



**CITY OF CAMBRIDGE  
GUERNSEY COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CITY OF CAMBRIDGE  
GUERNSEY COUNTY  
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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

City of Cambridge  
Guernsey County  
1131 Steubenville Avenue  
Cambridge, Ohio 43725

To the City Council:

We have audited the accompanying general purpose financial statements of the City of Cambridge, Guernsey County, Ohio, (the City) as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Cambridge, Guernsey County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

September 29, 2000

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*THE CITY OF CAMBRIDGE, OHIO  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 1999*

	<i>Governmental Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$532,273	\$1,669,678	\$153,725	\$70,024
Receivables (net of allowance for doubtful accounts):				
Taxes	769,859	1,113,199	209,123	0
Accounts	3,803	135	0	0
Revolving Loans	0	43,679	0	0
Interest	14,389	1,304	0	0
Intergovernmental Receivables	295,065	216,435	26,375	4,166
Inventory of Supplies at Cost	0	13,650	0	0
Prepaid Items	244	0	0	0
Deferred Charge	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Construction in Progress	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$1,615,633</b>	<b>\$3,058,080</b>	<b>\$389,223</b>	<b>\$74,190</b>



*THE CITY OF CAMBRIDGE, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1999*

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$3,897,581	\$221,505	\$1,164,349	\$0	\$0	\$7,709,135
0	0	0	0	0	2,092,181
794,274	68,113	0	0	0	866,325
0	0	0	0	0	43,679
732	313	3,654	0	0	20,392
0	23,443	9,325	0	0	574,809
13,597	0	0	0	0	27,247
0	0	0	0	0	244
90,722	0	0	0	0	90,722
474,471	0	0	0	0	474,471
15,792,565	0	0	7,774,558	0	23,567,123
0	0	0	6,626	0	6,626
0	0	0	0	153,725	153,725
0	0	0	0	1,608,560	1,608,560
<u>\$21,063,942</u>	<u>\$313,374</u>	<u>\$1,177,328</u>	<u>\$7,781,184</u>	<u>\$1,762,285</u>	<u>\$37,235,239</u>

(Continued)

*THE CITY OF CAMBRIDGE, OHIO*  
*COMBINED BALANCE SHEET*  
*ALL FUND TYPES AND ACCOUNT GROUPS*  
*DECEMBER 31, 1999*

*Governmental*  
*Fund Types*

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$70,163	\$23,611	\$0	\$5,279
Accrued Wages and Benefits	189,382	216,441	0	522
Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	0
Claims Payable	0	0	0	0
Deferred Revenue	342,469	1,222,022	235,498	0
Compensated Absences Payable	4,294	12,777	0	0
Capital Lease Payable	0	0	0	0
Accrued Pension Liability	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable	0	0	0	0
Ohio Public Works Commission Loans Payable	0	0	0	0
Ohio Water Development Authority Loans Payable	0	0	0	0
Revenue Bonds Payable	0	0	0	0
Total Liabilities	606,308	1,474,851	235,498	5,801
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Restricted Assets	0	0	0	0
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	41,505	131,230	0	1,159
Reserved for Supplies Inventory	0	13,650	0	0
Reserved for Prepaid Items	244	0	0	0
Reserved for Debt Service	0	0	153,725	0
Reserved for Revolving Loan	0	43,679	0	0
Reserved for Endowments	0	0	0	0
Unreserved:				
Undesignated	967,576	1,394,670	0	67,230
Total Equity and Other Credits	1,009,325	1,583,229	153,725	68,389
Total Liabilities, Equity and Other Credits	\$1,615,633	\$3,058,080	\$389,223	\$74,190

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF CAMBRIDGE, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 1999**

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$70,725	\$0	\$0	\$0	\$0	\$169,778
111,329	0	0	0	0	517,674
110,053	0	314,159	0	0	424,212
14,753	0	0	0	0	14,753
0	73,273	0	0	0	73,273
0	0	0	0	0	1,799,989
128,648	0	0	0	310,044	455,763
25,360	0	0	0	4,917	30,277
0	0	0	0	578,914	578,914
0	0	0	0	815,000	815,000
188,091	0	0	0	0	188,091
0	0	0	0	53,410	53,410
7,466,184	0	0	0	0	7,466,184
3,025,426	0	0	0	0	3,025,426
11,140,569	73,273	314,159	0	1,762,285	15,612,744
0	0	0	7,781,184	0	7,781,184
4,900,622	0	0	0	0	4,900,622
474,471	0	0	0	0	474,471
4,548,280	240,101	0	0	0	4,788,381
0	0	0	0	0	173,894
0	0	0	0	0	13,650
0	0	0	0	0	244
0	0	0	0	0	153,725
0	0	0	0	0	43,679
0	0	43,169	0	0	43,169
0	0	820,000	0	0	3,249,476
9,923,373	240,101	863,169	7,781,184	0	21,622,495
\$21,063,942	\$313,374	\$1,177,328	\$7,781,184	\$1,762,285	\$37,235,239

**THE CITY OF CAMBRIDGE, OHIO**  
**COMBINED STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Funds	
<b>Revenues:</b>						
Taxes	\$2,798,917	\$1,496,856	\$147,106	\$0	\$0	\$4,442,879
Intergovernmental Revenues	924,280	1,771,380	92,703	119,813	0	2,908,176
Charges for Services	2,701	392,885	0	0	0	395,586
Licenses and Permits	4,102	0	0	0	0	4,102
Investment Earnings	186,270	16,383	0	0	37,355	240,008
Special Assessments	0	0	18,789	0	0	18,789
Fines and Forfeitures	647,729	178,193	0	102,799	0	928,721
All Other Revenues	90,715	15,388	0	0	105,859	211,962
Total Revenues	<u>4,654,714</u>	<u>3,871,085</u>	<u>258,598</u>	<u>222,612</u>	<u>143,214</u>	<u>9,150,223</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	1,377,974	1,599,992	0	0	0	2,977,966
Leisure Time Activities	373,653	214,186	0	0	0	587,839
Community Environment	0	669,466	0	0	0	669,466
Transportation	173,484	878,134	0	0	0	1,051,618
General Government	2,376,263	214,737	0	0	0	2,591,000
Other Expenditures	0	0	0	0	106,258	106,258
Capital Outlay	0	0	0	254,316	0	254,316
<b>Debt Service:</b>						
Principal Retirement	0	11,035	140,000	0	0	151,035
Interest and Fiscal Charges	0	0	51,235	0	0	51,235
Total Expenditures	<u>4,301,374</u>	<u>3,587,550</u>	<u>191,235</u>	<u>254,316</u>	<u>106,258</u>	<u>8,440,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	353,340	283,535	67,363	(31,704)	36,956	709,490
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	107,799	367,164	0	55,000	0	529,963
Operating Transfers Out	(437,164)	(364,603)	(15,767)	0	(35,000)	(852,534)
Other Financing Sources	0	174,124	0	0	0	174,124
Other Financing Uses	0	0	0	0	(1,082)	(1,082)
Total Other Financing Sources (Uses)	<u>(329,365)</u>	<u>176,685</u>	<u>(15,767)</u>	<u>55,000</u>	<u>(36,082)</u>	<u>(149,529)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	23,975	460,220	51,596	23,296	874	559,961
Fund Balance Beginning of Year	985,350	1,109,359	102,129	45,093	819,126	3,061,057
Increase in Inventory Reserve	0	13,650	0	0	0	13,650
Fund Balance End of Year	<u>\$1,009,325</u>	<u>\$1,583,229</u>	<u>\$153,725</u>	<u>\$68,389</u>	<u>\$820,000</u>	<u>\$3,634,668</u>

