



**Auditor of State  
Betty Montgomery**



**OXFORD TOWNSHIP  
COSHOCKTON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Oxford Township  
Coshocton County  
23021 SR 751  
West Lafayette, Ohio 43845

To the Board of Trustees:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

October 10, 2003

**OXFORD TOWNSHIP  
COSHOCOTON COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$37,024	\$34,054		\$71,078
Intergovernmental	14,283	70,017	\$32,738	117,038
Donations	500			500
Earnings on Investments	102			102
Other Revenue	1,729			1,729
	<u>53,638</u>	<u>104,071</u>	<u>32,738</u>	<u>190,447</u>
<b>Total Cash Receipts</b>				
	<u>53,638</u>	<u>104,071</u>	<u>32,738</u>	<u>190,447</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	49,832			49,832
Public Safety		9,406		9,406
Public Works	2,197	74,172	32,738	109,107
Health	2,043			2,043
Debt Service:				
Redemption of Principal		12,604		12,604
Interest and Fiscal Charges		1,828		1,828
	<u>54,072</u>	<u>98,010</u>	<u>32,738</u>	<u>184,820</u>
<b>Total Cash Disbursements</b>				
	<u>54,072</u>	<u>98,010</u>	<u>32,738</u>	<u>184,820</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(434)</u>	<u>6,061</u>	<u>0</u>	<u>5,627</u>
<b>Other Financing Receipts:</b>				
Sale of Fixed Assets	7,430			7,430
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	6,996	6,061	0	13,057
Fund Cash Balances, January 1	<u>770</u>	<u>7,928</u>	<u>0</u>	<u>8,698</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$7,766</b></u>	<u><b>\$13,989</b></u>	<u><b>\$0</b></u>	<u><b>\$21,755</b></u>

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

**OXFORD TOWNSHIP  
COSHOCOTON COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$39,486	\$28,045	\$67,531
Intergovernmental	15,555	67,817	83,372
Earnings on Investments	120		120
Other Revenue	8		8
	<u>8</u>	<u>        </u>	<u>8</u>
Total Cash Receipts	<u>55,169</u>	<u>95,862</u>	<u>151,031</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	45,816		45,816
Public Safety	9,294	6,896	16,190
Public Works	1,620	54,513	56,133
Health	2,043		2,043
Debt Service:			
Redemption of Principal		22,643	22,643
Interest and Fiscal Charges		2,848	2,848
	<u>58,773</u>	<u>86,900</u>	<u>145,673</u>
Total Cash Disbursements	<u>58,773</u>	<u>86,900</u>	<u>145,673</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,604)</u>	<u>8,962</u>	<u>5,358</u>
Fund Cash Balances, January 1	<u>4,374</u>	<u>(1,034)</u>	<u>3,340</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$770</u></b>	<b><u>\$7,928</u></b>	<b><u>\$8,698</u></b>

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



**OXFORD TOWNSHIP  
COSHOCTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Oxford Township, Coshocton County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of West Lafayette and the Newcomerstown Emergency Rescue Squad to provide fire protection and emergency medical services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

The Township maintains all cash in a checking account and does not have any investments.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

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

**OXFORD TOWNSHIP  
COSHOCTON COUNTY**

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

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

**D. Fund Accounting (Continued)**

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

*Motor Vehicle License Tax Fund* - This fund receives state motor vehicle license tax for constructing, maintaining and repairing Township roads and bridges.

*Permissive Motor Vehicle License Tax Fund* - This fund receives county motor vehicle license tax money for constructing, maintaining, and repairing Township roads and bridges.

*Fire Levy Fund* - This fund receives property taxes to pay for fire protection services.

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects fund.

*Issue II Fund* - The Township received a grant from the State of Ohio to repave TR 105.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Township did not use the encumbrance method of accounting.

