

**CAMBRIDGE TOWNSHIP,
GUERNSEY COUNTY**

**Audited Financial Statements
For the years ended December 31, 2006 and 2005**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Cambridge Township
P.O. Box 1383
66737 Old 21 Road
Cambridge, Ohio 43725

We have reviewed the *Independent Accountants' Report* of Cambridge Township, Guernsey County, prepared by Tucker & Tucker, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Cambridge Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 4, 2008

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GUERNSEY COUNTY**

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Independent Accountants' Report

Cambridge Township
Guernsey County, Ohio
66737 Old 21 Road
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambridge Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 *Governmental 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 opinions.

As discussed in Note 2, Cambridge Township, Guernsey County, Ohio, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Cambridge Township, Guernsey County, Ohio, as of December 31, 2006 and 2005, and the respective changes in financial position – cash basis, and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Fire Fund – Special Levy and Road Improvement – Special Levy Funds, thereof for the years then ended in conformity with the basis of accounting described in Note 2.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of Cambridge Township, Guernsey County, Ohio’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management’s discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Tucker & Tucker

Cambridge, Ohio
June 30, 2008

Cambridge Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of Cambridge Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of Township activities decreased \$20,966, or 2 percent, a minor change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased cost in 2006 because of the purchase of a new truck and new roofs on the buildings owned by the Township; however, cost increases affected most of the other funds.

The Township's general receipts are primarily property taxes and other related taxes. These receipts represent respectively 87 percent of the total cash received for Township activities during the year. Intergovernmental revenue for 2006 fell substantially compared to 2005 as the Township had collected in excess of \$196,000 of Estate Taxes in 2005 and development within the Township is slow.

Key highlights for 2005 are as follows:

Net assets of Township activities increased \$250,265, or 40 percent, a significant change from the prior year. The funds realizing the increase the most were the General Fund, the Road and Bridge Fund and the FEMA Fund.

The Township's general receipts are primarily property taxes and intergovernmental revenue. These receipts represent 85 percent of the total cash received for governmental activities during the year. Intergovernmental revenue increased substantially compared to 2004 as the Township collected in excess of \$196,000 of Estate Taxes in 2005.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Cambridge Township, Guernsey County, Ohio
Management's Discussion and Analysis - continued
For the Years Ended December 31, 2006 and 2005
Unaudited**

Report Components

The statements of net assets and the statements of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and the statements of activities reflect how the Township did financially during 2006 and 2005, within the limitations of the cash basis of accounting. The statements of net assets present the cash balances activities of the Township at each year end. The statements of activities compare cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

Cambridge Township, Guernsey County, Ohio
Management's Discussion and Analysis - continued
For the Years Ended December 31, 2006 and 2005
Unaudited

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operation and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statements of net assets and the statements of activities, the Township reports only one type of activity.

Governmental activities: Most of the Township's basic services are reported here, including fire and roads. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Fund, Road and Bridge Fund, Fire Fund – Special Levy, and Road Improvement Fund – Special Levy. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

**Cambridge Township, Guernsey County, Ohio
Management's Discussion and Analysis - continued
For the Years Ended December 31, 2006 and 2005
Unaudited**

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2006 and 2005 compared to 2004 on a cash basis.

(Table 1)
Net Assets

	Governmental Activities		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets			
Cash and Cash Equivalents	\$ 856,060	\$ 877,026	\$ 626,761
Total Assets	<u>\$ 856,060</u>	<u>\$ 877,026</u>	<u>\$ 626,761</u>
Net Assets			
Restricted for:			
Capital Outlay	\$ 5,855	\$ 5,855	\$ 5,855
Permanent Fund: Lafolette Cemetery Bequeath			
Expendable	4,365	1,975	1,322
Nonexpendable	17,022	17,022	17,022
Other Purposes	542,613	492,501	422,800
Unrestricted	<u>286,205</u>	<u>359,673</u>	<u>179,762</u>
Total Net Assets	<u>\$ 856,060</u>	<u>\$ 877,026</u>	<u>\$ 626,761</u>

As mentioned previously, net assets of governmental activities decreased \$20,966 or 2 percent during 2006. This is a very minimal change from the prior year and was brought about by several small changes within the Township's funds.