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF CAMBRIDGE, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$2,831,674	\$2,767,501	(\$64,173)	\$1,458,252	\$1,492,572	\$34,320
Intergovernmental Revenues	912,675	951,591	38,916	2,664,374	1,880,243	(784,131)
Charges for Services	2,000	2,869	869	381,572	392,885	11,313
Licenses and Permits	5,300	4,102	(1,198)	0	0	0
Investment Earnings	106,684	184,000	77,316	27,039	18,640	(8,399)
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	590,000	645,899	55,899	163,500	178,966	15,466
All Other Revenues	259,703	92,917	(166,786)	16,860	15,315	(1,545)
<b>Total Revenues</b>	<b>4,708,036</b>	<b>4,648,879</b>	<b>(59,157)</b>	<b>4,711,597</b>	<b>3,978,621</b>	<b>(732,976)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	1,494,453	1,427,196	67,257	1,713,550	1,616,262	97,288
Leisure Time Activities	400,165	373,414	26,751	277,030	246,762	30,268
Community Environment	139,561	286	139,275	1,748,271	739,534	1,008,737
Transportation	185,731	171,145	14,586	1,068,625	891,567	177,058
General Government	2,743,046	2,389,965	353,081	1,255,530	216,894	1,038,636
Other Expenditures	0	0	0	100,000	0	100,000
Capital Outlay	0	0	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	11,035	11,035	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>4,962,956</b>	<b>4,362,006</b>	<b>600,950</b>	<b>6,174,041</b>	<b>3,722,054</b>	<b>2,451,987</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(254,920)	286,873	541,793	(1,462,444)	256,567	1,719,011
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	200,000	107,799	(92,201)	418,952	367,164	(51,788)
Operating Transfers Out	(440,526)	(437,164)	3,362	(364,603)	(364,603)	0
Other Financing Sources	0	0	0	231,000	174,124	(56,876)
Other Financing Uses	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(240,526)</b>	<b>(329,365)</b>	<b>(88,839)</b>	<b>285,349</b>	<b>176,685</b>	<b>(108,664)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(495,446)	(42,492)	452,954	(1,177,095)	433,252	1,610,347
Fund Balance at Beginning of Year	388,929	388,929	0	974,646	974,646	0
Prior Year Encumbrances	102,919	102,919	0	115,677	115,677	0
<b>Fund Balance at End of Year</b>	<b>(\$3,598)</b>	<b>\$449,356</b>	<b>\$452,954</b>	<b>(\$86,772)</b>	<b>\$1,523,575</b>	<b>\$1,610,347</b>

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

**THE CITY OF CAMBRIDGE, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$139,979	\$147,106	\$7,127	\$0	\$0	\$0
Intergovernmental Revenues	79,813	92,703	12,890	304,684	119,813	(184,871)
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0
Special Assessments	16,000	18,789	2,789	0	0	0
Fines and Forfeitures	0	0	0	75,000	105,323	30,323
All Other Revenues	0	0	0	0	0	0
Total Revenues	<u>235,792</u>	<u>258,598</u>	<u>22,806</u>	<u>379,684</u>	<u>225,136</u>	<u>(154,548)</u>
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	88,000	0	88,000
Transportation	0	0	0	0	0	0
General Government	0	0	0	0	0	0
Other Expenditures	0	0	0	0	0	0
Capital Outlay	0	0	0	314,060	281,579	32,481
Debt Service:						
Principal Retirement	140,000	140,000	0	0	0	0
Interest and Fiscal Charges	147,987	51,235	96,752	0	0	0
Total Expenditures	<u>287,987</u>	<u>191,235</u>	<u>96,752</u>	<u>402,060</u>	<u>281,579</u>	<u>120,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,195)	67,363	119,558	(22,376)	(56,443)	(34,067)
<u>Other Financing Sources (Uses):</u>						
Operating Transfers In	0	0	0	55,000	55,000	0
Operating Transfers Out	(15,767)	(15,767)	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Other Financing Uses	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>(15,767)</u>	<u>(15,767)</u>	<u>0</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(67,962)	51,596	119,558	32,624	(1,443)	(34,067)
Fund Balance at Beginning of Year	102,129	102,129	0	34,660	34,660	0
Prior Year Encumbrances	0	0	0	31,160	31,160	0
Fund Balance at End of Year	<u>\$34,167</u>	<u>\$153,725</u>	<u>\$119,558</u>	<u>\$98,444</u>	<u>\$64,377</u>	<u>(\$34,067)</u>

(Continued)

