

**CITY OF CAMBRIDGE  
GUERNSEY COUNTY**

**SINGLE AUDIT**

**JANUARY 1, 2021 – DECEMBER 31, 2021**



**WILSON, SHANNON & SNOW**  
**INC.**  
CPAs & ADVISORS



OHIO AUDITOR OF STATE  
KEITH FABER



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City Council  
City of Cambridge  
814 Wheeling Avenue  
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the City of Cambridge, Guernsey County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2021 through December 31, 2021. 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. The City of Cambridge is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 28, 2022

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**CITY OF CAMBRIDGE  
GUERNSEY COUNTY, OHIO**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	14
STATEMENT OF ACTIVITIES	15
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET – GOVERNMENTAL FUNDS	16
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES	17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	18
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS) – GENERAL FUND	20
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS) – FIRE FUND	21
STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS	22
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS	23
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	24
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	25
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	26
NOTES TO THE BASIC FINANCIAL STATEMENTS	27
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	76

**CITY OF CAMBRIDGE  
GUERNSEY COUNTY, OHIO**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
SCHEDULE OF THE CITY PENSION CONTRIBUTIONS	78
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)	81
SCHEDULE OF THE CITY OPEB CONTRIBUTIONS	82
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	84
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	86
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – 2 CFR § 200.510 (b)(6)	87
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	88
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	90
SCHEDULE OF FINDINGS – 2 CFR § 200.515	93
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – 2 CFR § 200.511(b)	94

## INDEPENDENT AUDITOR'S REPORT

City of Cambridge  
Guernsey County  
814 Wheeling Avenue  
Cambridge, Ohio 43725

To the City Council:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cambridge, Guernsey County, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cambridge, Guernsey County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Fire funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



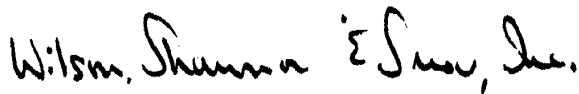
***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



June 27, 2022  
Newark, Ohio

**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

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The discussion and analysis of the City of Cambridge's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

***Financial Highlights***

Key financial highlights for 2021 are as follows:

- In total, net position increased \$8,035,245, which represents an 18 percent increase from 2020. Net position of governmental activities increased \$6,192,993. Net position of business-type activities increase \$1,842,252.
- Total capital assets increased \$4,287,437. Capital assets of governmental activities increased \$2,875,134 and capital assets of business-type activities increased \$1,412,303.
- Outstanding debt increased from \$10,761,902 to \$11,513,086.
- OPERS approved several changes to the health care plan offered to retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes significantly decreased the total OPEB liability for OPERS and resulted in the County reporting a net OPEB asset in 2021 (compared to reporting a net OPEB liability in prior years) causing a significant decrease in expenses.

***Using this Annual Financial Report***

This report is designed to allow the reader to look at the financial activities of the City as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2021 and how they affected the operations of the City as a whole.

***Reporting the City of Cambridge as a Whole***

*Statement of Net Position and the Statement of Activities*

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City the general fund is by far the most significant fund. Business-type funds consist of the water and sewer funds.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

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A question typically asked about the City's finances "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets* and deferred outflows of resources and *liabilities* and deferred inflows of resources using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, and other factors.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health, community and economic development, leisure time activities and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer funds are reported as business activities.

### ***Reporting the City of Cambridge's Most Significant Funds***

#### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, fire fund and Steubenville Ave Road Project fund.

***Governmental Funds*** Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance future services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for the internal service fund allocations.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

**The City of Cambridge as a Whole**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2021 compared to 2020:

**Table 1**  
**Net Position**

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
<b>Assets</b>						
Current and Other Assets	\$ 14,663,694	\$ 13,911,610	\$ 752,084	\$ 15,486,019	\$ 14,789,046	\$ 696,973
Net OPEB Asset	368,555	-	368,555	181,526	-	181,526
Capital Assets	34,872,285	31,997,151	2,875,134	21,675,586	20,263,283	1,412,303
<i>Total Assets</i>	<u>49,904,534</u>	<u>45,908,761</u>	<u>3,995,773</u>	<u>37,343,131</u>	<u>35,052,329</u>	<u>2,290,802</u>
<b>Deferred Outflows of Resources</b>						
Pension & OPEB	3,021,972	3,882,879	(860,907)	349,376	712,199	(362,823)
<i>Total Deferred Outflows of Resources</i>	<u>3,021,972</u>	<u>3,882,879</u>	<u>(860,907)</u>	<u>349,376</u>	<u>712,199</u>	<u>(362,823)</u>
<b>Liabilities</b>						
Current & Other Liabilities	1,396,871	945,322	451,549	1,104,146	575,005	529,141
Long-Term Liabilities:						
Due Within One Year	427,597	533,081	(105,484)	264,221	276,387	(12,166)
Due In More Than One Year:						
Net Pension Liability	10,870,864	12,652,770	(1,781,906)	1,536,195	2,356,751	(820,556)
Net OPEB Liability	1,204,809	4,212,839	(3,008,030)	-	1,615,031	(1,615,031)
Other Amounts	7,483,219	7,740,102	(256,883)	4,565,541	3,350,559	1,214,982
<i>Total Liabilities</i>	<u>21,383,360</u>	<u>26,084,114</u>	<u>(4,700,754)</u>	<u>7,470,103</u>	<u>8,173,733</u>	<u>(703,630)</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	1,935,637	1,935,523	114	-	-	-
Pension & OPEB	4,644,755	3,002,242	1,642,513	1,570,561	781,204	789,357
<i>Total Deferred Inflows of Resources</i>	<u>6,580,392</u>	<u>4,937,765</u>	<u>1,642,627</u>	<u>1,570,561</u>	<u>781,204</u>	<u>789,357</u>
Net Investment in Capital Assets	27,680,161	25,122,227	2,557,934	17,000,142	16,685,960	314,182
Restricted	6,898,978	5,609,967	1,289,011	-	-	-
Unrestricted	(9,616,385)	(11,962,433)	2,346,048	11,651,701	10,123,631	1,528,070
<i>Total Net Position</i>	<u>\$ 24,962,754</u>	<u>\$ 18,769,761</u>	<u>\$ 6,192,993</u>	<u>\$ 28,651,843</u>	<u>\$ 26,809,591</u>	<u>\$ 1,842,252</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2021 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

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In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows. The addition of a net OPEB asset, significant decrease in net OPEB liability and increase in deferred inflows for OPEB is related to OPERS changes previously discussed in the financial highlights.

Capital assets include, land, land improvements, buildings, equipment, infrastructure and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted.

Non-Depreciable capital assets for governmental activities increased primarily as a result of the City additions of land and construction in process.

The City's current and other liabilities increased in both the governmental and business-type activities. The increase in governmental activities was primarily due to larger contracts payable for work on projects completed but not paid for as of December 31, 2021. Business-type activities also saw an increase in contracts payable in 2021, as well as unearned revenue related to ARPA grant monies received in 2021, but not yet expensed.

Net pension/OPEB liability, deferred outflow of resources and deferred inflow of resources related to pension and OPEB fluctuated from changes in OPERS and OP&F that impact calculations in accordance with GASB 68 and GASB 75 mentioned earlier.

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**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

**Table 2**  
**Changes in Net Position**

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
<b>Revenues</b>						
<i>Program Revenues</i>						
Charges for Services	\$ 2,038,718	\$ 1,654,314	\$ 384,404	\$ 7,114,774	\$ 6,484,871	\$ 629,903
Operating Grants	1,741,525	2,476,599	(735,074)	-	-	-
Capital Grants	2,671,617	2,633,412	38,205	23,812	-	23,812
<i>Total Program Revenues</i>	<u>6,451,860</u>	<u>6,764,325</u>	<u>(312,465)</u>	<u>7,138,586</u>	<u>6,484,871</u>	<u>653,715</u>
<b>General Revenues</b>						
Property Taxes	2,100,523	1,999,034	101,489	-	-	-
Income Taxes	8,561,905	7,491,690	1,070,215	-	-	-
Grants and Entitlements	617,714	405,263	212,451	-	-	-
Hotel Lodging Tax	255,617	193,784	61,833	-	-	-
Insurance Recoveries	15,663	56,968	(41,305)	-	-	-
Investment Earnings	(18,671)	607,714	(626,385)	150	574	(424)
Miscellaneous	51,933	439,501	(387,568)	90,242	173,703	(83,461)
<i>Total General Revenues</i>	<u>11,584,684</u>	<u>11,193,954</u>	<u>390,730</u>	<u>90,392</u>	<u>174,277</u>	<u>(83,885)</u>
<i>Total Revenues</i>	<u>18,036,544</u>	<u>17,958,279</u>	<u>78,265</u>	<u>7,228,978</u>	<u>6,659,148</u>	<u>569,830</u>
<b>Program Expenses</b>						
General Government	3,023,245	4,533,920	(1,510,675)	-	-	-
Security of Persons and Property	5,898,085	6,197,862	(299,777)	-	-	-
Public Health	298,219	314,227	(16,008)	-	-	-
Leisure Time Services	822,949	771,354	51,595	-	-	-
Community Development	270,452	338,454	(68,002)	-	-	-
Transportation	1,314,620	2,244,481	(929,861)	-	-	-
Interest and Fiscal Charges	215,981	228,306	(12,325)	-	-	-
Enterprise Operations						
Water	-	-	-	3,068,525	4,264,520	(1,195,995)
Sewer	-	-	-	2,318,201	2,905,378	(587,177)
<i>Total Expenses</i>	<u>11,843,551</u>	<u>14,628,604</u>	<u>(2,785,053)</u>	<u>5,386,726</u>	<u>7,169,898</u>	<u>(1,783,172)</u>
<i>Change in Net Position</i>	<u>6,192,993</u>	<u>3,329,675</u>	<u>2,863,318</u>	<u>1,842,252</u>	<u>(510,750)</u>	<u>2,353,002</u>
<i>Net Position Beginning of Year</i>	<u>18,769,761</u>	<u>15,440,086</u>	<u>3,329,675</u>	<u>26,809,591</u>	<u>27,320,341</u>	<u>(510,750)</u>
<i>Net Position End of Year</i>	<u>\$ 24,962,754</u>	<u>\$ 18,769,761</u>	<u>\$ 6,192,993</u>	<u>\$ 28,651,843</u>	<u>\$ 26,809,591</u>	<u>\$ 1,842,252</u>

The City's overall net position increased from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities**

The City saw an increase in charges for services due to fire contracts and pool receipts from park operations. Operating grants decreased primarily due to prior year coronavirus relief funding.

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements, charges for services and investment interest.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

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The City's income tax is at a rate of 2.0 percent. Both residents of the City and non-residents who work inside the City are subject to the income tax. However if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 2.0 percent for those who pay income tax to another city. City Council could by ordinance, choose to vary that income tax credit and create additional revenues for the City.

Governmental revenue is comprised of program revenue and general revenue. General revenues include grants and entitlements, such as local government funds. Governmental activities are primarily funded with the combination of property tax, income tax and intergovernmental revenues. The City monitors its sources of revenues very closely for fluctuations.

Police and fire (security of persons and property) represent the largest expense of the governmental activities. The police department operates out of the general fund and the fire department operates out of the fire fund.

In 2021, general government and security of persons and property expenses decreased primarily caused by the switch from reporting a net OPEB liability to a net OPEB asset.

The City also maintains a cemetery (public health services) and a park (leisure time activities) within the City.

**Business-Type Activities**

Business-type activities include water and sewer operations. The revenues are generated primarily from charges for services. In 2021, charges for services accounted for nearly 98 percent of the business type revenues. Business-type activities include water and sewer operations.

***The City's Funds***

***Governmental Funds***

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements and charges for services.