As mentioned previously, net assets of governmental activities increased \$250,265, or 40 percent during 2005. The primary reasons contributing to the increase in cash balances are as follows:

- Unusually large estate taxes of \$196,000 were collected in 2005.
- Various other smaller changes contributed to the overall difference.

Cambridge Township, Guernsey County, Ohio
Management's Discussion and Analysis - continued
For the Years Ended December 31, 2006 and 2005
Unaudited

Table 2 reflects the changes in net assets in 2006 and 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 42,600	\$ 31,150
Operating Grants and Contributions	142,459	104,408
Capital Grants and Contributions	35,387	146,135
Total Program Receipts	220,446	281,693
General Receipts:		
Property and Other Local Taxes	454,496	436,888
Grants and Entitlements Not Restricted to Specific Programs	112,624	272,432
Interest	46,371	27,312
Miscellaneous	23,156	107,835
Total General Receipts	636,647	844,467
Total Receipts	857,093	1,126,160
Disbursements:		
General Government	170,735	192,304
Public Safety	175,104	178,522
Health Services	16,651	6,741
Public Works	388,829	442,892
Human Services	40,211	55,436
Capital Outlay	86,529	0
Total Disbursements	878,059	875,895
Increase (Decrease) in Net Assets	(20,966)	250,265
Net Assets, January 1	877,026	626,761
Net Assets, December 31	\$ 856,060	\$ 877,026

Cambridge Township, Guernsey County, Ohio
Management's Discussion and Analysis - continued
For the Years Ended December 31, 2006 and 2005
Unaudited

Program receipts of \$220,446 and \$281,693 in 2006 and 2005 respectively, represent 26 percent and 25 percent of each year's total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and FEMA grants.

General receipts represent 74 percent and 75 percent respectively of the 2006 and 2005 Township total receipts. Over 51 percent of each year's amount are local taxes. State and local grants and entitlements and interest earned make up the majority of the balance. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Trustees and the clerk, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 30% of General Fund unrestricted receipts.

Public Safety is the cost of fire protection. Public Works is the general maintenance as well as repair of roads, along with dust control and garbage and waste services.

Governmental Activities

If you look at the Statements of Activities on pages 12 and 21, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works, General Government and Public Safety, which account for 44, 19, and 20 percent respectively in 2006, and 51, 22 and 20 percent respectively in 2005, of all governmental disbursements. The next three columns of the Statements entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statements. A comparison between the total cost of services and the net cost is presented in Table 3.

**Cambridge Township, Guernsey County, Ohio
Management's Discussion and Analysis - continued
For the Years Ended December 31, 2006 and 2005
Unaudited**

(Table 3)
Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 170,735	\$ (141,460)	\$ 192,304	\$ (192,304)
Public Safety	175,104	(135,504)	178,522	(158,122)
Public Health Services	16,651	(13,651)	6,741	4,009
Public Works	388,829	(275,645)	442,892	(338,484)
Capital Outlay	86,529	(86,529)	0	0
Human Services	40,211	(40,211)	55,436	(55,436)
Other	0	35,387	0	146,135
Total Expenses	\$ 878,059	\$ (657,613)	\$ 875,895	\$ (594,202)

The dependence upon property tax receipts and unrestricted grants and entitlements is apparent as over 67 percent of governmental activities are supported through these general receipts.

The Government's Funds

During 2006, total governmental funds had receipts of \$857,093 and disbursements of \$878,059. The greatest change within governmental funds occurred within the General Fund, which had decreased receipts of \$136,497 due to lower Estate Tax Receipts, and increased disbursements of \$116,445 mainly due to \$86,529 of capital outlays. The Road and Bridge Fund had \$42,676 less disbursements than in 2005 due to the completion of fewer projects.