**THE CITY OF CAMBRIDGE, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<i>Expendable Trust Funds</i>			<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$0	\$0	\$0	\$4,429,905	\$4,407,179	(\$22,726)
Intergovernmental Revenues	0	0	0	3,961,546	3,044,350	(917,196)
Charges for Services	0	0	0	383,572	395,754	12,182
Licenses and Permits	0	0	0	5,300	4,102	(1,198)
Investment Earnings	44,100	37,161	(6,939)	177,823	239,801	61,978
Special Assessments	0	0	0	16,000	18,789	2,789
Fines and Forfeitures	0	0	0	828,500	930,188	101,688
All Other Revenues	106,258	106,258	0	382,821	214,490	(168,331)
<b>Total Revenues</b>	<b>150,358</b>	<b>143,419</b>	<b>(6,939)</b>	<b>10,185,467</b>	<b>9,254,653</b>	<b>(930,814)</b>
<b>Expenditures:</b>						
Current:						
Security of Persons and Property	0	0	0	3,208,003	3,043,458	164,545
Leisure Time Activities	0	0	0	677,195	620,176	57,019
Community Environment	0	0	0	1,975,832	739,820	1,236,012
Transportation	0	0	0	1,254,356	1,062,712	191,644
General Government	0	0	0	3,998,576	2,606,859	1,391,717
Other Expenditures	106,258	106,258	0	206,258	106,258	100,000
Capital Outlay	0	0	0	314,060	281,579	32,481
Debt Service:						
Principal Retirement	0	0	0	151,035	151,035	0
Interest and Fiscal Charges	0	0	0	147,987	51,235	96,752
<b>Total Expenditures</b>	<b>106,258</b>	<b>106,258</b>	<b>0</b>	<b>11,933,302</b>	<b>8,663,132</b>	<b>3,270,170</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,100	37,161	(6,939)	(1,747,835)	591,521	2,339,356
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	0	0	0	673,952	529,963	(143,989)
Operating Transfers Out	(35,000)	(35,000)	0	(855,896)	(852,534)	3,362
Other Financing Sources	0	0	0	231,000	174,124	(56,876)
Other Financing Uses	(4,000)	(1,082)	2,918	(4,000)	(1,082)	2,918
<b>Total Other Financing Sources (Uses)</b>	<b>(39,000)</b>	<b>(36,082)</b>	<b>2,918</b>	<b>45,056</b>	<b>(149,529)</b>	<b>(194,585)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,100	1,079	(4,021)	(1,702,779)	441,992	2,144,771
Fund Balance at Beginning of Year	805,986	805,986	0	2,306,350	2,306,350	0
Prior Year Encumbrances	0	0	0	249,756	249,756	0
<b>Fund Balance at End of Year</b>	<b>\$811,086</b>	<b>\$807,065</b>	<b>(\$4,021)</b>	<b>\$853,327</b>	<b>\$2,998,098</b>	<b>\$2,144,771</b>

*THE CITY OF CAMBRIDGE, OHIO*  
*COMBINED STATEMENT OF REVENUES, EXPENSES*  
*AND CHANGES IN RETAINED EARNINGS/FUND BALANCES*  
*ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS*  
*FOR THE YEAR ENDED DECEMBER 31, 1999*

	Enterprise Funds	Internal Service Fund	Nonexpendable Trust Funds	Totals (Memorandum Only)
<u>Operating Revenues:</u>				
Charges for Service	\$4,280,400	\$496,750	\$0	\$4,777,150
Investment Earnings	0	0	616	616
Total Operating Revenues	4,280,400	496,750	616	4,777,766
<u>Operating Expenses:</u>				
Personal Services	1,187,065	0	0	1,187,065
Materials and Supplies	701,350	0	0	701,350
Contractual Services	583,916	155,910	0	739,826
Health Insurance Claims	0	388,280	0	388,280
Utilities	303,907	0	0	303,907
Depreciation	558,607	0	0	558,607
Other Expenses	21,773	0	7,572	29,345
Total Operating Expenses	3,356,618	544,190	7,572	3,908,380
Operating Income (Loss)	923,782	(47,440)	(6,956)	869,386
<u>Nonoperating Revenues (Expenses):</u>				
Investment Earnings	27,857	4,066	0	31,923
Interest and Fiscal Charges	(199,033)	0	0	(199,033)
Other Nonoperating Revenue	5,021	0	0	5,021
Other Nonoperating Expense	(2,899)	0	0	(2,899)
Total Nonoperating Revenues (Expenses)	(169,054)	4,066	0	(164,988)
Income (Loss) Before Operating Transfers	754,728	(43,374)	(6,956)	704,398
<u>Operating Transfers:</u>				
Operating Transfers In	376,857	150,000	0	526,857
Operating Transfers Out	(204,286)	0	0	(204,286)
Total Operating Transfers	172,571	150,000	0	322,571
Net Income (Loss)	927,299	106,626	(6,956)	1,026,969
Retained Earnings/Fund Balance at Beginning of Year	4,095,452	133,475	50,125	4,279,052
Retained Earnings/Fund Balance at End of Year	\$5,022,751	\$240,101	\$43,169	\$5,306,021

The notes to the general purpose financial statements are an integral part of this statement.



*THE CITY OF CAMBRIDGE, OHIO  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999*

	Enterprise Funds	Internal Service Fund	Non- Expendable Trust Funds	Totals (Memorandum Only)
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$4,362,766	\$0	\$0	\$4,362,766
Cash Received from Quasi-External Transactions	0	496,000	0	496,000
Cash Payments for Goods and Services	(1,759,807)	0	(7,572)	(1,767,379)
Cash Payments to Employees	(1,175,181)	(216,263)	0	(1,391,444)
Cash Payments for Claims	0	(413,564)	0	(413,564)
Net Cash Provided (Used) by Operating Activities	<u>1,427,778</u>	<u>(133,827)</u>	<u>(7,572)</u>	<u>1,286,379</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	376,857	150,000	0	526,857
Transfers Out To Other Funds	(204,286)	0	0	(204,286)
Net Cash Provided by Noncapital Financing Activities	<u>172,571</u>	<u>150,000</u>	<u>0</u>	<u>322,571</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(98,321)	0	0	(98,321)
Proceeds from Ohio Water Development Authority Loans	22,318	0	0	22,318
Principal Paid on Special Assessment Bonds	(5,000)	0	0	(5,000)
Principal Paid on Revenue Bonds	(120,000)	0	0	(120,000)
Interest Paid on All Debt	(183,891)	0	0	(183,891)
Net Cash Used for Capital and Related Financing Activities	<u>(384,894)</u>	<u>0</u>	<u>0</u>	<u>(384,894)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	28,426	5,127	631	34,184
Net Cash Provided by Investing Activities	<u>28,426</u>	<u>5,127</u>	<u>631</u>	<u>34,184</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,243,881	21,300	(6,941)	1,258,240
Cash and Cash Equivalents at Beginning of Year	3,128,171	200,205	50,066	3,378,442
Cash and Cash Equivalents at End of Year	<u>\$4,372,052</u>	<u>\$221,505</u>	<u>\$43,125</u>	<u>\$4,636,682</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>				
Cash and Cash Equivalents	\$3,897,581	\$221,505	\$1,164,349	\$5,283,435
Restricted Cash and Cash Equivalents	474,471	0	0	474,471
Less Cash and Cash Equivalents in Agency Funds	0	0	(314,159)	(314,159)
Less Cash and Cash Equivalents in Expendable Trust Funds	0	0	(807,065)	(807,065)
Cash and Cash Equivalents at End of Year	<u>\$4,372,052</u>	<u>\$221,505</u>	<u>\$43,125</u>	<u>\$4,636,682</u>