	Fund Balance (Deficit)	Fund Balance	Increase
	12/31/2021	12/31/2020	(Decrease)
General	\$ 2,927,608	\$ 3,061,296	\$ (133,688)
Fire Fund	296,055	350,227	(54,172)
Steubenville Ave Road Project	(442,554)	-	(442,554)
Other Governmental	5,765,192	6,010,033	(244,841)
Total	<u>\$ 8,546,301</u>	<u>\$ 9,421,556</u>	<u>\$ (875,255)</u>



**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

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The general fund's net change in fund balance for 2021 was a decrease. In 2020, a significant amount of security of persons and property expenditures normally paid out of the general fund were paid with Coronavirus Relief Funding. In 2021, these expenses returned to normal levels as these expenses were paid from the general fund again.

The fund balance of the fire fund decreased due to normal operations.

The fund balance of the Steubenville Ave Road fund at December 31, 2021 was a decrease. This decrease is primarily a result of the timing of capital outlay expenditures for constructions projects versus grant revenues.

### ***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

Unrestricted net position of the water fund at the end of the year amounted to \$7,410,410 and the unrestricted net position of the sewer fund was \$4,203,107. The water net position saw growth in 2021 of \$1,434,429, and the sewer net position increased by 435,857. Other factors concerning the finances of these two funds have already been addressed in the discussion of the business-type activities.

### ***General Fund Budgeting Highlights***

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

During the course of 2021, the City amended its general fund budget. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

***Original Budget Compared to Final Budget*** During the year there was a need to make an amendment to increase the original estimated revenues and original budgeted appropriations. Income tax estimated receipts were increased and appropriations were increased accordingly.

***Final Budget Compared to Actual Results*** Actual revenues were higher than final budgeted revenues. Most of this difference was attributable to an underestimation of income taxes and interest. A review of actual expenditures compared to the appropriations in the final budget revealed a significant variance in general government and security of persons and property.

There were no significant variances to discuss within other financing sources and uses.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*(Unaudited)*

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***Capital Assets and Debt Administration***

**Capital Assets**

The City saw an increase in construction in progress of governmental activities is due to the Clark Street reconstruction project. The business type activities construction in progress increased primarily due to continued construction on the Steubenville Avenue waterline project. See Note 9 for additional information about the capital assets of the City.

**Debt**

The City saw a decrease in debt for governmental activities in 2021 noting there were no addition debt during the year. As for business activities, there was an increase which resulting in a two new OWDA loans disbursed in during the year. See Note 14 for additional information about the debt of the City.

**Economic Factors**

This year the City has several capital improvement projects that are underway or are planned in the various departments.

In the Water Department, waterline replacements are currently being performed along Steubenville Avenue. A system wide water distribution model and a capital improvements plan are currently being developed. Waterlines will be replaced along 21<sup>st</sup> Street later this year and the Edgeworth Addition waterline replacement project will begin. Upgrades to the waterlines along Woodlawn Avenue will also be performed. Contingent upon an EPA principal forgiveness loan, lead water service lines will be replaced on the south side. The City is also planning to replace the Highland Avenue booster station.

In the Street Department the Clark Street Reconstruction Project and the Steubenville Avenue Reconstruction Project are underway. Bids were just received for the Wills Creek Valley Drive Slip Repair Project. The 2021 Continuous Street Improvement resurfacing project will bid this month, Georgetown Road will be resurfaced, and Byesville Road is planned for micro surfacing. The Turner Parking Lot Reconstruction project is currently being designed and should be constructed yet this year. The sidewalk replacement project known as the 2021 Safe Routes to School Project is also currently underway. In planning for next year is the SR40/SR22 Resurfacing Project.

In the Sewer Department, East Wheeling Avenue Project is under construction. Other sewer projects include the Press Replacement and the RAS Valve Replacement at the Wastewater Treatment Plant, as well as the Ohio Avenue Lift Station Project.

***Contacting the City's Finance Department***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Suellen Johnson, Auditor of City of Cambridge, 814 Wheeling Ave., Cambridge, Ohio 43725 or email [camb-auditor@cambridgeoh.org](mailto:camb-auditor@cambridgeoh.org).

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Net Position*  
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 8,342,797	\$ 13,857,373	\$ 22,200,170
Cash and Investment in Segregated Accounts	444,265	-	444,265
Accounts Receivable	100,571	1,319,647	1,420,218
Intergovernmental Receivable	2,125,822	-	2,125,822
Property Taxes Receivable	2,205,443	-	2,205,443
Income Taxes Receivable	1,405,962	-	1,405,962
Loans Receivable	8,459	-	8,459
Internal Balances	(38,184)	38,184	-
Prepaid Items	14,431	28,478	42,909
Materials and Supplies Inventory	54,128	42,883	97,011
Restricted Assets	-	199,454	199,454
Net OPEB Asset	368,555	181,526	550,081
Non-Depreciable Capital Assets	9,725,798	2,621,918	12,347,716
Depreciable Capital Assets, net	25,146,487	19,053,668	44,200,155
<i>Total Assets</i>	<u>49,904,534</u>	<u>37,343,131</u>	<u>87,247,665</u>
<b>Deferred Outflows of Resources</b>			
Pension	1,849,305	245,730	2,095,035
OPEB	1,172,667	103,646	1,276,313
<i>Total Deferred Outflows of Resources</i>	<u>3,021,972</u>	<u>349,376</u>	<u>3,371,348</u>
<b>Liabilities</b>			
Accounts Payable	54,379	120,046	174,425
Accrued Wages	249,106	72,790	321,896
Contracts Payable	759,399	87,840	847,239
Intergovernmental Payable	44,916	10,190	55,106
Accrued Interest Payable	38,408	-	38,408
Claims Payable	6,688	-	6,688
Accrued Vacation Leave Payable	220,164	98,746	318,910
Matured Compensated Absences Payable	23,811	-	23,811
Customer Deposits Payable	-	199,454	199,454
Unearned Revenue	-	515,080	515,080
Long-Term Liabilities:			
Due Within One Year	427,597	264,221	691,818
Due In More Than One Year:			
Net Pension Liability	10,870,864	1,536,195	12,407,059
Net OPEB Liability	1,204,809	-	1,204,809
Other Amounts Due in More Than One Year	7,483,219	4,565,541	12,048,760
<i>Total Liabilities</i>	<u>21,383,360</u>	<u>7,470,103</u>	<u>28,853,463</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes Levied for the Next Year	1,935,637	-	1,935,637
Pension	2,920,358	883,871	3,804,229
OPEB	1,724,397	686,690	2,411,087
<i>Total Deferred Inflows of Resources</i>	<u>6,580,392</u>	<u>1,570,561</u>	<u>8,150,953</u>
<b>Net Position</b>			
Net Investment in Capital Assets	27,680,161	17,000,142	44,680,303
Restricted for:			
Debt Service	65,126	-	65,126
Capital Outlay	725,211	-	725,211
Other Purposes	6,108,641	-	6,108,641
Unrestricted	(9,616,385)	11,651,701	2,035,316
<i>Total Net Position</i>	<u>\$ 24,962,754</u>	<u>\$ 28,651,843</u>	<u>\$ 53,614,597</u>

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
General Government	\$ 3,023,245	\$ 1,280,094	\$ 66,525	\$ -	\$ (1,676,626)	\$ -	\$ (1,676,626)
Security of Persons and Property	5,898,085	285,537	273,001	5,266	(5,334,281)	-	(5,334,281)
Public Health	298,219	168,285	17,506	-	(112,428)	-	(112,428)
Leisure Time Services	822,949	297,260	30,206	-	(495,483)	-	(495,483)
Community Development	270,452	-	639,449	-	368,997	-	368,997
Transportation	1,314,620	7,542	714,838	2,666,351	2,074,111	-	2,074,111
Interest and Fiscal Charges	215,981	-	-	-	(215,981)	-	(215,981)
<i>Total Governmental Activities</i>	<u>11,843,551</u>	<u>2,038,718</u>	<u>1,741,525</u>	<u>2,671,617</u>	<u>(5,391,691)</u>	<u>-</u>	<u>(5,391,691)</u>
<b>Business-Type Activities</b>							
Water	3,068,525	4,442,551	-	-	-	1,374,026	1,374,026
Sewer	2,318,201	2,672,223	-	23,812	-	377,834	377,834
<i>Total Business-Type Activities</i>	<u>5,386,726</u>	<u>7,114,774</u>	<u>-</u>	<u>23,812</u>	<u>-</u>	<u>1,751,860</u>	<u>1,751,860</u>
<i>Total</i>	<u>\$ 17,230,277</u>	<u>\$ 9,153,492</u>	<u>\$ 1,741,525</u>	<u>\$ 2,695,429</u>	<u>(5,391,691)</u>	<u>1,751,860</u>	<u>(3,639,831)</u>
<b>General Revenues</b>							
Property Taxes Levied for:							
General Purposes					385,370	-	385,370
Fire					1,616,559	-	1,616,559
Police and Fire Pension					98,594	-	98,594
Income Taxes Levied for:							
General Purposes					5,779,261	-	5,779,261
Street Department					688,943	-	688,943
Fire					639,349	-	639,349
Street Improvements					1,454,352	-	1,454,352
Grants and Entitlements not Restricted to Specific Programs					617,714	-	617,714
Hotel Lodging Tax					255,617	-	255,617
Insurance Recoveries					15,663	-	15,663
Investment Earnings					(18,671)	150	(18,521)
Miscellaneous					51,933	90,242	142,175
<i>Total General Revenues</i>					<u>11,584,684</u>	<u>90,392</u>	<u>11,675,076</u>
<i>Change in Net Position</i>					6,192,993	1,842,252	8,035,245
<i>Net Position Beginning of Year</i>					<u>18,769,761</u>	<u>26,809,591</u>	<u>45,579,352</u>
<i>Net Position End of Year</i>					<u>\$ 24,962,754</u>	<u>\$ 28,651,843</u>	<u>\$ 53,614,597</u>

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2021*

	General Fund	Fire Fund	Steubenville Ave Road Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 2,674,190	\$ 296,913	\$ -	\$ 5,371,694	\$ 8,342,797
Cash and Investment in Segregated Accounts	77,292	-	-	160,659	237,951
Accounts Receivable	36,676	-	-	63,895	100,571
Intergovernmental Receivable	174,836	32,313	442,554	1,476,119	2,125,822
Property Taxes Receivable	385,010	1,697,993	-	122,440	2,205,443
Income Taxes Receivable	674,097	199,295	-	532,570	1,405,962
Loans Receivable	-	-	-	8,459	8,459
Prepaid Items	10,521	842	-	3,068	14,431
Materials and Supplies Inventory	-	-	-	54,128	54,128
<i>Total Assets</i>	<u>\$ 4,032,622</u>	<u>\$ 2,227,356</u>	<u>\$ 442,554</u>	<u>\$ 7,793,032</u>	<u>\$ 14,495,564</u>
<b>Liabilities</b>					
Accounts Payable	\$ 12,260	\$ 8,180	\$ -	\$ 33,939	\$ 54,379
Accrued Wages	149,492	61,905	-	37,709	249,106
Contracts Payable	-	-	442,554	316,845	759,399
Intergovernmental Payable	24,507	14,857	-	5,552	44,916
Matured Compensated Absences Payable	23,811	-	-	-	23,811
<i>Total Liabilities</i>	<u>210,070</u>	<u>84,942</u>	<u>442,554</u>	<u>394,045</u>	<u>1,131,611</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	339,771	1,504,408	-	91,458	1,935,637
Unavailable Revenue	555,173	341,951	442,554	1,542,337	2,882,015
<i>Total Deferred Inflows of Resources</i>	<u>894,944</u>	<u>1,846,359</u>	<u>442,554</u>	<u>1,633,795</u>	<u>4,817,652</u>
<b>Fund Balances</b>					
Nonspendable	67,041	842	-	57,196	125,079
Restricted	-	295,213	-	5,514,780	5,809,993
Committed	-	-	-	477,781	477,781
Assigned	2,247,697	-	-	-	2,247,697
Unassigned	612,870	-	(442,554)	(284,565)	(114,249)
<i>Total Fund Balance</i>	<u>2,927,608</u>	<u>296,055</u>	<u>(442,554)</u>	<u>5,765,192</u>	<u>8,546,301</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 4,032,622</u>	<u>\$ 2,227,356</u>	<u>\$ 442,554</u>	<u>\$ 7,793,032</u>	<u>\$ 14,495,564</u>