During 2005, total governmental funds had receipts of \$1,126,160 and disbursements of \$875,895. The greatest change within governmental funds occurred as a result of higher Estate Tax Revenue.

General Fund receipts were less than disbursements by \$73,469 in 2006 and greater than disbursements by \$179,473 in 2005. This unusually high number for 2005 is due to the receipt of a very large estate tax distribution.

**Cambridge Township, Guernsey County, Ohio
Management's Discussion and Analysis - continued
For the Years Ended December 31, 2006 and 2005
Unaudited**

General Fund Budgeting Highlights

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

During 2006 and 2005, the changes from the original budget to the final budget have been minimal. Fluctuations in growth and diversity have typically not occurred in the Township, allowing the Board of Trustees the ability to consistently predict receipts and disbursements. The difference between final budgeted receipts and actual receipts was not significant.

During 2006, final disbursements were budgeted at \$356,132 while actual disbursements were \$238,255. The Township kept spending under the budgeted expenditure amounts to maintain its limited general fund net asset balance. The decrease in fund balance of \$73,469 for 2006 was the result of \$86,529 in capital outlays.

During 2005, final disbursements were budgeted at \$257,396 while actual disbursements were \$121,810. The Township kept spending under the budgeted expenditure amounts to maintain its limited general fund net asset balance. The result is the increase in fund balance of \$179,473 for 2005.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We review our sources of revenue and determine the projects and maintenance the Township can perform. We review our disbursement history and track increases in spending. Currently the Township is in good financial condition and will continue to execute good fiscal responsibilities to the taxpayers.

Contacting the Government's Financial Manager

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Edward A. Wright, Fiscal Officer, Cambridge Township, P. O. Box 1383, Cambridge, OH 43725.

Cambridge Township, Guernsey County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 855,266
Investments	<u>794</u>
Total Assets	<u><u>\$ 856,060</u></u>
 Net Assets	
Restricted for:	
Capital Projects	\$ 5,855
Permanent Fund:	
Expendable	4,365
Non-expendable	17,022
Other Purposes	542,613
Unrestricted	<u>286,205</u>
Total Net Assets	<u><u>\$ 856,060</u></u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 170,735	\$0	\$ 29,275	\$0	\$ (141,460)
Public Safety	175,104	39,600	0	0	(135,504)
Public Works	388,829	0	113,184	0	(275,645)
Health	16,651	3,000	0	0	(13,651)
Human Services	40,211	0	0	0	(40,211)
Other	0	0	0	35,387	35,387
Capital Outlay	86,529	0	0	0	(86,529)
Total	\$ 878,059	\$ 42,600	\$ 142,459	\$ 35,387	(657,613)
 General Receipts					
Property Taxes Levied for:					
General Purposes					450,874
Grants and Entitlements not Restricted to Specific Programs					112,624
Interest					46,371
Miscellaneous					26,778
Total General Receipts					636,647
Change in Net Assets					(20,966)
Net Assets Beginning of Year					877,026
Net Assets End of Year					\$ 856,060

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire Fund Special Levy Fund</u>	<u>Road Improvement Special Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 285,673	\$ 41,646	\$ 213,349	\$ 170,972	\$ 14,733	\$ 128,893	\$ 855,266
Investments	532	16	0	0	0	246	794
Total Assets	<u>\$ 286,205</u>	<u>\$ 41,662</u>	<u>\$ 213,349</u>	<u>\$ 170,972</u>	<u>\$ 14,733</u>	<u>\$ 129,139</u>	<u>\$ 856,060</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit) Reported in:							
General Fund	\$ 286,205	\$0	\$0	\$0	\$0	\$0	\$ 286,205
Special Revenue Funds	0	41,662	213,349	170,972	14,733	101,897	542,613
Capital Projects Funds	0	0	0	0	0	5,855	5,855
Permanent Fund	0	0	0	0	0	21,387	21,387
Total Fund Balances	<u>\$ 286,205</u>	<u>\$ 41,662</u>	<u>\$ 213,349</u>	<u>\$ 170,972</u>	<u>\$ 14,733</u>	<u>\$ 129,139</u>	<u>\$ 856,060</u>

