



**Auditor of State
Betty Montgomery**

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Cambridge Township
Guernsey County
66737 Old 21 Road
P.O. Box 1383
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of Cambridge Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Cambridge Township, Guernsey County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2003, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Cambridge Township
Guernsey County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 22, 2003

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$17,260	\$313,035	\$	\$	\$330,295
Intergovernmental	126,656	126,409			253,065
Charges for Services	30,000				30,000
Licenses, Permits, and Fees	135				135
Earnings on Investments	18,198	4,831	855	664	24,548
Other Revenue	6,894	3,750			10,644
Total Cash Receipts	<u>199,143</u>	<u>448,025</u>	<u>855</u>	<u>664</u>	<u>648,687</u>
Cash Disbursements:					
Current:					
General Government	137,907				137,907
Public Safety	724	140,748			141,472
Public Works	1,769	232,690			234,459
Health	1,743				1,743
Capital Outlay	425	108,254	25,000		133,679
Total Cash Disbursements	<u>142,568</u>	<u>481,692</u>	<u>25,000</u>	<u>0</u>	<u>649,260</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>56,575</u>	<u>(33,667)</u>	<u>(24,145)</u>	<u>664</u>	<u>(573)</u>
Other Financing Receipts:					
Sale of Fixed Assets		14,375			14,375
Total Other Financing Receipts	<u>0</u>	<u>14,375</u>	<u>0</u>	<u>0</u>	<u>14,375</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	56,575	(19,292)	(24,145)	664	13,802
Fund Cash Balances, January 1	<u>176,670</u>	<u>326,223</u>	<u>30,000</u>	<u>17,022</u>	<u>549,915</u>
Fund Cash Balances, December 31	<u>\$233,245</u>	<u>\$306,931</u>	<u>\$5,855</u>	<u>\$17,686</u>	<u>\$563,717</u>

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

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$17,726	\$299,113	\$	\$	\$316,839
Intergovernmental	111,225	139,736			250,961
Charges for Services	30,000				30,000
Earnings on Investments	19,356	9,322			28,678
Other Revenue	2,402	10,670			13,072
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	180,709	458,841	0	0	639,550
Cash Disbursements:					
Current:					
General Government	110,795				110,795
Public Safety		138,865			138,865
Public Works	49,784	275,683			325,467
Health	10,566	300			10,866
Capital Outlay		14,995			14,995
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	171,145	429,843	0	0	600,988
Total Cash Receipts Over/(Under) Cash Disbursements	9,564	28,998	0	0	38,562
Fund Cash Balances, January 1	167,106	297,225	30,000	17,022	511,353
Fund Cash Balances, December 31	<u>\$176,670</u>	<u>\$326,223</u>	<u>\$30,000</u>	<u>\$17,022</u>	<u>\$549,915</u>

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

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Cambridge Township, Guernsey County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and contracts with the City of Cambridge Fire Department to provide fire and ambulance services. The Township is a member of a joint economic development consortium which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 7.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy Fund – This fund receives property tax money to provide fire protection services to the residents of the Township.

Road Improvement Levy Fund - This fund receives property tax money for maintaining and improving Township roads.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Other Capital Projects Fund – This fund was established to preserve a portion of the proceeds from the sale of Township railroad property to be used for capital asset acquisition or infrastructure repairs and improvements.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

LaFollette Bequest Fund – This nonexpendable trust fund maintains the trust corpus and earns interest income which is used to maintain Township cemeteries.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2002	2001
Demand deposits	\$545,976	\$124,393
Certificates of deposit	17,022	17,022
Total deposits	562,998	141,415
STAR Ohio	719	408,500
Total investments	719	408,500
Total deposits and investments	\$563,717	\$549,915

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

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

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$118,572	\$199,143	\$80,571
Special Revenue	379,507	462,400	82,893
Capital Projects	0	855	855
Fiduciary	0	664	664
Total	<u>\$498,079</u>	<u>\$663,062</u>	<u>\$164,983</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$295,242	\$142,568	\$152,674
Special Revenue	705,729	481,692	224,037
Capital Projects	30,000	25,000	5,000
Fiduciary	0	0	0
Total	<u>\$1,030,971</u>	<u>\$649,260</u>	<u>\$381,711</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$122,545	\$180,709	\$58,164
Special Revenue	430,930	458,841	27,911
Capital Projects	0	0	0
Fiduciary	0	0	0
Total	<u>\$553,475</u>	<u>\$639,550</u>	<u>\$86,075</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$296,939	\$171,145	\$125,794
Special Revenue	728,053	429,843	298,210
Capital Projects	30,000	0	30,000
Fiduciary	17,022	0	17,022
Total	<u>\$1,072,014</u>	<u>\$600,988</u>	<u>\$471,026</u>

Contrary to Ohio law, expenditures exceeded the appropriation authority at the legal level of control in the General, Road and Bridge, Fire Levy, Road Improvement Levy, and the Other Capital Projects Funds, for the year ended December 31, 2002. Also, expenditures exceeded the appropriation authority at the legal level of control in the General Fund for the year ended December 31, 2001.

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Also, contrary to Ohio law, several appropriations were amended at the legal level of control without approval by the Board of Trustees.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEM

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK MANAGEMENT (Continued)

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000, if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, the latest information available:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2002</u>
Assets	\$23,703,776	\$23,757,036
Liabilities	<u>(9,379,003)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$14,559,524</u>
 <u>Property Coverage</u>	 <u>2001</u>	 <u>2002</u>
Assets	\$5,011,131	\$6,596,996
Liabilities	<u>(647,667)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$5,392,670</u>

7. JOINTLY GOVERNED ORGANIZATION

The Township is a member of a joint economic development consortium which owns 61.5 acres of real property which is located within Cambridge Township. The property is to be used for limited community and economical development purposes and is under the control of a five member Board of Directors. The President of the Township's Board of Trustees serves as the Township's representative on the consortium's Board of Directors. As of December 31, 2002, the consortium had not taken any action with regards to developing the property.

8. CONTINGENT LIABILITY

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

Cambridge Township
Guernsey County
66737 Old 21 Road
P.O. Box 1383
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of Cambridge Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township'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 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 22, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2002-005.

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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 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 the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 22, 2003.

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



Betty Montgomery
Auditor of State

April 22, 2003

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code § 9.03 requires that no governing body of a political subdivision shall use public funds to publish, distribute, or communicate information that supports or opposes the nomination or election of a candidate for public office, the investigation, prosecution, or recall of a public official, or the passage of a levy or bond issue.

To promote the passage of the fire levy, the Township purchased a four by six foot banner at a cost of One Hundred Twenty Dollars (\$120) and two hundred decals at a cost of Thirty-six Dollars (\$36), for a total cost of One Hundred Fifty-six Dollars (\$156).

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public money illegally expended is hereby issued against Ed Wright, Cambridge Township Clerk, Dave Saft, Cambridge Township Trustee, Tom Orr, Cambridge Township Trustee, Dave Ogle, Cambridge Township Trustee, and their surety, the Ohio Township Risk Management Association (OTARMA), jointly and severally, in the amount of One Hundred Fifty-six Dollars (\$156), and in favor of the Cambridge Township General Fund.

The finding was paid in the amount of \$156 and receipted into the General Fund on May 9, 2003 per receipt number 67-2003.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code § 5705.40 requires that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

The Board of Trustees approves appropriations at the object level, which necessitates the Clerk receiving permission to change appropriated amounts at that level. The Township Clerk amended 2002 appropriations within the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery, Fire Levy, Road Improvement Levy, Permissive Motor Vehicle License Tax, and Other Capital Projects Funds. The Township Clerk also amended 2001 appropriations within the General, Gasoline Tax, and Road and Bridge Funds. 2001 General Fund appropriations exceeded the amount approved by the Board. Neither the increase in General Fund total appropriations nor the changes made to appropriations within the above mentioned funds and object codes were approved by the Board of Trustees and no documentation was filed with the County Auditor to increase the 2001 General Fund total appropriations.

We recommend the Clerk review budgetary procedures for amending appropriations and have the Board of Trustees approve all supplemental appropriations including increases and file all approved appropriation increases with the County Auditor.

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

The following funds' functions and objects had expenditures which exceeded appropriations:

2002

	<u>Variance</u>
General Fund	
General Government	
Medical/Hospitalization	\$ 44,482
Life Insurance	6,318
Unemployment Compensation	2,500
Auditing Services	386
Election Expenses	2,250
Property Insurance Premiums	3,255
Liability Insurance Premiums	6,979
Telephone	2,196
 Road and Bridge Fund	
Public Works	
Machinery, Equipment, and Furniture	44,607
 Fire Levy Fund	
Public Safety	
Contracted Services	68,549
 Road Improvement Levy Fund	
Public Works	
Operating Supplies	37,283
 Other Capital Projects Fund	
Capital Outlay	
Machinery, Equipment, and Furniture	25,000

2001

General Fund	
General Government	
Salaries-Trustees	13,113
Medical/Hospitalization	22,406
Life Insurance	12,376
Public Works	
Contracted Services	48,000

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2002-003 (Continued)

Noncompliance Citation – Ohio Rev. Code § 5705.41(B) (Continued)

These variances resulted from posting audit adjustments to the budgetary note disclosure necessary to agree legislatively approved appropriation amounts to Township ledgers.

We recommend the Clerk present the Board of Trustees with appropriation changes as necessary to avoid expenditures in excess of appropriations.

FINDING NUMBER 2002-004

Noncompliance Citation

Ohio Rev. Code § 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 \$1,000 (which was increased to \$3,000 on April 7, 2003) 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.

The Clerk's prior certification of available funds was not obtained for 15% of transactions tested and there was no evidence of a "Then and Now" certificate being used by the Clerk.

We recommend the Township obtain the Clerk's prior certification of available funds for all disbursements.

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2002-005

Reportable Condition - Budgetary Financial Statements

Budgeted receipt and expenditure amounts posted to the Township's accounting system did not always agree to source documents, such as the Certificate of Estimated Resources and the Appropriations Resolution.

As a result, information available for Township officials to monitor year-to-date total comparisons of estimated resources versus actual receipts and appropriations versus actual expenditures was not accurate.

We recommend estimated resources and appropriations be posted to the computer system as received from the County Budget Commission and approved by the Board of Trustees.

**CAMBRIDGE TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-41030-001	Ohio Rev. Code Section 5705.41(D) – not properly encumbering.	No	Not Corrected; Repeated as finding 2002-004.



**Auditor of State
Betty Montgomery**

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800-282-0370

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CAMBRIDGE TOWNSHIP

GUERNSEY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 1, 2003**