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
December 31, 2021

<b>Total Governmental Fund Balances</b>		\$ 8,546,301
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,872,285
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 250,638	
Income Tax	765,642	
Intergovernmental	1,770,566	
Charges for Services	33,233	
Other	<u>61,936</u>	2,882,015
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		161,442
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(38,408)
The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	368,555	
Deferred Outflows - Pension	1,849,305	
Deferred Outflows - OPEB	1,172,667	
Net Pension Liability	(10,870,864)	
Net OPEB Liability	(1,204,809)	
Deferred Inflows - Pension	(2,920,358)	
Deferred Inflows - OPEB	<u>(1,724,397)</u>	(13,329,901)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(2,910,000)	
OPWC Loans	(7,031)	
Installment Loans	(321,570)	
USDA Loan	(2,787,354)	
Unamortized Bond Premium	(162,889)	
Accrued Pension Liability	(322,837)	
Lease Purchase	(413,801)	
Accrued Vacation Leave Payable	(220,164)	
Compensated Absences	<u>(985,334)</u>	(8,130,980)
<i>Net Position of Governmental Activities</i>		<u>\$ 24,962,754</u>

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Funds*  
*For the Year Ended December 31, 2021*

	General Fund	Fire Fund	Steubenville Ave Road Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$ 387,943	\$ 1,598,672	\$ -	\$ 99,252	\$ 2,085,867
Income Taxes	5,766,231	560,761	-	1,956,683	8,283,675
Other Local Taxes	-	-	-	255,617	255,617
Charges for Services	213,317	250,000	-	251,236	714,553
Licenses and Permits	135,092	-	-	7,542	142,634
Fines and Forfeitures	345,923	-	-	796,291	1,142,214
Intergovernmental	565,384	73,302	1,011,060	2,310,803	3,960,549
Interest	(20,500)	-	-	3,930	(16,570)
Rent	39,648	-	-	-	39,648
Contributions and Donations	30,206	3,000	-	80,860	114,066
Other	31,990	-	-	19,943	51,933
<i>Total Revenues</i>	<u>7,495,234</u>	<u>2,485,735</u>	<u>1,011,060</u>	<u>5,782,157</u>	<u>16,774,186</u>
<b>Expenditures</b>					
Current:					
General Government	3,398,305	-	-	686,174	4,084,479
Security of Persons and Property	3,002,961	2,517,359	-	717,037	6,237,357
Public Health	6,340	-	-	334,435	340,775
Leisure Time Services	797,894	-	-	84,278	882,172
Community Development	137,438	-	-	195,430	332,868
Transportation	44,500	-	-	2,197,412	2,241,912
Capital Outlay	-	6,176	1,453,614	1,427,678	2,887,468
Debt Service:					
Principal Retirement	59,665	9,010	-	359,353	428,028
Interest and Fiscal Charges	87,982	7,362	-	134,701	230,045
<i>Total Expenditures</i>	<u>7,535,085</u>	<u>2,539,907</u>	<u>1,453,614</u>	<u>6,136,498</u>	<u>17,665,104</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(39,851)</u>	<u>(54,172)</u>	<u>(442,554)</u>	<u>(354,341)</u>	<u>(890,918)</u>
<b>Other Financing Sources (Uses)</b>					
Insurance Recoveries	15,663	-	-	-	15,663
Transfers In	-	-	-	109,500	109,500
Transfers Out	(109,500)	-	-	-	(109,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(93,837)</u>	<u>-</u>	<u>-</u>	<u>109,500</u>	<u>15,663</u>
<i>Net Change in Fund Balances</i>	(133,688)	(54,172)	(442,554)	(244,841)	(875,255)
<i>Fund Balances Beginning of Year</i>	3,061,296	350,227	-	6,010,033	9,421,556
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 2,927,608</u>	<u>\$ 296,055</u>	<u>\$ (442,554)</u>	<u>\$ 5,765,192</u>	<u>\$ 8,546,301</u>

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2021*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ (875,255)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions (net of adjustments)	\$ 4,493,274	
Current Year Depreciation	<u>(1,618,140)</u>	2,875,134
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	14,656	
Income Tax	278,230	
Intergovernmental	1,017,121	
Charges for Services	(331)	
Other	<u>(64,810)</u>	1,244,866
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	140,000	
OPWC Loans	7,031	
Installment Loans	48,405	
USDA Loan	72,813	
Accrued Pension Liability	17,474	
Lease Purchase	73,829	
Capital Lease	<u>68,476</u>	428,028
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	3,883	
Amortization of Premium on Bonds	<u>10,181</u>	14,064
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,113,709	
OPEB	<u>15,577</u>	1,129,286
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(542,101)	
OPEB	<u>2,067,886</u>	1,525,785
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(74,147)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(75,842)	
Accrued Vacation Leave Payable	<u>1,074</u>	(74,768)
<i>Change in Net Position of Governmental Activities</i>		<u>\$ 6,192,993</u>

See accompanying notes to the basic financial statements.



**City of Cambridge**  
**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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 341,000	\$ 341,000	\$ 387,943	\$ 46,943
Income Taxes	4,525,000	4,775,000	6,055,983	1,280,983
Charges for Services	2,500	27,758	27,258	(500)
Licenses and Permits	128,600	129,500	135,092	5,592
Fines and Forfeitures	326,000	325,000	345,481	20,481
Intergovernmental	380,900	436,000	559,958	123,958
Interest	-	50,000	208,313	158,313
Rent	8,000	8,000	13,398	5,398
Other	10,000	13,989	22,533	8,544
<i>Total Revenues</i>	<u>5,722,000</u>	<u>6,106,247</u>	<u>7,755,959</u>	<u>1,649,712</u>
<b>Expenditures</b>				
Current:				
General Government	3,441,539	3,620,799	3,398,987	221,812
Security of Persons and Property	3,133,836	3,213,935	2,982,695	231,240
Public Health	10,000	7,500	6,350	1,150
Leisure Time Services	641,121	685,118	639,038	46,080
Community Development	192,241	163,796	142,064	21,732
Capital Outlay	-	2,000	-	2,000
Debt Service:				
Principal Retirement	36,852	109,697	109,665	32
Interest and Fiscal Charges	9,327	87,982	87,982	-
<i>Total Expenditures</i>	<u>7,464,916</u>	<u>7,890,827</u>	<u>7,366,781</u>	<u>524,046</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,742,916)</u>	<u>(1,784,580)</u>	<u>389,178</u>	<u>2,173,758</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Recoveries	-	15,663	15,663	-
Transfers Out	(200,000)	(159,000)	(159,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(200,000)</u>	<u>(143,337)</u>	<u>(143,337)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(1,942,916)</u>	<u>(1,927,917)</u>	<u>245,841</u>	<u>2,173,758</u>
<i>Fund Balance Beginning of Year</i>	<u>2,056,791</u>	<u>2,056,791</u>	<u>2,056,791</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>31,805</u>	<u>31,805</u>	<u>31,805</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 145,680</u>	<u>\$ 160,679</u>	<u>\$ 2,334,437</u>	<u>\$ 2,173,758</u>

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balance - Budget and Actual (Budget Basis)*  
*Fire Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,598,672	\$ 98,672
Income Taxes	395,000	395,000	530,966	135,966
Charges for Services	170,000	170,000	250,000	80,000
Intergovernmental	70,000	70,000	73,302	3,302
Contributions and Donations	-	-	3,000	3,000
Miscellaneous	-	146,600	-	(146,600)
<i>Total Revenues</i>	<u>2,135,000</u>	<u>2,281,600</u>	<u>2,455,940</u>	<u>174,340</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	2,463,128	2,602,928	2,544,601	58,327
Capital Outlay	-	6,800	6,176	624
Debt Service:				
Principal Retirement	9,010	9,010	9,010	-
Interest and Fiscal Charges	7,362	7,362	7,362	-
<i>Total Expenditures</i>	<u>2,479,500</u>	<u>2,626,100</u>	<u>2,567,149</u>	<u>58,951</u>
<i>Net Change in Fund Balance</i>	(344,500)	(344,500)	(111,209)	233,291
<i>Fund Balance Beginning of Year</i>	391,347	391,347	391,347	-
Prior Year Encumbrances Appropriated	3,049	3,049	3,049	-
<i>Fund Balance End of Year</i>	<u>\$ 49,896</u>	<u>\$ 49,896</u>	<u>\$ 283,187</u>	<u>\$ 233,291</u>

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2021*

	Enterprise Funds			Governmental Activities
	Water	Sewer	Total	Internal Service Fund
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Investments	\$ 8,311,244	\$ 5,546,129	\$ 13,857,373	\$ -
Cash and Investments in Segregated Accounts	-	-	-	206,314
Accounts Receivable	742,096	577,551	1,319,647	-
Prepaid Items	21,464	7,014	28,478	-
Materials and Supplies Inventory	34,249	8,634	42,883	-
<i>Total Current Assets</i>	<u>9,109,053</u>	<u>6,139,328</u>	<u>15,248,381</u>	<u>206,314</u>
<i>Non-Current Assets:</i>				
<i>Restricted Assets:</i>				
Equity in Pooled Cash and Investments	199,454	-	199,454	-
Net OPEB Asset	104,515	77,011	181,526	-
Non-Depreciable Capital Assets	2,491,894	130,024	2,621,918	-
Depreciable Capital Assets, Net	8,187,445	10,866,223	19,053,668	-
<i>Total Non-Current Assets</i>	<u>10,983,308</u>	<u>11,073,258</u>	<u>22,056,566</u>	<u>-</u>
<i>Total Assets</i>	<u>20,092,361</u>	<u>17,212,586</u>	<u>37,304,947</u>	<u>206,314</u>
<b>Deferred Outflows of Resources</b>				
Pension	128,573	117,157	245,730	-
OPEB	51,511	52,135	103,646	-
<i>Total Deferred Outflows of Resources</i>	<u>180,084</u>	<u>169,292</u>	<u>349,376</u>	<u>-</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	51,471	68,575	120,046	-
Accrued Wages	39,687	33,103	72,790	-
Contracts Payable	73,555	14,285	87,840	-
Intergovernmental Payable	5,556	4,634	10,190	-
Accrued Vacation Leave Payable	40,337	58,409	98,746	-
Unearned Revenue	-	515,080	515,080	-
Claims Payable	-	-	-	6,688
Customer Deposits Payable	199,454	-	199,454	-
Compensated Absences Payable	9,717	1,701	11,418	-
Loans Payable	13,333	13,333	26,666	-
OWDA Loans Payable	73,925	152,212	226,137	-
<i>Total Current Liabilities</i>	<u>507,035</u>	<u>861,332</u>	<u>1,368,367</u>	<u>6,688</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable - Net of Current Portion	129,002	101,738	230,740	-
Loans Payable - Net of Current Portion	26,667	26,667	53,334	-
OWDA Loans Payable - Net of Current Portion	3,536,711	744,756	4,281,467	-
Net Pension Liability	884,476	651,719	1,536,195	-
<i>Total Long-Term Liabilities</i>	<u>4,576,856</u>	<u>1,524,880</u>	<u>6,101,736</u>	<u>-</u>
<i>Total Liabilities</i>	<u>5,083,891</u>	<u>2,386,212</u>	<u>7,470,103</u>	<u>6,688</u>
<b>Deferred Inflows of Resources</b>				
Pension	458,051	425,820	883,871	-
OPEB	364,945	321,745	686,690	-
<i>Total Deferred Inflows of Resources</i>	<u>822,996</u>	<u>747,565</u>	<u>1,570,561</u>	<u>-</u>
<b>Net Position</b>				
Net Investment in Capital Assets	6,955,148	10,044,994	17,000,142	-
Unrestricted	7,410,410	4,203,107	11,613,517	199,626
<i>Total Net Position</i>	<u>\$ 14,365,558</u>	<u>\$ 14,248,101</u>	<u>28,613,659</u>	<u>\$ 199,626</u>

Some amounts reported for business-type activities in the statement of net position are difference because internal service fund assets and liabilities are included with business-type activities.