(Continued)

**THE CITY OF CAMBRIDGE, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Funds	Internal Service Fund	Non- Expendable Trust Funds	Totals (Memorandum Only)
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$923,782	(\$47,440)	(\$6,956)	\$869,386
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Miscellaneous Nonoperating Income	5,021	0	0	5,021
Miscellaneous Nonoperating Expense	(35)	0	0	(35)
Depreciation Expense	558,607	0	0	558,607
Interest Income	0	0	(631)	(631)
Changes in Assets and Liabilities:		0		
(Increase) Decrease in Accounts Receivable	33,038	(68,113)	0	(35,075)
Decrease in Interest Receivable	0	0	15	15
Decrease in Intergovernmental Receivable	0	7,010	0	7,010
Increase in Inventory	(13,597)	0	0	(13,597)
Decrease in Accounts Payable	(96,100)	0	0	(96,100)
Decrease in Intergovernmental Payables	(36)	0	0	(36)
Decrease in Claims Payable	0	(25,284)	0	(25,284)
Increase in Accrued Wages and Benefits	11,582	0	0	11,582
Increase in Due to Others (Customer Deposits)	5,214	0	0	5,214
Increase in Compensated Absences	302	0	0	302
Total Adjustments	503,996	(86,387)	(616)	416,993
Net Cash Provided (Used) by Operating Activities	<u>\$1,427,778</u>	<u>(\$133,827)</u>	<u>(\$7,572)</u>	<u>\$1,286,379</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 1999, the Water Fund had outstanding liabilities of \$1,462 for the purchase of certain capital assets.

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF CAMBRIDGE, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Cambridge, Ohio (the "City") 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 City was incorporated in 1837 and is a statutory municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government.

The accompanying general purpose financial statements comply with the provisions of the Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

**Related Organizations**

***Guernsey County Convention Facilities Authority*** – The Convention Facilities Authority (CFA) was created pursuant to state statutes for the purpose of constructing, equipping, and operating a convention facility in Guernsey County. The Authority operates under the direction of an eleven member appointed board of directors. This board consists of six members appointed by Guernsey County, three members appointed by the Mayor of Cambridge, and two members appointed by the remaining municipal corporations located within the County. The City's accountability does not extend beyond making the appointments.

***Cambridge Metropolitan Housing Authority*** – The Cambridge Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Related Organizations (Continued)

Two members are appointed by the Mayor of Cambridge, one member is appointed by the common pleas court judge, and one member is appointed by the Guernsey County Commissioners. The City is not financially accountable for the Authority.

*Guernsey County Airport Authority* - The Guernsey County Airport Authority was created to provide for the orderly development of aviation facilities in the region. The Authority is governed by a five member board. The initial board consisted of three members appointed by the City of Cambridge and two members appointed by the Board of County Commissioners. The City of Cambridge provides 90% of the funds received by the Authority. However, the City is not financially accountable for the Authority.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

*Governmental Funds* - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except that accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's governmental fund types:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - These funds are used for the accumulation of resources for the payment of general and special assessment long-term debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than that financed by the proprietary funds).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation - Fund Accounting** (Continued)

***Proprietary Funds*** - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) are segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**Enterprise Funds** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Internal Service Fund** - This fund is used to account for the financing of services provided by one department to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.

***Fiduciary Funds*** - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains expendable trust funds, nonexpendable trust funds and agency funds.

**Expendable Trust Funds** - These funds are accounted for and reported similarly to governmental funds.

**Nonexpendable Trust Funds** - These funds are accounted for and reported similarly to proprietary funds.

**Agency Funds** - These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Account Groups*** - To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

**General Long-Term Obligations Account Group** - This account group is established to account for all long-term liabilities of the City except that accounted for in the proprietary funds.

**C. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Basis of Accounting** (Continued)

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments and other local taxes (including hotel/motel tax and estate taxes) Other revenues, including licenses, permits, certain charges for services, fines and forfeitures, income taxes other than that withheld by employers and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until actually received.

Property taxes measurable as of December 31, 1999, but are not intended to finance 1999 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and non-expendable trust funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Budgetary Process** (Continued)

1. Tax Budget

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

3. Appropriations

A temporary appropriations ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriations ordinance establishes spending controls at the fund, department and object level. The appropriations ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual -- All Governmental Fund Types and Expendable Trust Funds" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Budgetary Process** (Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriations balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservation of fund balance (GAAP basis).

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the governmental funds and expendable trust funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Expendable Trust Funds
GAAP Basis (as reported)	\$23,975	\$460,220	\$51,596	\$23,296	\$874
Increase (Decrease):					
Accrued Revenues at December 31, 1999 received during 2000	(740,647)	(152,730)	0	(4,166)	(12,935)
Accrued Revenues at December 31, 1998 received during 1999	734,812	260,266	0	6,690	13,140
Accrued Expenditures at December 31, 1999 paid during 2000	263,839	252,829	0	5,801	0
Accrued Expenditures at December 31, 1998 paid during 1999	(241,310)	(241,230)	0	(27,417)	0
1999 Prepays for 2000	(244)	0	0	0	0
Outstanding Encumbrances	(82,917)	(146,103)	0	(5,647)	0
Budget Basis	<u>(\$42,492)</u>	<u>\$433,252</u>	<u>\$51,596</u>	<u>(\$1,443)</u>	<u>\$1,079</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit with original maturities of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the general purpose financial statements because it is a highly liquid instrument which is readily convertible to cash.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash, including the investment instrument described above, represents the balance on hand as if each fund maintained its own cash and investments account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be a cash equivalent. See Note 3 "Cash, Cash Equivalents and Investments."

**F. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. The City allocates interest among the various funds based upon applicable legal and administrative requirements. See Note 3, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999.

**G. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**H. Fixed Assets and Depreciation**

The accounting and reporting treatment applied to fixed assets is determined by the ultimate use:

1. Property, Plant and Equipment-General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. The City has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary funds are stated at appraised historical cost. Contributed fixed assets are recorded at fair market value at the date received. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings	20 - 40
Improvements Other Than Buildings	25 - 65
Machinery, Equipment, Furniture and Fixtures	3 - 20

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings.