Cambridge Township, Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire Fund Special Levy	Road Improvement Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 20,684	\$0	\$ 164,367	\$ 189,940	\$ 79,505	\$0	\$ 454,496
Charges for Services	39,600	0	0	0	0	0	39,600
Intergovernmental	69,598	86,219	16,972	19,011	7,043	91,627	290,470
Interest	34,190	4,901	0	0	0	7,280	46,371
Other	714	0	22,441	0	0	3,001	26,156
Total Receipts	<u>164,786</u>	<u>91,120</u>	<u>203,780</u>	<u>208,951</u>	<u>86,548</u>	<u>101,908</u>	<u>857,093</u>
Disbursements							
Current:							
General Government	\$ 146,310	\$0	\$0	\$0	\$ 1,984	\$ 22,441	\$ 170,735
Public Safety	0	0	0	175,104	0	0	175,104
Public Works	5,416	84,003	160,455	0	80,000	58,955	388,829
Health	0	0	0	0	0	16,651	16,651
Human Services	0	0	0	0	0	40,211	40,211
Capital Outlay	86,529	0	0	0	0	0	86,529
Total Disbursements	<u>238,255</u>	<u>84,003</u>	<u>160,455</u>	<u>175,104</u>	<u>81,984</u>	<u>138,258</u>	<u>878,059</u>
Net Change in Fund Balances	(73,469)	7,117	43,325	33,847	4,564	(36,350)	(20,966)
Fund Balances Beginning of Year	<u>359,674</u>	<u>34,545</u>	<u>170,024</u>	<u>137,125</u>	<u>10,169</u>	<u>165,489</u>	<u>877,026</u>
Fund Balances End of Year	<u>\$ 286,205</u>	<u>\$ 41,662</u>	<u>\$ 213,349</u>	<u>\$ 170,972</u>	<u>\$ 14,733</u>	<u>\$ 129,139</u>	<u>\$ 856,060</u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 18,096	\$ 18,096	\$ 20,684	\$ 2,588
Charges for Services	0	0	39,600	39,600
Intergovernmental	30,978	30,978	69,598	38,620
Interest	22,385	22,385	34,190	11,805
Other	0	0	714	714
	<u>71,459</u>	<u>71,459</u>	<u>164,786</u>	<u>93,327</u>
Disbursements				
Current:				
General Government	235,501	235,501	146,310	89,191
Public Works	20,631	20,631	5,416	15,215
Capital Outlay	100,000	100,000	86,529	13,471
	<u>356,132</u>	<u>356,132</u>	<u>238,255</u>	<u>117,877</u>
Total Disbursements	<u>356,132</u>	<u>356,132</u>	<u>238,255</u>	<u>117,877</u>
Excess of Receipts Over (Under) Disbursements	<u>(284,673)</u>	<u>(284,673)</u>	<u>(73,469)</u>	<u>211,204</u>
Other Financing Sources				
Transfers Out	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>	<u>75,000</u>
Total Other Financing Sources	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>	<u>75,000</u>
Net Change in Fund Balance	(359,673)	(359,673)	(73,469)	286,204
Fund Balance Beginning of Year	<u>359,673</u>	<u>359,673</u>	<u>359,674</u>	<u>1</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$ 286,205</u></u>	<u><u>\$ 286,205</u></u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 69,000	\$ 69,000	\$ 86,219	\$ 17,219
Interest	1,835	1,835	4,901	3,066
Total Receipts	<u>70,835</u>	<u>70,835</u>	<u>91,120</u>	<u>20,285</u>
Disbursements				
Current:				
Public Works	105,380	105,380	84,003	21,377
Total Disbursements	<u>105,380</u>	<u>105,380</u>	<u>84,003</u>	<u>21,377</u>
Net Change in Fund Balance	(34,545)	(34,545)	7,117	41,662
Fund Balance Beginning of Year	<u>34,545</u>	<u>34,545</u>	<u>34,545</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$ 41,662</u></u>	<u><u>\$ 41,662</u></u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 146,235	\$ 146,235	\$ 164,367	\$ 18,132
Intergovernmental	17,020	17,020	16,972	(48)
Charges for Services	0	0	22,441	22,441
Total Receipts	<u>163,255</u>	<u>163,255</u>	<u>203,780</u>	<u>40,525</u>
Disbursements				
Current:				
Public Works	<u>333,279</u>	<u>333,279</u>	<u>160,455</u>	<u>172,824</u>
Total Disbursements	<u>333,279</u>	<u>333,279</u>	<u>160,455</u>	<u>172,824</u>
Net Change in Fund Balance	(170,024)	(170,024)	43,325	213,349
Fund Balance Beginning of Year	<u>170,024</u>	<u>170,024</u>	<u>170,024</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$ 213,349</u></u>	<u><u>\$ 213,349</u></u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund - Special Levy
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 166,576	\$ 166,576	\$ 189,940	\$ 23,364
Intergovernmental	18,762	18,762	19,011	249
Total Receipts	<u>185,338</u>	<u>185,338</u>	<u>208,951</u>	<u>23,613</u>
Disbursements				
Current:				
Public Safety	322,463	322,463	175,104	147,359
Total Disbursements	<u>322,463</u>	<u>322,463</u>	<u>175,104</u>	<u>147,359</u>
Net Change in Fund Balance	(137,125)	(137,125)	33,847	170,972
Fund Balance Beginning of Year	<u>137,125</u>	<u>137,125</u>	<u>137,125</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$ 170,972</u></u>	<u><u>\$ 170,972</u></u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road Improvement - Special Levy
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 68,026	\$ 68,026	\$ 79,505	\$ 11,479
Intergovernmental	<u>6,775</u>	<u>6,775</u>	<u>7,043</u>	<u>268</u>
Total Receipts	<u>74,801</u>	<u>74,801</u>	<u>86,548</u>	<u>11,747</u>
Disbursements				
Current:				
General Government	3,500	3,500	1,984	1,516
Public Works	<u>81,471</u>	<u>81,471</u>	<u>80,000</u>	<u>1,471</u>
Total Disbursements	<u>84,971</u>	<u>84,971</u>	<u>81,984</u>	<u>2,987</u>
Net Change in Fund Balance	(10,170)	(10,170)	4,564	14,734
Fund Balance Beginning of Year	<u>10,170</u>	<u>10,170</u>	<u>10,169</u>	<u>(1)</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$ 14,733</u></u>	<u><u>\$ 14,733</u></u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 877,026
Total Assets	\$ 877,026
 Net Assets	
Restricted for:	
Capital Projects	\$ 5,855
Permanent Fund:	
Expendable	1,975
Non-Expendable	17,022
Other Purposes	492,501
Unrestricted	359,673
Total Net Assets	\$ 877,026