Net Position of business-type activities

38,184  
\$ 28,651,843

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2021*

	Enterprise			Governmental Activities
	Water	Sewer	Total	Internal Service Fund
<b>Operating Revenues</b>				
Charges for Services	\$ 4,442,551	\$ 2,672,223	\$ 7,114,774	\$ 405,891
Other	43,046	47,196	90,242	-
<i>Total Operating Revenues</i>	<u>4,485,597</u>	<u>2,719,419</u>	<u>7,205,016</u>	<u>405,891</u>
<b>Operating Expenses</b>				
Personal Services	718,728	544,304	1,263,032	-
Contractual Services	716,262	742,444	1,458,706	14,942
Materials and Supplies	1,007,316	603,727	1,611,043	-
Claims	-	-	-	494,959
Depreciation	544,353	402,284	946,637	-
<i>Total Operating Expenses</i>	<u>2,986,659</u>	<u>2,292,759</u>	<u>5,279,418</u>	<u>509,901</u>
<i>Operating Income (Loss)</i>	<u>1,498,938</u>	<u>426,660</u>	<u>1,925,598</u>	<u>(104,010)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest	-	150	150	1,829
Gain on Sale of Capital Assets	6,439	-	6,439	-
Interest and Fiscal Charges	(70,948)	(14,765)	(85,713)	-
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(64,509)</u>	<u>(14,615)</u>	<u>(79,124)</u>	<u>1,829</u>
<i>Income (Loss) Before Capital Contributions</i>	1,434,429	412,045	1,846,474	(102,181)
Capital Contributions	-	23,812	23,812	-
<i>Change in Net Position</i>	1,434,429	435,857	1,870,286	(102,181)
<i>Net Position Beginning of Year</i>	<u>12,931,129</u>	<u>13,812,244</u>		<u>301,807</u>
<i>Net Position End of Year</i>	<u>\$ 14,365,558</u>	<u>\$ 14,248,101</u>		<u>\$ 199,626</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:			(28,034)	
Changes in Net Position of Business-Type Activities			<u>\$ 1,842,252</u>	

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2021

	Enterprise Funds			Governmental Activities
	Water	Sewer	Total	Internal Service Fund
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 4,449,060	\$ 2,686,605	\$ 7,135,665	\$ 405,891
Cash Received from Other Operating Receipts	43,046	47,196	90,242	-
Cash Payments to Suppliers for Goods and Services	(962,072)	(609,398)	(1,571,470)	-
Cash Payments to Employees for Services and Benefits	(1,548,851)	(1,180,212)	(2,729,063)	-
Cash Payments for Contractual Services	(756,996)	(732,532)	(1,489,528)	(14,942)
Cash Payments for Claims	-	-	-	(495,212)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,224,187</u>	<u>211,659</u>	<u>1,435,846</u>	<u>(104,263)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Intergovernmental Revenue	-	1,044,392	1,044,392	-
Proceeds of OWDA Loans	1,419,546	-	1,419,546	-
Acquisition of Capital Assets	(1,670,017)	(653,085)	(2,323,102)	-
Principal Payments on Debt	(139,085)	(91,068)	(230,153)	-
Interest Payments on Debt	(70,948)	(14,765)	(85,713)	-
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(460,504)</u>	<u>285,474</u>	<u>(175,030)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Interest	-	150	150	1,829
<i>Net Cash Provided by Investing Activities</i>	<u>-</u>	<u>150</u>	<u>150</u>	<u>1,829</u>
<i>Net Increase (Decrease) in Cash and Investments</i>	763,683	497,283	1,260,966	(102,434)
<i>Cash and Investments Beginning of Year</i>	<u>7,747,015</u>	<u>5,048,846</u>	<u>12,795,861</u>	<u>308,748</u>
<i>Cash and Investments End of Year</i>	<u>\$ 8,510,698</u>	<u>\$ 5,546,129</u>	<u>\$ 14,056,827</u>	<u>\$ 206,314</u>

(Continued)

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used for) Operating Activities**

Operating Income (Loss)	\$ 1,498,938	\$ 426,660	\$ 1,925,598	\$ (104,010)
Adjustments:				
Depreciation	544,353	402,284	946,637	-
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	6,509	14,382	20,891	-
Prepaid Items	(165)	-	(165)	-
Materials and Supplies Inventory	10,537	(804)	9,733	-
Net OPEB Asset	(104,515)	(77,011)	(181,526)	-
Deferred Outflows - Pension/OPEB	160,709	202,114	362,823	-
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(2,730)	5,045	2,315	-
Accrued Wages	1,937	6,195	8,132	-
Intergovernmental Payable	(10,723)	(7,705)	(18,428)	-
Claims Payable	-	-	-	(253)
Customer Deposits Payable	(3,132)	-	(3,132)	-
Accrued Vacation Leave Payable	(2,850)	(1,375)	(4,225)	-
Compensated Absences Payable	3,492	9,931	13,423	-
Deferred Inflows - Pension/OPEB	393,461	395,896	789,357	-
Net Pension Liability	(394,903)	(425,653)	(820,556)	-
Net OPEB Liability	(876,731)	(738,300)	(1,615,031)	-
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 1,224,187</u>	<u>\$ 211,659</u>	<u>\$ 1,435,846</u>	<u>\$ (104,263)</u>

**Noncash Capital Financing Activities:**

The City purchased \$87,840 and \$58,441 of capital assets on account in 2021 and 2020, respectively.

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2021*

	Private Purpose Trust	Custodial
<b>Assets</b>		
Cash and Investments in Segregated Accounts	\$ 47,281	\$ 52,883
Accounts Receivable	-	3,229
<i>Total Assets</i>	<u>47,281</u>	<u>56,112</u>
<b>Liabilities</b>		
Intergovernmental Payable	-	46,646
<i>Total Liabilities</i>	<u>-</u>	<u>46,646</u>
<b>Net Position</b>		
Restricted for Private Purposes	47,281	-
Restricted for Individuals, Organizations, and Other Governments	-	9,466
<i>Total Net Position</i>	<u>\$ 47,281</u>	<u>\$ 9,466</u>

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2021*

	Private Purpose Trust	Custodial
<b>Additions</b>		
Fines & Forfeitures for Other Governments	\$ -	\$ 908,866
<i>Total Additions</i>	-	908,866
<b>Deductions</b>		
Payments in Accordance with Trust Agreements	200	-
Fines & Forfeitures Distributions to Other Governments	-	900,698
<i>Total Deductions</i>	200	900,698
<i>Change in Net Position</i>	(200)	8,168
<i>Net Position Beginning of Year</i>	47,481	1,298
<i>Net Position End of Year</i>	\$ 47,281	\$ 9,466

See accompanying notes to the basic financial statements.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***NOTE 1: REPORTING ENTITY***

The City of Cambridge, Ohio (the “City”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The City was incorporated in 1837 and is a statutory municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. A primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The primary government of the City includes City departments and agencies that provide the following services: police and fire protection, water, sewer, parks and recreation, planning, zoning, street maintenance and repair, and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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

**Related Organizations**

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

***Cambridge Metropolitan Housing Authority*** – The Cambridge Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to state statutes. The Authority is operated by a five member board. Two members are appointed by the Mayor of Cambridge, one member is appointed by the common pleas court judge, and one member is appointed by the Guernsey County Commissioners. The City is not financially accountable for the Authority.

***South East Area Transit*** – The South East Area Transit (SEAT) was created pursuant to state statute in 1979. SEAT formulates general policy for the operation of the Regional Transit Authority. Other duties of SEAT include determining routes and fares, formulate operating procedures, promote and maintain community awareness, and appoint and remove the General Manager and Secretary/Treasurer. SEAT is limited to a ten member board comprised of seven individuals appointed by the Mayor of Zanesville, two people appointed by Muskingum County Commissioners, one individual appointed by the Mayor of South Zanesville, one person appointed by the Guernsey County Commissioners and one person appointed by the Mayor of Cambridge. The continued existence of the Authority is not dependent on the City’s continued participation and the City has no equity interest in or financial responsibility for the Authority.



**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Guernsey County Airport Authority*** – The Guernsey County Airport Authority was created to provide for the orderly development of aviation facilities in the region. The Authority is governed by a five member board of trustees. The initial board consisted of three members appointed by the City of Cambridge and two members appointed by the Guernsey County Board of Commissioners. Subsequent appointments are made by the City in each even numbered year and the County in each odd numbered year.

***NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

***Fund Financial Statements*** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***B. Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred in flow of resources is reported as fund balance. The following are the City's major governmental funds:

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

***Fire Fund*** The fire special revenue fund is used to account for the property and income taxes levied in the City for the operation of its fire department.

***Steubenville Ave Road Project Fund*** The Steubenville Ave Road project fund is used to account for the grant monies used for improvements.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

***Proprietary Fund Type*** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the City's proprietary fund types:

***Enterprise Funds*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The sewer and water funds are the City's major enterprise funds.

***Water Fund*** The water fund accounts for the provision of water service to the residents and commercial users located within the City.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

***Internal Service Fund*** The internal service fund accounts for the financing of service provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's internal service fund reports on a self-insurance program for employee dental benefits.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. The four types of trust funds are used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The City has four private purpose trust funds which is used to account for the money set aside to be donated to charities as authorized in the will of the individuals. The City has two custodial fund which is used to account for monies held for individuals and organizations for fines and forfeitures.

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary fund activities. Private purpose trust funds are reported using the economic resources measurement focus. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rentals.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11)

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***E. Pooled Cash and Investments***

To improve cash management, all cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and investments." Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2021 amounted to deficit of \$20,500, which includes a deficit of \$16,936 assigned from other City funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented as "cash and investments in segregated accounts" since they are not required to be deposited into the City's treasury. See Note 5, "Deposits and Investments."

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***G. Materials and Supplies Inventory***

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

***H. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Customer deposits have been restricted in the enterprise funds because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposit payable liability account.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***I. Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 for all capital assets except \$25,000 for governmental infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City's infrastructure consists of streets, traffic lights, and water and sewer lines. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	15 - 20 Years	N/A
Buildings	5 - 50 Years	15 - 25 Years
Improvements Other Than Buildings	15 - 25 Years	25 - 65 Years
Machinery and Equipment	3 - 25 Years	5 - 25 Years
Furniture and Fixtures	10 - 15 Years	5 - 15 Years
Vehicles	5 - 20 Years	5 - 10 Years
Water/Sewer Lines	N/A	65 Years
Infrastructure	25 - 75 Years	N/A

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***J. Interfund Balances***

On fund financial statements, long-term interfund loans are reported as “advances to/from other funds.” Repayment is expected to be made within a reasonable time. These amounts are eliminated in the governmental columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as “internal balances.”

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and the employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. All employees with the City are deemed vested.

The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***L. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

***M. Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***N. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2021, none of the City's net position was restricted by enabling legislation.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

***O. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City. City Council has by resolution authorized the City Auditor to assign fund balance. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.



**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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*Unassigned* – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

***P. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer services. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

***Q. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***R. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

***S. Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States in America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***T. Budgetary Data***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, 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 establishes a limit on the amount Council may appropriate.