3. Capitalization of Interest

In accordance with FASB Statement 62, the City adopted the policy of capitalizing net interest costs on funds borrowed to finance the construction of fixed assets. For the year ended December 31, 1999, no interest cost was capitalized in connection with funds borrowed from the Ohio Water Development Authority.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**I. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Swimming Pool Debt Service Fund
Special Assessment Bonds	Water Fund, Sewer Fund
Mortgage Revenue Bond	Water Fund
Capital Leases	Cemetery Fund, Water Fund
OWDA Loans	Sewer Debt Reserve Fund
OPWC Loans	Municipal Motor Vehicle Tax Fund
Compensated Absences	General Fund, Street Fund, Fire Fund Cemetery Fund, Water Fund, Sewer Fund
Accrued Pension Liability	Police Pension Fund, Fire Pension Fund

**J. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, the portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the water and sewer enterprise funds when earned, and the related liability is reported within the fund.

**K. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**L. Bond Discounts/Issuance Costs**

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

**M. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations. There were no residual equity transfers made during 1999.

**N. Contributed Capital**

Proprietary fund type contributed capital is recorded at fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings.

**O. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for prepaid items, inventories of supplies and encumbered amounts that have not been accrued at year end.

**P. Total Columns on Combined Financial Statements - Overview**

Total columns on the "Combined Financial Statements-Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

**Fund Deficits-** The fund deficits at December 31, 1999 of \$41,224 in the Police Pension Fund, \$221,212 in the Fire Pension Fund and \$1,291 in the Federal VOCA Grant Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Deficits do not exist under the budgetary basis of accounting. Operating transfers are provided when cash is required, not when accruals occur.

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. Pooled monies held in the State Treasury Asset Reserve (STAR Ohio) are included as cash and cash equivalents for financial statement reporting purposes. However, these monies are classified as investments for footnote disclosure purposes. Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities 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;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

*Deposits:*

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

*Investments:*

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

**A. Deposits**

At year end, the carrying value of the City's deposits was \$7,348,630 and the bank balance was \$7,542,066. Of the bank balance, \$400,000 was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining deposits were classified as Category 3.

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments**

The City's investments at December 31, 1999 were as follows:

<u>Non-Categorized Investments</u>	<u>Fair Value</u>
STAR Ohio	\$834,976

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as a cash equivalent. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$8,183,606	\$0
Investments:		
STAR Ohio	(834,976)	834,976
Per GASB Statement No. 3	<u>\$7,348,630</u>	<u>\$834,976</u>

**NOTE 4 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 1997. Real property taxes are payable annually or semiannually. The first payment is due January 20; the remainder is payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year.



**NOTE 4 – TAXES (Continued)**

**A. Property Taxes (Continued)**

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semiannually: the first payment is due April 30; the remainder is payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Cambridge. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 1999 was \$14.00 per \$1,000 of assessed value. The assessed value upon which the 1999 tax receipts were based was \$123,789,330. This amount constitutes \$83,048,350 in real property assessed value, \$10,415,730 in public utility assessed value and \$30,325,250 tangible personal property assessed value. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is 1.40% (14.00 mills) of assessed value.

**B. Income Tax**

The City levies a tax of 1.25% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes, accounts receivable, loans, interest and intergovernmental receivables arising from shared revenues.

## NOTE 6 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 1999:

Fund	Transfer In	Transfer Out
General Fund	\$107,799	\$437,164
Special Revenue Funds:		
Cemetery Fund	95,000	0
Police Pension Fund	148,017	0
Tree Fund	5,000	0
Municipal Airport Fund	115,000	0
FEMA Fund	0	364,603
Park Fund	1,210	0
Sent Fund	2,937	0
Total Special Revenue Funds	367,164	364,603
Debt Service Fund:		
Bond Retirement Fund	0	15,767
Capital Projects Fund:		
Capital Project Issue II Fund	55,000	0
Expendable Trust Funds		
Northwood Cemetery Maintenance	0	30,000
Cemetery Endowment Trust Fund	0	5,000
Total Expendable Trust Funds	0	35,000
Enterprise Funds:		
Sewer Fund	235,779	90,439
Water Fund	141,078	113,847
Total Enterprise Funds	376,857	204,286
Internal Service Fund:		
Insurance Fund	150,000	0
Total All Funds	\$1,056,820	\$1,056,820

## NOTE 7 - FIXED ASSETS

**A. General Fixed Assets**

Summary by category of changes in general fixed assets:

Category	December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$470,269	\$0	\$0	\$470,269
Buildings	2,205,366	1,515	0	2,206,881
Improvements Other Than Buildings	1,668,397	7,858	0	1,676,255
Machinery and Equipment	3,157,993	298,616	(35,456)	3,421,153
Construction in Progress	6,626	0	0	6,626
Totals	\$7,508,651	\$307,989	(\$35,456)	\$7,781,184

**B. Proprietary Fixed Assets**

Summary by Category at December 31, 1999:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$222,088	\$0	\$222,088
Buildings	9,245,558	(2,506,788)	6,738,770
Improvements Other Than Buildings	13,463,084	(4,891,772)	8,571,312
Machinery and Equipment	1,084,507	(824,112)	260,395
Total	\$24,015,237	(\$8,222,672)	\$15,792,565

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS**

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Public Employees Retirement System (the "PERS of Ohio")**

The following information was provided by the PERS of Ohio to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$421,730, \$402,243 and \$383,916, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 4.2% of covered payroll which amounted to \$130,721.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

**A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)**

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

**B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)**

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 1999, 1998 and 1997 were \$171,292, \$170,992 and \$163,565 for police and \$196,346, \$193,405 and \$171,630 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 1999 covered payroll that was used to fund postemployment health care benefits was \$61,489 representing 7.00% of covered payroll for police and \$57,268 representing 7.00% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

**NOTE 9 – COMPENSATED ABSENCES**

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon separation from the City an employee with service of five years or more with the City receives a lump sum settlement for all unused sick leave at the rate of one-half of all unused sick leave or a maximum of 60 days or 480 hours. The monetary compensation is at the hourly rate of compensation of the employee at the time of resignation if the employee is not given credit at his next place of employment.

At December 31, 1999 the total liability for accumulated unpaid sick leave time and unpaid compensatory time recorded in the General Long-Term Obligations Account Group was as follows:

	Hours	Amount
Sick Leave	42,629	\$306,731
Compensatory Time	216	3,313
<b>Total</b>	<b>42,845</b>	<b>\$310,044</b>

In addition, the accrued liability for accumulated unpaid sick leave time recorded in the enterprise funds increased \$302 from a beginning year balance of \$128,346 to an ending year balance of \$128,648.

**NOTE 10 - CAPITAL LEASES**

The City is obligated under two leases for cemetery mowers and water department mowers. Both leases are accounted for as capital leases. The cost of the equipment obtained under capital leases is included in the appropriate proprietary fund or the General Fixed Assets Account Group and the related liability is included in the appropriate proprietary fund or the General Long-Term Obligations Account Group.

The following is a schedule of the future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 1999.

Year Ending December 31,	Enterprise Funds	General Long-Term Obligations Account Group	Totals
2000	\$12,181	\$5,063	\$17,244
2001	12,181	0	12,181
2002	3,045	0	3,045
Minimum Lease Payments	27,407	5,063	32,470
Less amount representing interest at the City's incremental borrowing rate of interest	(2,047)	(146)	(2,193)
<b>Present value of minimum lease payments</b>	<b>\$25,360</b>	<b>\$4,917</b>	<b>\$30,277</b>

## NOTE 11 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 1999 were as follows:

		Balance December 31, 1998	Issued (Retired)	Balance December 31, 1999
<b>Enterprise Funds Long-Term Debt:</b>				
Mortgage Revenue Bond:				
Waterworks Improvement	1995 - 2015	\$3,139,086	(\$120,000)	
			6,340	\$3,025,426
Total Mortgage Revenue Bond		<u>3,139,086</u>	<u>(113,660)</u>	<u>3,025,426</u>
Special Assessment Bonds:				
Waterline Improvement	1997 - 2017	50,022	(1,297)	
			50	48,775
Sewerline Improvement	1997 - 2017	142,877	(3,703)	
			142	139,316
Total Special Assessment Bonds		<u>192,899</u>	<u>(4,808)</u>	<u>188,091</u>
OWDA Loans:				
Water Pollution Improvement	2011	3,592,608	0	3,592,608
Water Pollution Improvement	2019	3,851,258	22,318	3,873,576
Total OWDA Loans		<u>7,443,866</u>	<u>22,318</u>	<u>7,466,184</u>
Total Enterprise Funds Long-Term Debt		<u>10,775,851</u>	<u>(96,150)</u>	<u>10,679,701</u>
<b>Other Enterprise Long-Term Obligations:</b>				
Capital Leases		35,456	(10,096)	25,360
Total Enterprise Funds Long-Term Debt and Other Enterprise Long-Term Obligations		<u>\$10,811,307</u>	<u>(\$106,246)</u>	<u>\$10,705,061</u>
<b>General Long-Term Debt:</b>				
General Obligation Bonds:				
Recreational Facility Bonds	2004	\$955,000	(\$140,000)	\$815,000
Ohio Public Works Commission Loans:				
Street Paving '93B	2004	16,940	(3,080)	13,860
Various Street Resurfacing	2004	8,672	(1,734)	6,938
Street Project '98	2004	9,986	(1,997)	7,989
Street Project '94	2005	9,289	(1,430)	7,859
Street Project '95	2006	19,558	(2,794)	16,764
Total Ohio Public Works Commission Loans		<u>64,445</u>	<u>(11,035)</u>	<u>53,410</u>
Total General Long-Term Debt		<u>1,019,445</u>	<u>(151,035)</u>	<u>868,410</u>
<b>Other Long-Term Obligations:</b>				
Compensated Absences		317,800	(7,756)	310,044
Capital Leases		9,417	(4,500)	4,917
Accrued Pension Liability		585,841	(6,927)	578,914
Total Other Long-Term Obligations		<u>913,058</u>	<u>(19,183)</u>	<u>893,875</u>
Total General Long-Term Debt and Other Long-Term Obligations		<u>\$1,932,503</u>	<u>(\$170,218)</u>	<u>\$1,762,285</u>

The principal amount of the City's special assessment debt outstanding at December 31, 1999, \$188,091, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

**NOTE 11 - LONG-TERM OBLIGATIONS (Continued)**

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 1999 follows:

Years	General Obligation Bonds		Mortgage Revenue Bond		OWDA Loans		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$145,000	\$44,096	\$118,918	\$166,495	\$364,326	\$330,417	\$4,814	\$10,540
2001	155,000	36,556	129,196	160,245	381,343	313,398	4,818	10,305
2002	165,000	28,340	134,484	153,360	399,167	295,576	4,823	10,065
2003	170,000	19,430	144,793	146,150	417,831	276,912	9,833	9,820
2004	180,000	10,080	150,112	138,350	437,378	257,364	9,843	9,320
2005-2009	0	0	885,961	558,113	2,514,053	959,658	49,367	38,802
2010-2014	0	0	1,181,962	280,225	1,878,896	389,594	59,637	24,360
2015-2035	0	0	280,000	15,400	1,073,190	98,819	44,956	5,220
Totals	\$815,000	\$138,502	\$3,025,426	\$1,618,338	\$7,466,184	\$2,921,738	\$188,091	\$118,432

Years	OPWC Loans		Police/Fire Accrued Pension Liability		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$11,035	\$0	\$7,224	\$24,528	\$15,716	\$1,529	\$667,033	\$577,605
2001	11,035	0	7,535	24,217	11,550	632	700,477	545,353
2002	11,035	0	7,858	23,894	3,011	32	725,378	511,267
2003	11,035	0	8,196	23,556	0	0	761,688	475,868
2004	5,764	0	8,549	23,204	0	0	791,646	438,318
2005-2009	3,506	0	48,574	110,189	0	0	3,501,461	1,666,762
2010-2014	0	0	59,945	98,821	0	0	3,180,440	793,000
2015-2035	0	0	431,033	219,465	0	0	1,829,179	338,904
Totals	\$53,410	\$0	\$578,914	\$547,874	\$30,277	\$2,193	\$12,157,302	\$5,347,077

**A. Police and Firemen's Pension Fund**

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 1999 was \$1,126,788 in principal and interest payments through the year 2035. Only the principal amount of \$578,914 is included in the General Long-Term Obligations Account Group.



**NOTE 11 - LONG-TERM OBLIGATIONS (Continued)**

**B. Revenue Bond Covenants**

Provisions of the revenue bond require the City to do the following:

1. Make monthly deposits to Fifth Third Bank equal to 1/12 of annual principal and interest amounts minus investment earnings on the deposits.
2. Deposit monthly \$2,500 into a City-held Water Replacement and Improvement Account until the balance in the account totals \$300,000. Moneys may be spent from the account for replacements and improvements to the water system at any time. As long as the balance is less than \$300,000, monthly deposits will be made.
3. Annually the City will review the previous year's receipts and expenditures in the water fund. In any year that receipts are not sufficient after deducting operating and maintenance expenses to equal 110% of debt service, an outside consultant must be hired to review rates and the City must then act upon his recommendations within 60 days of the receipt of those recommendations.

**NOTE 12 - INSURANCE AND RISK MANAGEMENT**

**A. Self Insurance**

The City maintains a self-funded health insurance program with claims processed by Harrington, Administrators on behalf of the City. A separate Self-Insurance Fund (an internal service fund) was created in 1989 to account for and finance the health insurance program. As an integral part of the health insurance program, a reinsurance policy has been purchased which covers claims in excess of \$35,000 per individual per year up to a maximum of \$1,000,000 per individual per lifetime. Settled claims have not exceeded the commercial coverage limits in any of the past three fiscal years.

All funds of the City from which employee salaries are paid participate in the health insurance program and make payments to the Self-Insurance Fund. The reserve was \$240,101 at December 31, 1999 and is reported as a reserve of the Self Insurance Fund balance. Total contributions to the program during the year were \$496,000. The claims liability of \$73,273 reported in the Self Insurance Fund at December 31, 1999 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 12 - INSURANCE AND RISK MANAGEMENT (Continued)

**A. Self Insurance** (Continued)

Changes in the Fund's claims liability amount in fiscal 1998 and 1999 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1998	\$83,862	\$297,589	(\$282,894)	\$98,557
1999	98,557	388,280	(413,564)	73,273

**B. Other Insurance**

The City 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. The City of Cambridge is a participant in the Ohio Municipal League Joint Self-Insurance Pool (the "Pool"). The Pool was established in 1987 and is administered under contract by the Ohio Municipal League to provide a program of property and casualty insurance for its member organizations throughout the State of Ohio.

The Pool's general objectives are to formulate, develop and administer a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program on behalf of the member political subdivisions. Political subdivisions joining the Pool may withdraw at the end of any coverage period upon 60 days prior written notice to the Pool. Under agreement, members who terminate participation in the Pool as well as current members are subject to a supplemental assessment or a refund, at the discretion of the Board of Trustees, depending on the ultimate loss experience of all the entities it insures for each coverage year. To date, there has been no assessments or refunds, due to the limited period of time that the Pool has been in existence and the nature of the coverage that is afforded to the participants.

The City of Cambridge obtained insurance coverage from the Pool for years 1998 - 1999 for losses related to liability, property, and automobile.

The City of Cambridge carried commercial (or maintained self-insurance) insurance coverage for the years 1998 - 1999 for all other risks and pays unemployment claims to the State of Ohio as incurred. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Each participant makes an annual "contribution" to the Pool for the coverage they are provided, based on rates established by the Pool, using anticipated and actual results of operation for the various coverages provided. Participants are also charged for a "surplus contribution" that is used to build the Pool's retained earning account to fund the activities of the Pool. During 1999, the City of Cambridge made contributions to the Pool totaling \$124,783.

**NOTE 12 - INSURANCE AND RISK MANAGEMENT (Continued)**

**B. Other Insurance (Continued)**

In the ordinary course of business, the Pool cedes a portion of its exposure to other insurers. These arrangements are placed by a subsidiary of the Pool operator and limit the maximum net loss on individual risks.

Treaty basis casualty excess of loss contracts in force at December 31, 1999 generally protect the Pool against individual losses over \$150,000 (\$200,000 from November 1, 1992 to October 31, 1993).

Additionally, treaty basis property coverage protects the Pool against losses subject to a deductible of \$50,000 beginning November 1, 1994. Previously the deductible was the lesser of \$50,000 per location or \$100,000 per occurrence. Since November 1, 1990, the Pool is limited to an annual aggregate loss of \$300,000 (\$150,000 prior to November 1, 1990) under this treaty.

The Pool is, and ultimately the participants are, contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City pays unemployment claims to the State of Ohio as incurred.

**NOTE 13 - CONTRIBUTED CAPITAL**

There were no changes to contributed capital during 1999. Contributed capital is as follows:

	Balance 12/31/1999
Water	\$1,926,294
Sewer	2,974,328
Total Enterprise	<u>\$4,900,622</u>

**NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Included in the services provided by the City financed primarily by user charges are water treatment and distribution and wastewater collection and treatment. The key financial information for the year ended December 31, 1999 for these enterprise activities is as follows:

	Water	Sewer	Total
Operating Revenues	\$2,043,508	\$2,236,892	\$4,280,400
Depreciation	355,815	202,792	558,607
Operating Income	143,182	780,600	923,782
Operating Transfers In	141,078	235,779	376,857
Operating Transfers Out	(113,847)	(90,439)	(204,286)
Net Income	2,907	924,392	927,299
Property, Plant and Equipment:			
Additions	8,868	20,433	29,301
Deletions	9,343	31,775	41,118
Assets	10,960,814	10,103,128	21,063,942
Net Working Capital	2,143,860	2,255,464	4,399,324
Loans and Bonds Payable	6,947,777	3,731,924	10,679,701
Total Equity	3,692,414	6,230,959	9,923,373

**NOTE 15 - JOINTLY GOVERNED ORGANIZATION**

The City is associated with the Southeastern Ohio Narcotics Team (S.E.N.T.). S.E.N.T. is a multi jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Belmont, Carroll, Guernsey, Harrison, Monroe, and Tuscarawas Counties. S.E.N.T. is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match 25 percent. Of the 32 board members, the City appoints two. Each member's control over the operation of S.E.N.T. is limited to its representation on the board. In 1999 the City contributed \$3,655 to S.E.N.T. which represents 6.80% of total contributions.

**NOTE 16 - CONSTRUCTION COMMITMENTS**

As of December 31, 1999, the City had the following commitments with respect to capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Sanitary Sewer Improvements	\$80,613	Summer 2000

**NOTE 17 - CONDUIT DEBT OBLIGATIONS**

From time to time, the City has issued Revenue Bonds to provide financial assistance to the City's hospital facilities. The monies are used primarily for upgrades to these facilities. The City has no obligation for the repayment of this debt. The bonds are not bonded indebtedness of the City and are therefore not reported on the City's balance sheet. At December 31, 1999, there were two series of Revenue Bonds outstanding, with a principal amount payable of \$19,240,000.

**NOTE 18 - CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

*THE CITY OF CAMBRIDGE, OHIO*  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Balance December 31, 1998	Additions	Deductions	Balance December 31, 1999
<b><u>Municipal Court</u></b>				
Assets:				
Cash and Cash Equivalents	\$193,509	\$2,466,760	(\$2,443,527)	\$216,742
Total Assets	<u>\$193,509</u>	<u>\$2,466,760</u>	<u>(\$2,443,527)</u>	<u>\$216,742</u>
Liabilities:				
Due to Others	\$193,509	\$2,466,760	(\$2,443,527)	\$216,742
Total Liabilities	<u>\$193,509</u>	<u>\$2,466,760</u>	<u>(\$2,443,527)</u>	<u>\$216,742</u>
<b><u>SENT Grant Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$154,211	\$76,306	(\$152,872)	\$77,645
Total Assets	<u>\$154,211</u>	<u>\$76,306</u>	<u>(\$152,872)</u>	<u>\$77,645</u>
Liabilities:				
Due to Others	\$154,211	\$76,306	(\$152,872)	\$77,645
Total Liabilities	<u>\$154,211</u>	<u>\$76,306</u>	<u>(\$152,872)</u>	<u>\$77,645</u>
<b><u>Municipal Trust Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$17,170	\$2,856	(\$254)	\$19,772
Total Assets	<u>\$17,170</u>	<u>\$2,856</u>	<u>(\$254)</u>	<u>\$19,772</u>
Liabilities:				
Due to Others	\$17,170	\$2,856	(\$254)	\$19,772
Total Liabilities	<u>\$17,170</u>	<u>\$2,856</u>	<u>(\$254)</u>	<u>\$19,772</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$364,890	\$2,545,922	(\$2,596,653)	\$314,159
Total Assets	<u>\$364,890</u>	<u>\$2,545,922</u>	<u>(\$2,596,653)</u>	<u>\$314,159</u>
Liabilities:				
Due to Others	\$364,890	\$2,545,922	(\$2,596,653)	\$314,159
Total Liabilities	<u>\$364,890</u>	<u>\$2,545,922</u>	<u>(\$2,596,653)</u>	<u>\$314,159</u>

**CITY OF CAMBRIDGE  
GUERNSEY COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass-Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. Department of Justice</u></b>			
<i>Passed Through Ohio Attorney General's Office:</i>			
Victims of Crime Act	98-VADSCE-029	16.575	\$10
	99-VAGENE-029	16.575	12,671
	00-VAGENE-029	16.575	<u>7,130</u>
Total Victims of Crime Act			<u>19,811</u>
<i>Passed Through Office of Criminal Justice Services:</i>			
Drug Control and System Improvement Act	97-DG-A01-7195	16.579	51,156
	98-DG-A01-7195	16.579	<u>63,622</u>
Total Drug Control and System Improvement Act			<u>114,778</u>
Edward Byrne Memorial State and Local Law Enforcement Assistance Program	97-DG-D02-7178*	16.580	6,254
Law Enforcement Block Grant	98-LE-LEB-3167	16.592	9,000
<i>Direct Programs:</i>			
Community Oriented Policing Services (COPS)	95CFWX1866	16.710	21,826
COPS More	96CMWX0703	16.710	<u>74,170</u>
Total Community Oriented Policing Services (COPS)			<u>95,996</u>
Total U.S. Department of Justice			<u>245,839</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant (Small Cities Program)	A-F-97-100-1	14.228	39,830
Community Development Block Grant CHIP Grant	A-C-97-100-1	14.228	<u>339,606</u>
Total Community Development Block Grant			<u>379,436</u>
Total U.S. Department of Housing and Urban Development			<u>379,436</u>
<b><u>U.S. Department of Federal Emergency Management Agency</u></b>			
<i>Passed Through Ohio Department of Public Safety:</i>			
Disaster Assistance Grant	12277-DR-059-10996	83.544	133,582
Hazard Mitigation Grant	FEMA-DR-1227-0008	83.548	<u>16,024</u>
Total U.S. Department of Federal Emergency Management Agency			<u>149,606</u>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Direct Program:</i>			
Housing Preservation	N/A	10.433	25,608
Total U.S. Department of Agriculture			<u>25,608</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$800,489</u></u></b>

\*- Passed through City to Cambridge MHA

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF CAMBRIDGE  
GUERNSEY COUNTY  
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - COMMUNITY DEVELOPMENT BLOCK PROGRAM REVOLVING LOAN PROGRAM**

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passes through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirement imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 1999, the gross amount of loans outstanding under this program was \$43,679 and is exhibited on the Combined Balance Sheet in the Special Revenue Fund Type as Loans Receivable.

**NOTE C - MATCHING REQUIREMENTS**

Certain federal programs require that the City contribute non-federal funds (matching funds) to support the federally-funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Cambridge  
Guernsey County  
1131 Steubenville Avenue  
Cambridge, Ohio 43725

To the City Council:

We have audited the financial statements of the City of Cambridge, Guernsey County, Ohio, (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated September 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 21030-1999-001 and 21030-1999-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated September 29, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weaknesses is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 29, 2000.

This report is intended for the information and use of management, the City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

September 29, 2000



STATE OF OHIO  
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JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OBM CIRCULAR A-133**

City of Cambridge  
Guernsey County  
1131 Steubenville Avenue  
Cambridge, Ohio 43725

To the City Council:

**Compliance**

We have audited the compliance of the City of Cambridge, Guernsey County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The City's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to management of the City in a separate letter dated September 29, 2000.

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

September 29, 2000

CITY OF CAMBRIDGE  
 GUERNSEY COUNTY  
 SCHEDULE OF FINDINGS  
 OMB CIRCULAR A-133 § .505  
 DECEMBER 31, 1999

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CHIP Grant CFDA # 14.228 Disaster Assistance Grant CFDA #83.544
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	No

**CITY OF CAMBRIDGE  
GUERNSEY COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 21030-1999-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
  
- B. Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Forty percent of the City's expenditures tested did not include prior certification of the Auditor. These commitments were not subsequently resolved to be paid by the Council within the aforementioned 30 day time period.

We recommend that the City Auditor certify the availability of funds prior to the cash expenditure, and to encumber the entire amount of the invoice at the time the purchase order is approved.

**FINDING NUMBER 21030-1999-002**

**Noncompliance Citation**

Ohio Rev. Code Section 135.18 requires the Treasurer of a political subdivision to require their depositories to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds or pledged securities.

As of December 31, 1999, the City maintained \$886,912 in depository funds which lacked adequate pledged securities.

We recommend the City Treasurer obtain an adequate amount of pledged securities from its depositories for the total amount of funds.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CITY OF CAMBRIDGE**

**GUERSNEY 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  
DECEMBER 19, 2000**