	1,840	0	1,840
<i>Total Cash Disbursements</i>	<u>88,880</u>	<u>1,125,894</u>	<u>0</u>	<u>1,214,774</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,298</u>	<u>(22,622)</u>	<u>13</u>	<u>(20,311)</u>
Other Financing Receipts (Disbursements)				
Loans Issued	0	75,000	0	75,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
<i>Net Change in Fund Cash Balances</i>	2,298	52,378	13	54,689
<i>Fund Cash Balances, January 1</i>	<u>117,904</u>	<u>484,529</u>	<u>18,095</u>	<u>620,528</u>
<i>Fund Cash Balances, December 31</i>	<u>\$120,202</u>	<u>\$536,907</u>	<u>\$18,108</u>	<u>\$675,217</u>

See accompanying notes to the basic financial statements

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Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Cambridge Township, Guernsey County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, and cemetery maintenance. The Township contracts with the City of Cambridge to provide fire services, while Law Enforcement is provided by the Guernsey County Sheriff's Department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in a property consortium with the City of Cambridge, Community Improvement Corporation, Guernsey County Commissioners and Guernsey County Port Authority. Land was acquired from the State of Ohio in 2002 for development purposes. Representatives from each entity meet as needed to review activity of protentional land sales, which is marketed by the Community Improvement Corporation. The Guernsey County Port Authority serves as the Treasurer for the Consortium, which currently has a balance of \$9,469. In 2005, the Consortium sold 10 acres for development of a Health Care Center. This venture is for development purposes only to improve the community and provide jobs to the area. No direct financial gain is expected by any of the entities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund received property tax money for direct or indirect cost of constructing, maintaining, and repairing Township roads and bridges.

Road Improvement Fund The road improvement fund receive property tax money for maintain and improving Township roads.

Fire Fund The fire fund received property tax money to provide fire protections services to the residents of the Township.

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2021
(Continued)

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did use the encumbrance method of accounting.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2021
(Continued)

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *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 Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Township 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2021
(Continued)

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,998	\$91,178	\$45,180
Special Revenue	817,052	1,178,272	361,220
Permanent	24	13	(11)
Total	\$863,074	\$1,269,463	\$406,389

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$163,903	\$88,880	\$75,023
Special Revenue	1,301,581	1,125,894	175,687
Permanent	1,097	0	1,097
Total	\$1,466,581	\$1,214,774	\$251,807

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2021
Demand deposits	\$674,297
STAR Ohio	920
Total deposits and investments	\$675,217

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2021
(Continued)

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA) Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Cambridge Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2021
(Continued)

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2 percent of his gross salary. The Township contributed an amount equal to 6.2 percent of the participant's gross salary. The Township has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Truck Promissory Note	\$28,993	2.87%
Backhoe Promissory Note	75,000	2.46%
Total	<u>\$103,993</u>	

In 2020, the Township entered into a loan agreement with Peoples Bank, NA in the amount of \$60,000 at an interest rate of 2.87% for the purchase of a 2020 Ford F550. There will be thirty-six (36) monthly installment with the first installment due June 19, 2020 and the final installment due May 18, 2023, respectfully.

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2021
(Continued)

In 2021, the Township entered into a loan agreement with Peoples Bank, NA in the amount of \$75,000 at an interest rate of 2.46% for the purchase of a 2021 Case 580SN WT 4 WD Backhoe. There will be three (3) annual installments in the amount of \$26,262, with the first installment due February 8, 2022. The remaining installments are due February 8, 2023 and February 8, 2024, respectfully.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending December 31:</u>	<u>Promissory Note</u>
2022	\$47,178
2023	34,977
2024	<u>26,262</u>
Total	<u><u>\$108,417</u></u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Joint Ventures

The Township is part of a property consortium with the City of Cambridge, Cambridge Improvement corporation Guernsey County Commissioners and Guernsey County Port Authority. Land was acquired from the State of Ohio in 2002 for development purposes. Representatives from each group meet as needed to review activity on the land. In 2005, the property consortium sold 10 acres for the development of a Health Care Center. The venture is for development purposes only to improve the community and provide jobs to the area and not direct financial gain is expected by any of the entities involved.

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Permanent
Nonspendable:	
Corpus	17,023

Cambridge Township
Guernsey County
Notes to the Financial Statement
For the Year Ended December 31, 2021
(Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

In 2021, the Township received \$200,495 in ARP funding and is expecting the remaining \$200,495 in 2022. The Township is working with the Guernsey County Commissioners and City of Cambridge Officials to upgrade Water and Sewer Lines throughout the Township. In addition, the Township is planning to have installed last mile Broadband and address the heating systems in the Township Garage to improve air flow and address Personal Protection needs.



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

Cambridge Township
Guernsey County
66551 Toland Dr.
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Cambridge Township, Guernsey County, Ohio, (the Township) and have issued our report thereon dated November 20, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

November 20, 2023

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Noncompliance and Material Weakness

Ohio Rev. Code Chapter 133 authorizes certain methods by which subdivisions may incur debt. Ohio Rev. Code § 133.22, a subdivision may issue anticipatory securities if it meets the requirements outlined in the statute. Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2022 and 2021, the Township made principal payments on outstanding promissory notes in the amount of \$44,738 and \$50,393, respectively. The promissory notes were used by the Township to purchase a truck, tractor and a backhoe.

In 2021, the Township signed a promissory note with a local bank to purchase a backhoe. The Township failed to identify the statutory provision authorizing this transaction. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133.

Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

Officials' Response: The Fiscal Officer acknowledges the finding and will ensure that any future debt incurred by the Township will comply with sections within Ohio Revised Code.

FINDING NUMBER 2022-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Ohio Township Handbook (revised March 2019) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2022-002
(Continued)**

Material Weakness (Continued)

The Township did not always record receipts and disbursements into accurate classifications based upon the source of the receipt or the nature of the disbursement.

We noted the Township did not post debt proceeds and capital outlay in 2021 in the amount of \$75,000 for the purchase of a backhoe. This reclass, with which management agrees, is reflected in the accompanying financial statement.

We also noted the following in 2022 and 2021:

- Liquor permit revenue in the amount of \$440 was posted to Property and Other Taxes instead of Intergovernmental in the General Fund in 2022.
- Cambridge Metropolitan Housing Authority settlement in the amount of \$799 (\$279 in the Road and Bridge Fund, \$231 in the Fire Special Levy Fund and \$289 in the Road Improvement Special Levy Fund) was posted to Intergovernmental instead of Property Taxes in 2022.
- Manufactured home property taxes in the amounts of \$2,178 (\$905 in the Road and Bridge Fund, \$637 in the Fire Special Levy Fund and \$636 in the Road Improvement Special Levy Fund) was posted to Intergovernmental instead of Property Taxes in 2022.
- Manufactured home property taxes in the amount of \$2,896 (\$1,112 in the Road and Bridge Fund, \$894 in the Fire Special Levy Fund and \$890 in the Road Improvement Special Levy Fund) was posted to Intergovernmental instead of Property Taxes in 2021.

As these errors are not significant to the opinion units affected in 2021 and 2022, the reclassifications noted above were agreed to by management but will not be posted to the financial statements.

The Township did not have a control process in place to help ensure receipts and expenditures are recorded in the correct classification.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

Officials' Response: The Fiscal Officer acknowledges the posting of these receipts and will correct FY2023 and thereafter to comply.

OHIO AUDITOR OF STATE KEITH FABER



CAMBRIDGE TOWNSHIP

GUERNSEY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/30/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov