



Dave Yost • Auditor of State



**CAMBRIDGE TOWNSHIP  
GUERNSEY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2014 .....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2013 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings.....	13

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Cambridge Township  
Guernsey County  
P.O. Box 1383  
Cambridge, Ohio 43725

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Cambridge Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

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

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Cambridge Township, Guernsey County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 14, 2015

**CAMBRIDGE TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$19,038	\$419,497	\$0	\$438,535
Charges for Services	9,600	0	0	9,600
Intergovernmental	17,875	223,652	0	241,527
Earnings on Investments	16,681	1,598	445	18,724
Miscellaneous	2,887	7,888	0	10,775
<i>Total Cash Receipts</i>	<u>66,081</u>	<u>652,635</u>	<u>445</u>	<u>719,161</u>
<b>Cash Disbursements</b>				
Current:				
General Government	70,388	47,066	0	117,454
Public Safety	0	464,148	0	464,148
Public Works	2,859	521,939	0	524,798
Capital Outlay	0	31,093	0	31,093
<i>Total Cash Disbursements</i>	<u>73,247</u>	<u>1,064,246</u>	<u>0</u>	<u>1,137,493</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,166)</u>	<u>(411,611)</u>	<u>445</u>	<u>(418,332)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(7,166)</u>	<u>(411,611)</u>	<u>445</u>	<u>(418,332)</u>
<i>Fund Cash Balances, January 1</i>	<u>171,577</u>	<u>657,003</u>	<u>17,651</u>	<u>846,231</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	17,023	17,023
Restricted	0	133,407	1,073	134,480
Committed	0	111,985	0	111,985
Assigned	164,411	0	0	164,411
<i>Fund Cash Balances, December 31</i>	<u>\$164,411</u>	<u>\$245,392</u>	<u>\$18,096</u>	<u>\$427,899</u>

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

**CAMBRIDGE TOWNSHIP  
GUERNSEY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$20,017	\$477,891	\$0	\$0	\$497,908
Charges for Services	9,600	0	0	0	9,600
Intergovernmental	15,670	233,946	0	0	249,616
Earnings on Investments	21,986	2,241	0	435	24,662
Miscellaneous	1,515	25,584	0	0	27,099
<i>Total Cash Receipts</i>	<u>68,788</u>	<u>739,662</u>	<u>0</u>	<u>435</u>	<u>808,885</u>
<b>Cash Disbursements</b>					
Current:					
General Government	91,511	17,710	0	0	109,221
Public Safety	0	194,684	0	0	194,684
Public Works	2,791	532,268	0	0	535,059
Capital Outlay	0	11,144	5,855	0	16,999
<i>Total Cash Disbursements</i>	<u>94,302</u>	<u>755,806</u>	<u>5,855</u>	<u>0</u>	<u>855,963</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,514)</u>	<u>(16,144)</u>	<u>(5,855)</u>	<u>435</u>	<u>(47,078)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(25,514)</u>	<u>(16,144)</u>	<u>(5,855)</u>	<u>435</u>	<u>(47,078)</u>
<i>Fund Cash Balances, January 1</i>	<u>197,091</u>	<u>673,147</u>	<u>5,855</u>	<u>17,216</u>	<u>893,309</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	17,023	17,023
Restricted	0	454,058	0	628	454,686
Committed	0	202,945	0	0	202,945
Assigned	171,577	0	0	0	171,577
<i>Fund Cash Balances, December 31</i>	<u>\$171,577</u>	<u>\$657,003</u>	<u>\$0</u>	<u>\$17,651</u>	<u>\$846,231</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, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Cambridge Township, Guernsey County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Cambridge to provide fire services and to provide ambulance services.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

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

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

**CAMBRIDGE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Fire Fund Special Levy - This fund receives property tax money for fire protection.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant capital project funds

Issue I Fund - The Township received Issue I monies to repair roads

**4. Permanent Funds**

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

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement for cemetery maintenance.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**CAMBRIDGE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(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 re-appropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**CAMBRIDGE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

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

**G. Property, Plant, and Equipment**

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

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2014	2013
Demand deposits	\$427,040	\$845,372
Certificates of deposit	859	859
Total deposits	\$427,899	\$846,231

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,382	\$66,081	\$20,699
Special Revenue	635,097	652,635	17,538
Permanent	440	445	5
Total	\$680,919	\$719,161	\$38,242

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$216,959	\$73,247	\$143,712
Special Revenue	1,292,100	1,064,246	227,854
Permanent	1,069	0	1,069
Total	\$1,510,128	\$1,137,493	\$372,635

**CAMBRIDGE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,118	\$68,788	\$15,670
Special Revenue	664,099	739,662	75,563
Capital Projects	0	0	0
Permanent	350	435	85
Total	\$717,567	\$808,885	\$91,318

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$250,209	\$94,302	\$155,907
Special Revenue	1,337,246	755,806	581,440
Capital Projects	5,855	5,855	0
Permanent	543	0	543
Total	\$1,593,853	\$855,963	\$737,890

**4. PROPERTY TAX**

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

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

**5. RETIREMENT SYSTEM**

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**CAMBRIDGE TOWNSHIP  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



# Dave Yost • Auditor of State

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

Cambridge Township  
Guernsey County  
P.O. Box 1383  
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, disbursements by fund type of Cambridge Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated December 14, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2014-001 to be a material weakness.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 14, 2015

**CAMBRIDGE TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Material Weakness**

Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010. This bulletin required entities to formally adopt a fund balance policy.

The Township improperly disclosed the following fund cash balances, the adjustments were reflected on the 2014 and 2013 accompanying financial statements:

The Township improperly disclosed the General Fund cash fund balance as unassigned instead of assigned in the amounts of \$164,411 in 2014 and \$171,577 in 2013. The Road and Bridge Fund cash fund balance was also improperly disclosed as restricted instead of reporting the cash fund balance as committed in the amounts of \$111,985 in 2014 and \$202,945 in 2013.

The Board of Trustees should establish a fund balance policy. We further recommend the Township review AOS Bulletin 2011-004 for proper reporting of cash fund balances.

**Officials' Response:** We did not receive a response from Officials to the Finding reported above.

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# Dave Yost • Auditor of State

**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  
DECEMBER 31, 2015**