The appropriations resolution is Council’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department in the general fund and at the object level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. 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 the final appropriations were enacted by Council.

The appropriations resolution 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 resolution for that 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 Council during the year.

***U. Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, of grants or outside contributions of resources restricted to capital acquisition and construction.

***V. Unearned Revenue***

Unearned revenue arises when monies are received before revenue recognition criteria have been satisfied. The unearned revenue reported represents grants received from the American Rescue Plan Act funding.

**NOTE 3: FUND DEFICIT**

Fund balances at December 31, 2021, included the following individual fund deficits: These deficits resulted from adjustments for accrued liabilities.

	<u>Deficit Fund Balance</u>
Major Fund:	
Steubenville Ave Road Project	\$ 442,554
Non-Major Funds:	
Victims Assistance Act (SVAA) Grant	1,908
Clark Ave Project	8,342
Safe Route to School	274,315

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

The general fund is liable for any deficit in this fund and provides transfers when cash is required, rather than when accruals occur.

**NOTE 4: BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and the major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as an assigned fund balance (GAAP).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general and fire funds.

**Net Change in Fund Balance**

	General	Fire
GAAP Basis	\$ (133,688)	\$ (54,172)
Net Adjustment for Revenue Accruals	562,090	(29,795)
Net Adjustment for Expenditure Accruals	(77,607)	(13,517)
Funds Budgeted Elsewhere **	(76,309)	-
Adjustment for Encumbrances	(28,645)	(13,725)
Budget Basis	\$ 245,841	\$ (111,209)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes municipal airport fund, tree fund, park user fee reserve fund and municipal trust fund.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**NOTE 5: DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

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

Inactive deposits are public deposits that Council has 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 by 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 but 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guarantee as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. 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;
6. The State Treasurer's Investment Pool (STAR Ohio).

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and seventy days, respectively, from the purchase date in any amount not to exceed 40 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage and the use of leverage and short selling is also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits** - At year-end, \$8,484,180 of the City's bank balance of \$8,984,180 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**Investments**

As of December 31, 2021, the City had the following investments and maturities:

Ratings by S&P Gobel Ratings	Investment	Measurement Amount	Investment Maturities in Months			% Total
			0-12	13-36	Over 36	
	Net Asset Value (NAV):					
AAAm	First American Government Obligations	\$ 50,064	\$ 50,064	\$ -	\$ -	0.3%
	Fair Value:					
Aaa	Federal Farm Credit Bank	2,144,719	245,074	1,407,800	491,845	14.7%
Aaa	Federal National Mortgage Association	1,135,095	-	306,618	828,477	7.7%
Aaa	Federal Home Loan Banks	2,319,992	-	248,343	2,071,649	15.8%
N/A	Negotiable Certificates of Deposit	5,051,343	1,600,745	3,197,025	253,573	34.4%
Aaa	US Treasury Note	2,115,746	-	888,220	1,227,526	14.4%
P-1	Commercial Paper	1,868,892	1,868,892	-	-	12.7%
	Total Investments	<u>\$ 14,685,851</u>	<u>\$ 3,764,775</u>	<u>\$ 6,048,006</u>	<u>\$ 4,873,070</u>	<u>100.0%</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2021. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

**Interest Rate Risk** The City has no investment policy to address interest rate risk in place at this time.

**Credit Risk** The table above includes the percentage to total of each investment type held by the City at December 31, 2021.

**NOTE 6: TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of the 2020 taxes.

2021 real property taxes were levied after October 1, 2021 on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$13.70 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 170,789,390
Public Utilities	11,562,330
Total Assessed Value	\$ 182,351,720

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2021, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***B. Income Taxes***

The City levies a tax of 2.0 percent on all salaries, wages, commissions and other compensation, and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

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

***NOTE 7: RECEIVABLES***

Receivables at December 31, 2021 consisted of taxes, accounts, loans, and intergovernmental receivables arising from shared revenues.

The other governmental funds reflect loans receivable of \$8,459. These loans receivable are for financing the rehabilitation of homes to low and moderate income families and loans to local businesses for community development. The fund balance representing revolving loans receivable is restricted because it is not appropriate for expenditures, or is legally segregated for specific use.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**NOTE 8: INTERFUND TRANSFERS**

Following is a summary of transfers in and out for all funds for 2021:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 109,500
Non-Major Governmental Funds:		
VOCA Grant	8,762	-
Cemetery	100,738	-
Total All Funds	<u>\$ 109,500</u>	<u>\$ 109,500</u>

The transfers from the General Fund to the various other funds were to provide additional resources for current operations.

**NOTE 9: CAPITAL ASSETS**

A summary of changes in capital assets during 2021 follows:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/2021
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 2,673,037	\$ 24,486	\$ -	\$ 2,697,523
Construction in Progress	3,228,418	4,088,072	(288,215)	7,028,275
<i>Total Capital Assets Not Being Depreciated</i>	<u>5,901,455</u>	<u>4,112,558</u>	<u>(288,215)</u>	<u>9,725,798</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	121,584	-	-	121,584
Buildings	9,979,079	-	-	9,979,079
Improvements Other Than Buildings	3,200,108	-	-	3,200,108
Machinery and Equipment	3,005,950	277,928	(10,500)	3,273,378
Furniture and Fixtures	69,848	-	-	69,848
Vehicles	2,918,179	102,788	(53,384)	2,967,583
Infrastructure	30,806,307	288,215	-	31,094,522
<i>Total Capital Assets, Being Depreciated</i>	<u>50,101,055</u>	<u>668,931</u>	<u>(63,884)</u>	<u>50,706,102</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(104,435)	(2,450)	-	(106,885)
Buildings	(3,060,161)	(273,054)	-	(3,333,215)
Improvements Other Than Buildings	(1,823,762)	(72,299)	-	(1,896,061)
Machinery and Equipment	(2,210,909)	(231,086)	10,500	(2,431,495)
Furniture and Fixtures	(58,380)	(2,987)	-	(61,367)
Vehicles	(2,314,551)	(161,403)	53,384	(2,422,570)
Infrastructure	(14,433,161)	(874,861)	-	(15,308,022)
<i>Total Accumulated Depreciation</i>	<u>(24,005,359)</u>	<u>(1,618,140)</u>	<u>* 63,884</u>	<u>(25,559,615)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>26,095,696</u>	<u>(949,209)</u>	<u>-</u>	<u>25,146,487</u>
<i>Total Governmental Activities Capital Assets, Net</i>	<u>\$31,997,151</u>	<u>\$ 3,163,349</u>	<u>\$ (288,215)</u>	<u>\$ 34,872,285</u>



**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

\*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 161,163
Leisure Time Services	152,664
Security of Persons and Property	304,286
Transportation	955,363
Public Health	<u>44,664</u>
 Total	 <u><u>\$ 1,618,140</u></u>

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b>Business-Type Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 302,346	\$ 57,346	\$ -	\$ 359,692
Construction in progress	922,184	2,529,262	(1,189,220)	2,262,226
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,224,530</u>	<u>2,586,608</u>	<u>(1,189,220)</u>	<u>2,621,918</u>
 <i>Capital Assets, Being Depreciated:</i>				
Buildings	10,900,716	-	(26,561)	10,874,155
Improvements Other Than Buildings	9,751,557	31,000	-	9,782,557
Machinery and Equipment	3,012,533	11,584	-	3,024,117
Furniture and Fixtures	151,021	-	(5,072)	145,949
Vehicles	777,836	-	(122,651)	655,185
Water Lines	9,013,536	-	-	9,013,536
Sewer Lines	8,078,165	912,529	-	8,990,694
<i>Total Capital Assets, Being Depreciated</i>	<u>41,685,364</u>	<u>955,113</u>	<u>(154,284)</u>	<u>42,486,193</u>
 <i>Less Accumulated Depreciation:</i>				
Buildings	(9,382,217)	(349,544)	26,561	(9,705,200)
Improvements Other Than Buildings	(4,843,106)	(174,069)	-	(5,017,175)
Machinery and Equipment	(1,794,096)	(106,344)	-	(1,900,440)
Furniture and Fixtures	(151,021)	-	5,072	(145,949)
Vehicles	(610,579)	(29,051)	129,090	(510,540)
Water Lines	(2,481,102)	(168,979)	-	(2,650,081)
Sewer Lines	(3,384,490)	(118,650)	-	(3,503,140)
<i>Total Accumulated Depreciation</i>	<u>(22,646,611)</u>	<u>(946,637)</u>	<u>160,723</u>	<u>(23,432,525)</u>
 <i>Total Capital Assets Being Depreciated, Net</i>	 <u>19,038,753</u>	 <u>8,476</u>	 <u>6,439</u>	 <u>19,053,668</u>
 <i>Total Business-Type Activities Capital Assets, Net</i>	 <u><u>\$ 20,263,283</u></u>	 <u><u>\$ 2,595,084</u></u>	 <u><u>\$(1,182,781)</u></u>	 <u><u>\$ 21,675,586</u></u>

**NOTE 10: DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Net Pension Liability/Net OPEB Liability/(Asset)***

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability (asset) represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at 3 percent.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2021 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$676,698 for 2021. Of this amount, \$26,598 is reported as an intergovernmental payable.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1 of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2021 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2021 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$660,322 for 2021. Of this amount, \$27,848 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2021, the specific liability of the City was \$322,837 payable in semi-annual payments through the year 2035.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

***Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.031437%	0.113713%	
Prior Measurement Period	0.034067%	0.122852%	
Change in Proportion	<u>-0.002630%</u>	<u>-0.009139%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 4,655,135	\$ 7,751,924	\$ 12,407,059
Pension Expense	\$ (23,953)	\$ 493,623	\$ 469,670

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ -	\$ 324,053	\$ 324,053
Changes of Assumptions	-	130,005	130,005
Changes in Proportionate Share and			
Differences in Contributions	50,127	253,830	303,957
City Contributions Subsequent			
to the Measurement Date	676,698	660,322	1,337,020
Total Deferred Outflows of Resources	<u>\$ 726,825</u>	<u>\$ 1,368,210</u>	<u>\$ 2,095,035</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 194,728	\$ 301,991	\$ 496,719
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	1,814,438	376,019	2,190,457
Changes in Proportionate Share and			
Differences in Contributions	369,638	747,415	1,117,053
Total Deferred Inflows of Resources	<u>\$ 2,378,804</u>	<u>\$ 1,425,425</u>	<u>\$ 3,804,229</u>

\$1,337,020 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (963,537)	\$ (147,189)	\$ (1,110,726)
2023	(378,050)	106,509	(271,541)
2024	(739,627)	(465,774)	(1,205,401)
2025	(247,463)	(166,157)	(413,620)
2026	-	(44,926)	(44,926)
Total	<u>\$ (2,328,677)</u>	<u>\$ (717,537)</u>	<u>\$ (3,046,214)</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 0.50 percent Simple through 2021, then 2.15 percent Simple

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent and the City's proportionate share of the net pension liability if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate:



**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 8,879,695	\$ 4,655,135	\$ 1,142,421

***Changes between Measurement Date and Report Date*** During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

***Actuarial Assumptions – OP&F***

OP&F's total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.20 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: Assumptions are geometric.

\* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 10,791,671	\$ 7,751,924	\$ 5,207,963

**NOTE 11 – DEFINED BENEFIT OPEB PLAN**

See Note 10 for a description of the net OPEB liability.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree’s years of service and age when they first enrolled in OPERS coverage.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2021.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy** – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$15,577 for 2021. Of this amount, \$660 is reported as an intergovernmental payable.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB***

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.030876%	0.1137131%	
Prior Measurement Period	0.033407%	0.1228517%	
Change in Proportion	-0.002531%	-0.0091386%	
 Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (550,081)	\$ 1,204,809	
OPEB Expense	\$ (3,410,198)	\$ 173,121	\$ (3,237,077)

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Changes of Assumptions	\$ 270,427	\$ 665,590	\$ 936,017
Changes in Proportionate Share and Differences in Contributions	32,371	292,348	324,719
City Contributions Subsequent to the Measurement Date	-	15,577	15,577
<b>Total Deferred Outflows of Resources</b>	<b>\$ 302,798</b>	<b>\$ 973,515</b>	<b>\$ 1,276,313</b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 496,445	\$ 198,728	\$ 695,173
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	292,982	44,774	337,756
Changes of Assumptions	891,295	192,068	1,083,363
Changes in Proportionate Share and Differences in Contributions	218,685	76,110	294,795
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,899,407</b>	<b>\$ 511,680</b>	<b>\$ 2,411,087</b>

\$15,577 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (839,783)	\$ 109,389	\$ (730,394)
2023	(594,985)	119,994	(474,991)
2024	(127,318)	103,278	(24,040)
2025	(34,523)	102,543	68,020
2026	-	10,023	10,023
Thereafter	-	1,031	1,031
	<b>\$ (1,596,609)</b>	<b>\$ 446,258</b>	<b>\$ (1,150,351)</b>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return:	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent, initial, 3.50 percent, ultimate in 2035
Prior Measurement Date	10.5 percent, initial, 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:



**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
<b>Total</b>	<b>100.00 %</b>	<b>4.43 %</b>

**Discount Rate** A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent and the City’s proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City’s Proportionate Share of the Net OPEB (Asset)	\$ (136,781)	\$ (550,081)	\$ (889,846)

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (563,487)	\$ (550,081)	\$ (535,081)

***Changes between Measurement Date and Report Date*** During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current Measurement Date	2.96 percent
Prior Measurement Date	3.56 percent
Municipal Bond Rate:	
Current Measurement Date	2.12 percent
Prior Measurement Date	3.75 percent
Cost of Living Adjustments	2.20 percent simple

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020, are summarized below:

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-U.S. Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income*	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* Levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2035. The long-term expected rate of return on health care investments was applied to projected costs through 2035, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,502,328	\$ 1,204,809	\$ 959,391

**NOTE 12: COMPENSATED ABSENCES**

All full-time City employees earn sick leave at the rate of 4.6 hours for each completed eighty (80) hours in active pay status, with the exception of the fire department employees. All fire department employees working 24 hour crew shifts accumulate 14 hours of sick leave per pay period. Upon retirement from the City, employees with five (5) years of service or more with the City receive a lump sum settlement for unused sick leave at the rate of one-half (1/2) of all unused sick leave or a maximum of 60 days or 480 hours. In addition, any union employees who retires or is laid-off after ten (10) years of service, is eligible to receive 10 percent of all sick time in excess of 960 hours. The payment is based upon a maximum of sixty (60) days at the employee's hourly rate of compensation at the time of retirement.

City employees earn vacation at various rates depending on length of service. The City requires each employee to work one full year prior to permitting the use of vacation leave. Consequently, all employees' vacation leave earned is carried forward to the succeeding calendar year and only lost if not used by the end of that calendar year, except for police officers. Police officers can carryover vacation balance up to three years. Upon separation, an employee is paid for unused vacation earned in the year prior to their retirement plus any current year vacation earned through their retirement date.

**NOTE 13: COMMITMENTS**

**A. Contractual Commitments**

The City had the following contractual commitment outstanding at December 31, 2021.

	Contractual Commitment	Expended	Balance 12/31/2021
<i>Governmental-Type Activities:</i>			
Clark Street Project	\$ 559,046	\$ 437,184	\$ 121,862
Total Governmental- type Activities	\$ 559,046	\$ 437,184	\$ 121,862
<i>Business-Type Activities:</i>			
Steubenville Water Line	1,603,482	1,574,912	28,570
Total	\$ 1,603,482	\$ 1,574,912	\$ 28,570

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments disclosed in this note. Reasons for this may include timing of when contracts are encumbered and contracts paid from enterprise funds, which are not required to disclose encumbrance commitments.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**B. Other Commitments**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General Fund	\$ 16,981
Fire Fund	5,545
Other Governmental Funds	283,349
Total	\$ 305,875

**NOTE 14: LONG-TERM OBLIGATIONS**

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities:</b>			
General Obligation Bonds:			
Courthouse Facilities Improvement Refunding Bonds-2017			
Serial Bonds	2.00%-3.00%	\$ 1,220,000	12/1/2027
Term Bonds	3.00-4.00%	1,995,000	12/1/2037
Direct Borrowings:			
Ohio Public Works Commission Loan:			
Continuous Street Improvements	0.00%	72,911	1/1/2023
Ohio Public Works Commission Loan:			
USDA Loan	2.75%	3,000,000	9/1/2047
Installment Loans:			
Hondros Building Installment Loan	0.00%	80,000	4/25/2024
Peoples Bank	2.50%	323,309	5/26/2023
Lease Purchase:			
Street Sweeper	4.16%	142,065	10/5/2021
Mcfarland Stadium Lighting	3.59%	641,230	7/8/2029
<b>Business-Type Activities:</b>			
Direct Borrowings:			
Ohio Public Works Commission Loan:			
Water Treatment Plant Filter Rehabilitation - 2002	0.00%	184,457	1/1/2022
Ohio Water Development Authority Loans:			
Water Line Replacement - 2011	3.77%	1,187,512	7/1/2041
Brown Heights Waterline Replacement	2.58%	1,003,500	7/1/2038
Trihalomethane Removal System	2.90%	1,650,320	7/1/2028
Waste Water Treatment Plant Improvements - 2015	3.04%	1,527,847	1/1/2027
Steubenville Avenue Waterline Replacement	1.83%	1,599,792	1/1/2052
Installment Loan:			
Hondros Building	0.00%	160,000	4/25/2024

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Changes in long-term obligations of the City during the year ended December 31, 2021 consisted of the following:

	Principal Balance 12/31/2020	Additions	Reductions	Principal Balance 12/31/2021	Due in One Year
<b>Governmental Activities</b>					
<i>General Obligation Bonds:</i>					
<i>2017 Courthouse Facilities Improvement Refunding Bonds</i>					
Serial and Term Bonds	\$ 3,050,000	\$ -	\$ (140,000)	\$ 2,910,000	\$ 145,000
Unamortized Premium	173,070	-	(10,181)	162,889	-
<i>Total General Obligation Bonds</i>	<u>3,223,070</u>	<u>-</u>	<u>(150,181)</u>	<u>3,072,889</u>	<u>145,000</u>
<i>Direct Borrowings</i>					
OPWC Continuous Street Improvement	14,062	-	(7,031)	7,031	7,031
Hondros Building Installment Loan	46,666	-	(6,666)	40,000	13,333
USDA Loan	2,860,167	-	(72,813)	2,787,354	74,816
Installment Loan	323,309	-	(41,739)	281,570	42,805
Lease Purchases	487,630	-	(73,829)	413,801	45,473
<i>Total Direct Borrowings</i>	<u>3,731,834</u>	<u>-</u>	<u>(202,078)</u>	<u>3,529,756</u>	<u>183,458</u>
<i>Other Long-Term Obligations:</i>					
Compensated Absences	909,492	115,125	(39,283)	985,334	80,916
Accrued Police and Fire Pension Liability	340,311	-	(17,474)	322,837	18,223
Capital Leases	68,476	-	(68,476)	-	-
<i>Total Other Long-Term Obligations</i>	<u>1,318,279</u>	<u>115,125</u>	<u>(125,233)</u>	<u>1,308,171</u>	<u>99,139</u>
<i>Net Pension/OPEB Liabilities:</i>					
Net Pension	12,652,770	-	(1,781,906)	10,870,864	-
OPEB	4,212,839	-	(3,008,030)	1,204,809	-
<i>Total Net Pension/OPEB Liabilities</i>	<u>16,865,609</u>	<u>-</u>	<u>(4,789,936)</u>	<u>12,075,673</u>	<u>-</u>
<b>Total Governmental Activities Long-Term Debt and Other Long-Term Obligations</b>	<u>\$ 25,138,792</u>	<u>\$ 115,125</u>	<u>\$ (5,267,428)</u>	<u>\$ 19,986,489</u>	<u>\$ 427,597</u>

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**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

	Principal Balance 12/31/2020	Additions	Reductions	Principal Balance 12/31/2021	Due in One Year
<b>Business-Type Activities</b>					
<i>Direct Borrowings</i>					
OWDA Loans:					
Water Line Replacement	\$ 942,735	\$ -	\$ (15,447)	\$ 927,288	\$ 31,773
WWTP Improvements	971,369	-	(74,401)	896,968	152,212
Steubenville Avenue Waterline Replacement	488,709	1,090,634	-	1,579,343	-
Brown Heights Waterline Replacement	907,327	-	(20,674)	886,653	42,152
Trihalomethane Removal System	(34,486)	328,912	(77,074)	217,352	-
Total OWDA Loans	<u>3,275,654</u>	<u>1,419,546</u>	<u>(187,596)</u>	<u>4,507,604</u>	<u>226,137</u>
OPWC Loan:					
Filter Rehabilitation	9,223	-	(9,223)	-	-
Hondros Building Installment Loan	113,334	-	(33,334)	80,000	26,666
<i>Total Direct Borrowings</i>	<u>3,398,211</u>	<u>1,419,546</u>	<u>(230,153)</u>	<u>4,587,604</u>	<u>252,803</u>
Other Long-Term Obligations:					
Compensated Absences	228,735	22,650	(9,227)	242,158	11,418
Net Pension/OPEB Liabilities					
Net Pension	2,356,751	-	(820,556)	1,536,195	-
OPEB	1,615,031	-	(1,615,031)	-	-
<i>Total Net Pension/OPEB Liabilities</i>	<u>3,971,782</u>	<u>-</u>	<u>(2,435,587)</u>	<u>1,536,195</u>	<u>-</u>
<b>Total Business-Type Activities Long-Term</b>					
<b>Debt and Other Long-Term Obligations</b>	<u>\$ 7,598,728</u>	<u>\$ 1,442,196</u>	<u>\$ (2,674,967)</u>	<u>\$ 6,365,957</u>	<u>\$ 264,221</u>

***2017 Courthouse Facilities Improvement Refunding Bonds***

On December 18, 2017, the City issued \$3,215,000 in general obligation bonds, which included serial and term bonds in the amount of \$1,220,000 and \$1,995,000, respectively. The bonds advance refunded \$3,210,000 of outstanding 2009 Courthouse Facilities Improvement Bonds. The bonds were issued for a twenty year period final maturity at December 1, 2037.

At the date of refunding, \$3,418,611 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, \$3,210,000 of the 2009 Series Bonds are considered to be defeased. The liability of the bonds was removed from the financial statements at the time of the refunding. The advance refunding reduced cash flows required for debt service by \$424,543 over the next twenty years and resulted in an economic gain of \$272,449. The \$3,210,000 of the defeased bonds were called on June 1, 2019.



**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

---

The refunding bonds were issued with a premium of \$203,611. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$120,405. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$353,113. The issuance resulted in an economic gain of \$272,449.

General Obligation bonds are backed by the full faith and credit of the City.

***2014 Installment Loan***

On May 26, 2020, the City entered into an installment loan for \$323,309 with Peoples Bank for a business loan. A \$50,000 principal and interest payment is due on May 26, 2021 and 2022 with the entire principal being payable on May 26, 2023. The loan is backed by certificates of deposit. In the event of a default, as defined by the signed agreement, the lender may take all funds in the account and apply them to the indebtedness.

***USDA Loan***

In 2017 the City entered into an United States Department of Agriculture Loan the purpose of purchasing and remodeling a building to house the administrative offices. The City can borrow up to \$3,000,000, as of December 31, 2020 the City had drawn down the \$3,000,000. The first principal payment was paid on September 1, 2019 in the amount of \$68,968. The amortization schedule presented is based on the City borrowing the entire \$3,000,000.