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 192,304	\$0	\$0	\$0	\$ (192,304)
Public Safety	178,522	20,400	0	0	(158,122)
Public Works	442,892	0	104,408	0	(338,484)
Health	6,741	10,750	0	0	4,009
Human Services	55,436	0	0	0	(55,436)
Other	0	0	0	146,135	146,135
	<u>0</u>	<u>0</u>	<u>0</u>	<u>146,135</u>	<u>146,135</u>
Total	<u>\$ 875,895</u>	<u>\$ 31,150</u>	<u>\$ 104,408</u>	<u>\$ 146,135</u>	<u>(594,202)</u>
 General Receipts					
Property Taxes Levied for:					
General Purposes					\$ 433,297
Grants and Entitlements not Restricted to Specific Programs					272,432
Interest					27,312
Miscellaneous					111,426
					<u>844,467</u>
Total General Receipts					<u>844,467</u>
Change in Net Assets					250,265
Net Assets Beginning of Year					<u>626,761</u>
Net Assets End of Year					<u>\$ 877,026</u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Road and Bridge Fund	Fire Fund Special Levy	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 359,673	\$ 170,024	\$ 137,125	\$ 210,204	\$ 877,026
Total Assets	\$ 359,673	\$ 170,024	\$ 137,125	\$ 210,204	\$ 877,026
Fund Balances					
Unreserved:					
Undesignated (Deficit) Reported in:					
General Fund	\$ 359,673	\$0	\$0	\$0	\$ 359,673
Special Revenue Funds	0	170,024	137,125	185,352	492,501
Capital Projects Funds	0	0	0	5,855	5,855
Permanent Fund	0	0	0	18,997	18,997
Total Fund Balances	\$ 359,673	\$ 170,024	\$ 137,125	\$ 210,204	\$ 877,026

Cambridge Township, Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Road and Bridge	Fire Fund Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 19,589	\$ 158,490	\$ 183,013	\$ 75,796	\$ 436,888
Charges for Services	20,400	0	0	0	20,400
Intergovernmental	227,649	17,750	19,701	257,876	522,976
Interest	18,986	0	0	8,326	27,312
Other	14,659	92,556	0	11,369	118,584
Total Receipts	301,283	268,796	202,714	353,367	1,126,160
Disbursements					
Current:					
General Government	\$ 120,042	\$0	\$0	\$ 72,262	\$ 192,304
Public Safety	0	0	178,522	0	178,522
Public Works	1,768	203,131	0	237,993	442,892
Health	0	0	0	6,741	6,741
Human Services	0	0	0	55,436	55,436
Total Disbursements	121,810	203,131	178,522	372,432	875,895
Net Change in Fund Balances	179,473	65,665	24,192	(19,065)	250,265
Fund Balances Beginning of Year	180,201	104,359	112,933	229,268	626,761
Fund Balances End of Year	<u>\$ 359,674</u>	<u>\$ 170,024</u>	<u>\$ 137,125</u>	<u>\$ 210,203</u>	<u>\$ 877,026</u>

Cambridge Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 17,778	\$ 17,778	\$ 19,589	\$ 1,811
Charges for Services	0	0	20,400	20,400
Intergovernmental	46,017	46,017	227,649	181,632
Interest	13,400	13,400	18,986	5,586
Other	0	0	14,659	14,659
	<u>77,195</u>	<u>77,195</u>	<u>301,283</u>	<u>224,088</u>
Disbursements				
Current:				
General Government	0	228,396	120,042	108,354
Public Works	0	9,000	1,768	7,232
Health	0	20,000	0	20,000
	<u>0</u>	<u>257,396</u>	<u>121,810</u>	<u>135,586</u>
Total Disbursements	<u>0</u>	<u>257,396</u>	<u>121,810</u>	<u>135,586</u>
Net Change in Fund Balance	77,195	(180,201)	179,473	359,674
Fund Balance Beginning of Year	<u>180,201</u>	<u>180,201</u>	<u>180,201</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 257,396</u>	<u>\$0</u>	<u>\$ 359,674</u>	<u>\$ 359,674</u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 144,640	\$ 144,640	\$ 158,490	\$ 13,850
Intergovernmental	17,984	17,984	17,750	(234)
Other	0	0	92,556	92,556
Total Receipts	<u>162,624</u>	<u>162,624</u>	<u>268,796</u>	<u>106,172</u>
Disbursements				
Current:				
Public Works	<u>0</u>	<u>266,983</u>	<u>203,131</u>	<u>63,852</u>
Total Disbursements	<u>0</u>	<u>266,983</u>	<u>203,131</u>	<u>63,852</u>
Net Change in Fund Balance	162,624	(104,359)	65,665	170,024
Fund Balance Beginning of Year	<u>104,359</u>	<u>104,359</u>	<u>104,359</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 266,983</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 170,024</u></u>	<u><u>\$ 170,024</u></u>

See accompanying notes to the basic financial statements.

Cambridge Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund - Special Levy
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 155,949	\$ 155,949	\$ 183,013	\$ 27,064
Intergovernmental	20,255	20,255	19,701	(554)
Total Receipts	<u>176,204</u>	<u>176,204</u>	<u>202,714</u>	<u>26,510</u>
Disbursements				
Current:				
Public Safety	<u>0</u>	<u>289,137</u>	<u>178,522</u>	<u>110,615</u>
Total Disbursements	<u>0</u>	<u>289,137</u>	<u>178,522</u>	<u>110,615</u>
Net Change in Fund Balance	176,204	(112,933)	24,192	137,125
Fund Balance Beginning of Year	<u>112,933</u>	<u>112,933</u>	<u>112,933</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 289,137</u></u>	<u><u>\$0</u></u>	<u><u>\$ 137,125</u></u>	<u><u>\$ 137,125</u></u>

See accompanying notes to the basic financial statements.

CAMBRIDGE TOWNSHIP, GUERNSEY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

Cambridge Township, Guernsey County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Clerk/Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the City of Cambridge for fire protection. Police protection is provided by the Guernsey County Sheriff Department.

B. Component Units

Component units are legally separate organizations for which a Township is financially accountable. A Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board, and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. A Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a jointly governed organization and a public entity risk pool. Notes 8 and 12 to the financial statements provide additional information for the entities. These organizations are:

Jointly Governed Organization: A joint economic development property holding consortium.

Public Entity Risk Pool: Ohio Township Association Risk Management Authority (OTARMA)

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statements of net assets and the statements of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statements of net assets present the cash balance of the governmental activities of the Township at year end. The statements of activities compare disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

The Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of government fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Note 2 - Summary of Significant Accounting Policies - continued

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds.

General Fund

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

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The Township had the following major funds in addition to the General Fund as mentioned above.

Gasoline Tax Fund (2006) – This fund receives gasoline tax money. Funds are restricted to the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Road and Bridge Funds – This fund receives property tax money. Funds are restricted to the purpose of road maintenance provided it is expended according to the general laws of Ohio.

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

Road Improvement – Special Levy (2006) – This fund receives property tax money for maintaining and improving Township roads.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

Note 2 - Summary of Significant Accounting Policies - continued

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources, certified by the County Budget Commission, establishes a limit on the amount the Township may appropriate.

The appropriations ordinance, certified by the County Auditor, is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for the fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively.

Note 2 - Summary of Significant Accounting Policies - continued

During 2006, the Township invested in STAR Ohio. 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, 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credit to the General Fund during 2006 was \$34,190 and during 2005 was \$18,986.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies from levies voted by the residents of the Township and laws or other legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets or liabilities in the accompanying financial statements.

J. Accumulated Leave

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

Note 2 - Summary of Significant Accounting Policies - continued

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, fire protection, cemetery maintenance, and capital projects.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

During 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. Effective January 1, 2005, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

Also as described in Note 2, the Township has not elected to report inventory, prepaid items, inter-fund receivable (payable), capital assets, and long-term debt as part of the cash basis of accounting. The transition from the regulatory basis of accounting to the cash basis of accounting generated no changes to fund balance/or net assets as previously reported at December 31, 2004.

Note 4 – Accountability and Compliance

Compliance

The Township had no significant violations of finance-related legal or contractual provisions that required management's actions taken to address such violations.

Note 5 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the following major special revenue funds, Gasoline Tax Fund (2006), Road and Bridge Fund, Fire Fund – Special Levy, and Road Improvement – Special Levy (2006) Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 6 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or be savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use by which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Note 6 – Deposits and Investments - continued

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States,
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Governmental National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2006, \$769,240 of the Township's bank balance of \$869,240 and at year end 2005 \$822,808 of the Township's bank balance of \$922,808 were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's agent, but not in the Township's name.

Note 6 – Deposits and Investments - continued

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

Investments

The Township has no investment policy for interest rate risk, credit risk and foreign currency risk beyond the requirements of State statute.

STAR Ohio carries a rating of AAAM by Standard of Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

As of December 31, 2006, the Township had the following investments:

	<u>2006</u> <u>Carrying Value</u>
STAR Ohio	\$ <u>794</u>
Total Portfolio	\$ <u><u>794</u></u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U. S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 7 – Property Tax

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in a year represent the collection of the prior year's taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in a year represent the collection of the prior year's taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in a year (other than public utility property) represent the collection of that year's taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. During 2006 tangible personal property was currently assessed at 18.75% of true value for capital assets and inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is April 30, with the remainder payable by September 20.

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

Note 8 – 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. There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

Note 8 – Risk Management - continued

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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 Township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Note 8 – Risk Management - continued

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>2006</u>	<u>2005</u>
Assets	\$ 32,031,312	\$ 30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained Earnings	<u>\$ 20,587,360</u>	<u>\$ 18,141,062</u>
 <u>Property Coverage</u>		
Assets	\$ 10,010,963	\$ 9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained Earnings	<u>\$ 9,334,254</u>	<u>\$ 7,771,765</u>

Workers' Compensation Insurance

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

Note 9 – Retirement Plan

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

Note 9 – Retirement Plan - continued

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 9.55 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 2006, 2005, and 2004 were \$12,250, \$14,620, and \$13,504 respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 10 – Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefits as described in *GASB Statements No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employee contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

Note 10 – Postemployment Benefits - continued

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 and 2005 which were used to fund post-employment benefits were \$5,992 and \$6,124 respectively. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates will be increased over a five year period, which will allow additional funds to be allocated to the health care plan.

Note 11 – Contingent Liabilities

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

Note 12 – Jointly Governed Organization

The Township is a member of a joint economic development consortium, which owns real property, which is located within Cambridge Township. The property is to be used for community and economical development purposes and is under the control of a seven member Board of Directors. The Township Fiscal Officer and one appointed Trustee serve as members of the Board of Directors of the Consortium. In 2005, the property consortium sold 10 acres for the development of a Health Care Center. This venture is for development purposes only to improve the community and provide jobs to the area and no direct financial gain is expected by any of the entities involved.

Note 13 – Related Party Transactions

The Township Fiscal Officer is employed at Advantage Bank and holds the title of Senior Vice President Operations/Technology. The Township currently has their operating account with Advantage Bank. The relationship was in place prior to the current Township Fiscal Officer taking office. The account has gone through a sealed bid process which would substantiate the operating account being awarded to Advantage Bank.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

Cambridge Township
Guernsey County, Ohio
66737 Old 21 Road
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cambridge Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 30, 2008. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting. See findings 2006-01 and 2006-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2006-01 and 2006-02.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

Tucker & Tucker

Cambridge, Ohio
June 30, 2008

Cambridge Township, Guernsey County
Schedule of Findings
December 31, 2006 and 2005

Finding Number 2006-01 – Annual Appropriations

Statement of Condition: Ohio Revised Code Section 5705.36 (A) (5) states, in part that “the total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund.” Appropriations exceeded estimated revenue in the FEMA Fund for both 2006 and 2005 and in the Permanent Cemetery Bequest Fund in 2006.

Recommendation: We recommend that the Township Clerk and Trustees review actual receipts and appropriations on a regular basis and amend amounts as necessary.

Response: We agree with the auditor’s recommendation and will monitor receipts and appropriations on a regular basis.

Finding Number 2006-02 – Records

Statement of Condition: Ohio Revised Code Section 507.04 sets forth the requirement that the Township Fiscal Officer shall keep an accurate record of all accounts and transactions of the Township. In 2006, an expenditure which should have been posted to the Governmental expense line was incorrectly posted as a transfer out, misstating General Fund expenses. This was not adjusted in the financial statement of the Township prior to the audit.

Recommendation: We recommend that any incorrect entries posted to the accounts of the Township be adjusted in the Township financial records when discovered so that the correct financial activity is reflected.

Response: We agree with the auditor’s recommendation and will begin making necessary adjustments.

**Cambridge Township, Guernsey County
Schedule of Prior Audit Findings
December 31, 2006 and 2005**

There were no findings reported in the prior audit.



Mary Taylor, CPA
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
SEPTEMBER 16, 2008**