***2019 Installment Loan***

In 2019, the City entered into a land installment contract for the purpose of purchasing a tract of land and building. The loan is to be paid in five annual installments. In the event of default, the entire unpaid balance shall be subject to a 5 percent interest rate until paid in full. The loan is backed by the land and building.

***Lease Purchases***

In 2019 the City entered into a lease purchase agreement for lighting at the Cambridge High School McFarland and Don Cross ballfields. In the event of default, the lessee has the right to declare all rental payments and other amounts payable by the lessee due or to the premises where the equipment is located and take possession of the equipment. The lessor has the right to sell or lease the equipment for the account of the lessee and hold the lessee liable for the difference.

In a prior period, the City entered into a lease purchase agreement for a street sweeper. This lease is backed by the equipment. In the event of default, the lessee may enter the premises where the equipment is located and take possession of the equipment and charge the lessor for the costs incurred.

The street sweeper will be paid from the street fund and the McFarland stadium lighting will be paid from the public lands capital improvement fund.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***OWDA Loans***

The City entered into an OWDA in 2012 for a waterline replacement in the amount of \$1,184,375.

In 2017, the City entered into an OWDA loan for wastewater treatment plant improvements in the amount of \$1,492,956.

The City entered into an OWDA loan in 2018 for a water line replacement at Brown Heights in the amount of \$1,003,500.

The City entered into an OWDA loan in 2018 for a trihalomethane removal system in the amount of \$1,644,560. As of December 31, 2021, \$663,584 had been drawn down by the City. There is no amortization schedule available for this loan.

The City entered into an OWDA loan in 2020 for the Steubenville Avenue waterline replacement in the amount of \$1,575,188. As of December 31, 2021, \$1,579,343 had been drawn down by the City. There is no amortization schedule available for this loan.

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the City to pay any fines or penalties incurred with interest.

***OPWC Loans***

In 2012 the City received loan proceeds of \$67,711 from Ohio Public Works Commission (OPWC) for continuous street improvements which the City determined did not meet capitalization requirements. The loan has a zero interest rate. The final installment is due on January 1, 2023.

In 2002, the City entered into a loan a 20 year with the OPWC for water treatment plant filter rehab. The loan has a zero percent interest rate. Payments were semi-annual in the amount of \$4,611. This loan was paid off in 2021.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the City to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

The City has pledged future water revenue and sewer revenue, net of specified operating expenses to repay \$4,507,604 of Ohio Public Works Commission (OPWC) loans and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which was 10.91 percent. The total principal and interest remaining to be paid on the loans are \$3,410,413. Principal and interest paid for the current year and total net revenues were \$315,866 and \$2,896,197 respectively.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

General obligation bonds will be paid from tax revenues in the debt service fund. The governmental OPWC loan will be paid from the street improvement fund. The installment loan is being paid by the code violation special revenue fund. The USDA loan will be paid from the general fund. Governmental compensated absences will be paid from fund from which the employees' salaries are paid, which is primarily the general, street, fire and cemetery fund.

The Ohio Water Development Authority (OWDA) loans will be paid from charges for services from the water and sewer funds. Business-type compensated absences will be paid from general operating revenues of the water and sewer funds.

There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water and sewer funds. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2021 was \$427,230 in principal and interest payments through the year 2037. Only the principal amount of \$322,837 is included in the Governmental Activities as a long-term liability. Payments are made from property tax receipts into the police and fire pension special revenue funds.

The capital leases are paid from the special projects, cemetery and public lands capital improvement funds.

The annual requirements to retire governmental activities debt are as follows:

Years	Accrued Pension Liability		General Obligation Bonds		Lease Purchase		Hondros Building
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2022	\$ 18,223	\$ 13,529	\$ 145,000	\$ 101,650	\$ 45,473	\$ 15,102	\$ 13,333
2023	19,006	12,746	150,000	97,300	47,132	13,443	13,333
2024	19,823	11,930	150,000	92,800	48,852	11,723	13,334
2025	20,674	11,079	150,000	88,300	50,635	9,940	-
2026	21,562	10,191	160,000	83,800	52,483	8,092	-
2027-2031	122,524	36,239	870,000	341,400	169,226	12,500	-
2032-2036	101,025	8,679	1,050,000	169,600	-	-	-
2037-2040	-	-	235,000	9,400	-	-	-
Totals	<u>\$ 322,837</u>	<u>\$ 104,393</u>	<u>\$ 2,910,000</u>	<u>\$ 984,250</u>	<u>\$ 413,801</u>	<u>\$ 70,800</u>	<u>\$ 40,000</u>

Years	USDA Loan		OPWC	Installment Loan		Total	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2022	\$ 74,816	\$ 76,652	\$ 7,031	\$ 42,805	\$ 7,194	\$ 346,681	\$ 214,127
2023	76,873	74,595	-	238,765	6,100	545,109	204,184
2024	78,988	72,679	-	-	-	310,997	189,132
2025	81,159	70,309	-	-	-	302,468	179,628
2026	83,391	68,077	-	-	-	317,436	170,160
2027-2031	452,643	304,871	-	-	-	1,614,393	695,010
2032-2036	518,400	239,202	-	-	-	1,669,425	417,481
2037-2041	593,710	163,711	-	-	-	828,710	173,111
2042-2046	679,960	77,424	-	-	-	679,960	77,424
2047	147,414	4,054	-	-	-	147,414	4,054
Totals	<u>\$ 2,787,354</u>	<u>\$ 1,151,574</u>	<u>\$ 7,031</u>	<u>\$ 281,570</u>	<u>\$ 13,294</u>	<u>\$ 6,762,593</u>	<u>\$ 2,324,311</u>

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

The annual requirements to retire business-type activities debt are as follows:

Years	OWDA Loans		Hondros Building	Total	
	Principal	Interest	Principal	Principal	Interest
2022	\$ 226,137	\$ 83,388	\$ 26,666	\$ 252,803	\$ 83,388
2023	233,105	76,420	26,667	259,772	76,420
2024	240,288	69,238	26,667	266,955	69,238
2025	247,695	61,829	-	247,695	61,829
2026	255,334	54,191	-	255,334	54,191
2027-2031	546,808	198,323	-	546,808	198,323
2032-2036	535,912	120,052	-	535,912	120,052
2037-2041	425,630	36,063	-	425,630	36,063
Totals	<u>\$ 2,710,909</u>	<u>\$ 699,504</u>	<u>\$ 80,000</u>	<u>\$ 2,790,909</u>	<u>\$ 699,504</u>

**NOTE 15: NOTES PAYABLE**

On April 28, 2020 the City entered into a loan agreement with Peoples Bank for \$50,000. The loan will be repaid April 28, 2021 it carries an interest rate of 3.30 percent per annum based on a year of 360 days, until paid in full. In event of a default on the loan the interest rate will increase to 5.00 percent. Principal payments in the amount of \$50,000 were made during 2021. The loan was paid in full during 2021.

**NOTE 16: CAPITAL LEASES – LESSEE DISCLOSURE**

In prior years, the City entered into capitalized leases for the acquisition of a back hoe and 4 police cruisers. These leases meet the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee. Principal payments in the amount of \$68,476 were made during 2021. The leases were paid in full during 2021.

The assets acquired by the leases have been capitalized in the amount of \$231,368, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$130,440 as of December 31, 2021, leaving a current book value of \$100,928. A corresponding liability was recorded and was reduced for each required principal payment.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**NOTE 17: INSURANCE AND RISK MANAGEMENT**

***Self-Insurance***

The City maintains a self-funded dental and vision insurance program and for the deductible portion of their health insurance plan with claims processed by administrators on behalf of the City. A separate Self-Insurance Fund (an internal service fund) was created in 1989 to account for and finance the insurance program.

All funds of the City from which employee salaries are paid participate in the dental and vision insurance program and the deductible portion of the health insurance plan and make payments to the Self-Insurance Fund. Total contributions to the program during the year were \$405,891. The claims liability of \$6,688 reported in the Self-Insurance Fund at December 31, 2021 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the City’s claims liability amount in during 2020 and 2021 were as follows:

Year	Beginning of Year Liability	Claims Expense	Claims Payments	Balance of Liability at Year End
2021	\$ 6,941	\$ 494,959	\$ 495,212	\$ 6,688
2020	\$ 7,795	\$ 350,552	\$ 351,406	\$ 6,941

Claims did not exceed coverage in the past three years. There has not been a significant reduction in coverage from the prior year.

***Risk Pool Membership***

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The City is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the City’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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The City reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2020 (latest information available):

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$ 14,111,510

***Workers Compensation***

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

***NOTE 18: CONDUIT DEBT OBLIGATIONS***

From time to time, the City has issued Revenue Bonds to provide financial assistance to the City's hospital facilities and retirement housing. The monies are used primarily for upgrades to these facilities. The City has no obligation for the repayment of this debt. The bonds are not bond indebtedness of the City and are therefore not reported on the City's balance sheet. At December 31, 2021, there were two series of revenue bonds outstanding for the hospital and one for cancer center with a principal amount payable of \$215,000 and \$6,928,000, respectively.

***NOTE 19: CONTINGENCIES***

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

The City received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2021.

***NOTE 20: FUND BALANCE***

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General Fund	Fire Fund	Steubenville Ave Road Project Fund	Other Governmental Funds	Total
Nonspendable for:					
Materials and Supplies Inventory	\$ -	\$ -	\$ -	\$ 54,128	\$ 54,128
Prepaid Items	10,521	842	-	3,068	14,431
Unclaimed Monies	56,520	-	-	-	56,520
<b>Total Nonspendable</b>	<b>67,041</b>	<b>842</b>	<b>-</b>	<b>57,196</b>	<b>125,079</b>
Restricted for:					
Motor Vehicle & Gasoline Tax	-	-	-	61,183	61,183
Street Improvement	-	-	-	1,445,611	1,445,611
Street Fund	-	-	-	842,324	842,324
Special Projects	-	-	-	388,724	388,724
Debt Service	-	-	-	65,126	65,126
Municipal Court	-	-	-	66,114	66,114
FEMA	-	-	-	5,586	5,586
Northwood Cemetary	-	-	-	1,600,652	1,600,652
Fire	-	295,213	-	-	295,213
Coronavirus Relief	-	-	-	916	916
Other Purposes	-	-	-	1,038,544	1,038,544
<b>Total Restricted</b>	<b>-</b>	<b>295,213</b>	<b>-</b>	<b>5,514,780</b>	<b>5,809,993</b>
Committed for:					
Park Side Tasty Treat	-	-	-	16,810	16,810
Code Violation	-	-	-	36,263	36,263
Fire Capital Equipment	-	-	-	34,136	34,136
Public Land Capital Improvement	-	-	-	390,107	390,107
Capital Improvement	-	-	-	465	465
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477,781</b>	<b>477,781</b>
Assigned for:					
Encumbrances					
General Government	5,603	-	-	-	5,603
Leisure Time Activities	11,108	-	-	-	11,108
Other Purposes	202,084	-	-	-	202,084
Subsequent Year Appropriations	2,028,902	-	-	-	2,028,902
<b>Total Assigned</b>	<b>2,247,697</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,247,697</b>
Unassigned	612,870	-	(442,554)	(284,565)	(114,249)
<b>Total Fund Balance</b>	<b>\$ 2,927,608</b>	<b>\$ 296,055</b>	<b>\$ (442,554)</b>	<b>\$ 5,765,192</b>	<b>\$ 8,546,301</b>

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***NOTE 21: COVID-19***

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

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.



**City of Cambridge**  
**Guernsey County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Last Eight Years (1)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
City's Proportion of the Net Pension Liability	0.031437%	0.034067%	0.033161%	0.032138%
City's Proportionate Share of the Net Pension Liability	\$ 4,655,135	\$ 6,733,574	\$ 9,082,126	\$ 5,041,871
City's Covered Payroll	\$ 4,428,043	\$ 4,792,950	\$ 4,495,871	\$ 4,230,400
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.13%	140.49%	202.01%	119.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
City's Proportion of the Net Pension Liability	0.113713%	0.122852%	0.125742%	0.121527%
City's Proportionate Share of the Net Pension Liability	\$ 7,751,924	\$ 8,275,947	\$ 10,263,870	\$ 7,458,666
City's Covered Payroll	\$ 2,802,173	\$ 2,905,204	\$ 2,835,467	\$ 2,654,488
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	276.64%	284.87%	361.98%	280.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.033032%	0.034506%	0.034485%	0.034485%
\$ 7,500,959	\$ 5,976,874	\$ 4,159,276	\$ 4,065,332
\$ 4,268,567	\$ 4,294,375	\$ 4,227,858	\$ 3,235,331
175.73%	139.18%	98.38%	125.65%
77.25%	81.08%	86.45%	86.36%
0.114352%	0.125081%	0.124645%	0.124645%
\$ 7,242,936	\$ 8,046,549	\$ 6,457,105	\$ 6,070,578
\$ 2,455,940	\$ 2,598,758	\$ 2,469,624	\$ 2,374,669
294.92%	309.63%	261.46%	255.64%
68.36%	66.77%	72.20%	73.00%

See accompanying notes to the required supplementary information.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions - Pension*  
*Last Nine Years (1)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ 676,698	\$ 619,926	\$ 671,013	\$ 629,422
Contributions in Relation to the Contractually Required Contribution	<u>(676,698)</u>	<u>(619,926)</u>	<u>(671,013)</u>	<u>(629,422)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,833,557	\$ 4,428,043	\$ 4,792,950	\$ 4,495,871
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 660,322	\$ 592,973	\$ 612,954	\$ 599,028
Contributions in Relation to the Contractually Required Contribution	<u>(660,322)</u>	<u>(592,973)</u>	<u>(612,954)</u>	<u>(599,028)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 3,115,349	\$ 2,802,173	\$ 2,905,204	\$ 2,835,467
Contributions as a Percentage of Covered Payroll	21.20%	21.16%	21.10%	21.13%

(1) Although this schedule is intended to reflect ten years, information prior to 2013 is not available.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 549,952	\$ 512,228	\$ 515,325	\$ 507,343	\$ 420,593
<u>(549,952)</u>	<u>(512,228)</u>	<u>(515,325)</u>	<u>(507,343)</u>	<u>(420,593)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,230,400	\$ 4,268,567	\$ 4,294,375	\$ 4,227,858	\$ 3,235,331
13.00%	12.00%	12.00%	12.00%	13.00%
\$ 561,873	\$ 520,431	\$ 549,101	\$ 521,629	\$ 423,217
<u>(561,873)</u>	<u>(520,431)</u>	<u>(549,101)</u>	<u>(521,629)</u>	<u>(423,217)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,654,488	\$ 2,455,940	\$ 2,598,758	\$ 2,469,624	\$ 2,374,669
21.17%	21.19%	21.13%	21.12%	17.82%

See accompanying notes to the required supplementary information.

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**City of Cambridge**  
**Guernsey County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Five Years (1)*

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>
<b>Ohio Public Employees' Retirement System (OPERS)</b>									
City's Proportion of the Net OPEB Liability (Asset)	0.030876%		0.033407%		0.032550%		0.031951%		0.032929%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (550,081)	\$	4,614,375	\$	4,243,752	\$	3,469,599	\$	3,325,941
City's Covered Payroll	\$ 4,428,043	\$	4,792,950	\$	4,495,871	\$	4,230,400	\$	4,268,567
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-12.42%		96.27%		94.39%		82.02%		77.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%		47.80%		46.33%		54.14%		54.04%
<b>Ohio Police and Fire Pension Fund (OPF)</b>									
City's Proportion of the Net OPEB Liability	0.113713%		0.122852%		0.125742%		0.121527%		0.114352%
City's Proportionate Share of the Net OPEB Liability	\$ 1,204,809	\$	1,213,495	\$	1,145,074	\$	6,885,556	\$	5,428,032
City's Covered Payroll	\$ 2,802,173	\$	2,905,204	\$	2,835,467	\$	2,654,488	\$	2,455,940
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	43.00%		41.77%		40.38%		259.39%		221.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%		47.08%		46.57%		14.13%		15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

**City of Cambridge**  
**Guernsey County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions - OPEB*  
*Last Ten Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 4,833,557	\$ 4,428,043	\$ 4,792,950	\$ 4,495,871
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 15,577	\$ 14,011	\$ 14,526	\$ 14,177
Contributions in Relation to the Contractually Required Contribution	<u>(15,577)</u>	<u>(14,011)</u>	<u>(14,526)</u>	<u>(14,177)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 3,115,349	\$ 2,802,173	\$ 2,905,204	\$ 2,835,467
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 42,304	\$ 85,371	n/a	n/a	n/a	n/a
<u>(42,304)</u>	<u>(85,371)</u>	n/a	n/a	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	n/a	n/a	n/a	n/a
\$ 4,230,400	\$ 4,268,567	n/a	n/a	n/a	n/a
1.00%	2.00%	n/a	n/a	n/a	n/a
\$ 13,272	\$ 12,280	\$ 12,994	\$ 43,010	\$ 77,164	\$ 154,641
<u>(13,272)</u>	<u>(12,280)</u>	<u>(12,994)</u>	<u>(43,010)</u>	<u>(77,164)</u>	<u>(154,641)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,654,488	\$ 2,455,940	\$ 2,598,758	\$ 2,469,624	\$ 2,374,669	\$ 3,352,453
0.50%	0.50%	0.50%	1.70%	3.25%	4.61%

See accompanying notes to the required supplementary information.



**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2021*

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**NOTE 1 - NET PENSION LIABILITY**

***Changes in Assumptions – OPERS***

Discount Rate:

Calendar year 2021	6.90 percent
Calendar year 2020	7.20 percent
Calendar year 2019	7.20 percent
Calendar year 2018	7.50 percent
Calendar year 2017	8.00 percent

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

***Changes in Benefit Terms – OPERS***

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

***Changes in Assumptions – OP&F***

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

***Changes in Benefit Terms – OP&F***

No significant changes in benefit terms.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions - OPERS***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	6.00 percent
Calendar year 2020	3.16 percent
Calendar year 2019	3.96 percent
Calendar year 2018	3.85 percent
Calendar year 2017	4.23 percent

**City of Cambridge**  
**Guernsey County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2021*

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Municipal Bond Rate:

Calendar year 2021	2.00 percent
Calendar year 2020	2.75 percent
Calendar year 2019	3.71 percent
Calendar year 2018	3.31 percent

Health Care Cost Trend Rate:

Calendar year 2021	8.50 percent
Calendar year 2020	10.50 percent
Calendar year 2019	10.00 percent
Calendar year 2018	7.50 percent

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

***Changes in Benefit Terms – OPERS***

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple

***Changes in Assumptions – OP&F***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	2.96 percent
Calendar year 2020	3.56 percent
Calendar year 2019	4.66 percent
Calendar year 2018	3.24 percent
Calendar year 2017	3.79 percent

Municipal Bond Rate:

Calendar year 2021	2.12 percent
Calendar year 2020	2.75 percent
Calendar year 2019	4.13 percent
Calendar year 2018	3.16 percent

***Changes in Benefit Terms – OP&F***

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**CITY OF CAMBRIDGE  
GUERNSEY COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>Federal Grantor/ Pass Through Grantor/ Program Grant Title</b>	Pass Through Entity Number	Assistance Listing Number	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Ohio Development Service Agency:</i>			
Community Development Block Grant - Community Housing Impact & Preservation Program	A-C-18-2AS-1	14.228	\$ 122,023
Community Development Block Grant - Residential Public Infrastructure Program	A-W-18-2AS-1	14.228	355,500
<b>Total Community Development Block Grant</b>			<u>477,523</u>
Home Investment Partnership Program	A-C-18-2AS-2	14.239	34,233
<b>Total Department of Housing and Urban Development</b>			<u><b>511,756</b></u>
<b>U.S. Department of Justice</b>			
<i>Passed through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	2022-VOCA-134717200	16.575	11,400
<i>Direct assistance:</i>			
Public Safety Partnership and Community Policing Grants	2020UMWX0317	16.710	41,793
<b>Total Department of Justice</b>			<u><b>53,193</b></u>
<b>U.S. Department of Transportation</b>			
<i>Passed through Ohio Department of Transportation:</i>			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction	101667	20.205	639,386
Highway Planning and Construction	106433	20.205	696,912
Highway Planning and Construction	108930	20.205	13,900
<b>Total Department of Transportation</b>			<u><b>1,350,198</b></u>
<b>U.S. Department of the Treasury</b>			
<i>Passed through Ohio Office of Budget and Management:</i>			
COVID-19 Coronavirus Relief Fund	HB481-CRF-Local	21.019	710,528
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	ARPA-LFRF NEU-2021	21.027	11,601
<b>Total Department of the Treasury</b>			<u><b>722,129</b></u>
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through Mental Health &amp; Recovery Services Board, Muskingum County:</i>			
State Opioid Response Grant (SOR)	2200416	93.788	56,742
Drug Abuse and Addiction Research Programs	SPC-100004834/GR126016	93.279	21,970
<b>Total Department of Health and Human Services</b>			<u><b>78,712</b></u>
<b>U.S. Department of Agriculture, Rural Housing Services Office</b>			
<i>Direct assistance:</i>			
<i>Community Facilities Loans and Grants Cluster:</i>			
Community Facilities Loans and Grants	N/A	10.766	414
<b>Total Department of Housing and Urban Development</b>			<u><b>414</b></u>
<b>Total Federal Awards Expenditures</b>			<u><b>\$ 2,716,402</b></u>

The accompanying notes are an integral part of this schedule.

**CITY OF CAMBRIDGE  
GUERNSEY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Cambridge, Guernsey County (the City) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

City of Cambridge  
Guernsey County  
814 Wheeling Avenue  
Cambridge, Ohio 43725

To the City Council:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cambridge, Guernsey County, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2022.

***Report on Internal Control Over Financial Reporting***

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

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

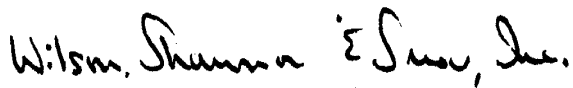
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



June 27, 2022  
Newark, Ohio

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

City of Cambridge  
Guernsey County  
814 Wheeling Avenue  
Cambridge, Ohio 43725

To the City Council:

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited the City of Cambridge's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2021. The City's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the City of Cambridge complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

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



City of Cambridge  
Guernsey County  
Independent Auditor's Report on Compliance With Requirements  
Applicable to the Major Federal Program and On Internal Control  
Over Compliance Required by Uniform Guidance  
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wilson, Shanna E Snow, Inc.*

Newark, Ohio  
June 27, 2022

**CITY OF CAMBRIDGE  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515**

**DECEMBER 31, 2021**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Highway Planning and Construction Cluster
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**City of Cambridge Auditor's Office  
Suellen Johnson, Auditor  
814 Wheeling Ave  
Cambridge, Ohio 43725**

Phone 740-432-5039  
Fax 740-435-0496  
camb-auditor@cambridgeoh.org

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
DECEMBER 31, 2021**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	2 CFR Subpart F § 200.510(b) – Preparation of the Schedule of Expenditures of Federal Awards	Corrective Action Taken and Finding is Fully Corrected	None

Sincerely,



Suellen Johnson  
Auditor, City of Cambridge

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF CAMBRIDGE**

**GUERNSEY COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/9/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)