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

**F. Property, Plant and Equipment**

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

**OXFORD TOWNSHIP  
COSHOCTON COUNTY**

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

**2. EQUITY IN POOLED CASH**

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

	2002	2001
Demand deposits	\$21,755	\$8,698

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,754	\$61,068	\$17,314
Special Revenue	108,049	104,071	(3,978)
Capital Projects	32,738	32,738	0
Total	\$184,541	\$197,877	\$13,336

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,150	\$54,072	(\$8,922)
Special Revenue	108,164	98,010	10,154
Capital Projects	32,738	32,738	0
Total	\$186,052	\$184,820	\$1,232

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,607	\$55,169	\$9,562
Special Revenue	95,597	95,862	265
Total	\$141,204	\$151,031	\$9,827

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,492	\$58,773	(\$11,281)
Special Revenue	103,791	86,900	16,891
Total	\$151,283	\$145,673	\$5,610

**OXFORD TOWNSHIP  
COSHOCTON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Rev. Code Section 5705.10, the Township had cash fund deficits within the Special Revenue Fire Levy Fund for the months of January through October, 2001.

Contrary to Ohio Rev. Code Section 5705.39, the Township had appropriations exceeding estimated resources in the Special Revenue Motor Vehicle License Tax Fund, Special Revenue Road and Bridge Fund, and Special Revenue Fire Levy Fund by \$554, \$1,583, and \$8,265, respectively, at the end of 2001 and in the General Fund, Special Revenue Motor Vehicle License Tax Fund, Special Revenue Road and Bridge Fund, and the Special Revenue Permissive Motor Vehicle License Tax Fund by \$626, \$1,914, \$2,959, and \$2,636, respectively, at the end of 2002.

Contrary to Ohio Revised Code Section 5705.41 (B), the Township had fund level expenditures which exceeded appropriations in the General Fund and Special Revenue Road and Bridge Fund by \$11,281 and \$998, respectively, at the end of 2001 and in the General Fund and Special Revenue Fire Levy Fund by \$8,922 and \$2,866, respectively, at the end of 2002.

Contrary to Ohio Revised Code Section 5705.41 (D), the Township did not properly certify its expenditures during 2001 and 2002.

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note - Township Building	\$25,131	4.75%

The note was issued in 1996 and relates to the purchase of a building to store Township equipment. The notes are secured by the building.

During 2002, the Township paid off a \$40,000 general obligation note issued in 1999 to finance the purchase of a dump truck used for Township road maintenance. The note was paid in monthly installments.

**OXFORD TOWNSHIP  
COSHOCTON COUNTY**

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

**5. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>Township Building</u>
2003	\$10,504
2004	10,061
2005	<u>6,819</u>
Total	<u><u>\$27,384</u></u>

**6. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered, self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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**Auditor of State  
Betty Montgomery**

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

Oxford Township  
Coshocton County  
23021 SR 751  
West Lafayette, Ohio 43845

To the Board of Trustees:

We have audited the accompanying financial statements of Oxford Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated October 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-001 through 2002-006.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 10, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2002-007 through 2002-009.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2002-009 to be a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated October 10, 2003.

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

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

**Betty Montgomery**  
Auditor of State

October 10, 2003



**OXFORD TOWNSHIP  
COSHOCTON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**NONCOMPLIANCE CITATION**

**FINDING NUMBER 2002-001**

**Ohio Rev. Code Section 5705.10** requires in part, that money paid into any fund shall be used only for the purpose for which such fund is established. As a result, a negative fund balance indicates money from one fund was used to cover the expenses of another fund. The Fire Levy Fund had a negative fund balance between \$7,610 and \$1,498 from January 2001 through October 2001.

The Township should monitor financial activity and adhere to the budgetary system required by Ohio Revised Code Chapter 5705. The Township should take steps to eliminate the negative balance.

**FINDING NUMBER 2002-002**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

Total appropriations exceeded total estimated resources at year end as follows:

	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
<b>2001</b>			
Motor Vehicle License Tax Fund	\$12,092	\$11,538	\$ 554
Road & Bridge Fund	19,028	\$17,445	1,583
Fire Levy Fund	9,712	1,447	8,265
<b>2002</b>			
General Fund	\$45,150	\$44,524	\$ 626
Motor Vehicle License Tax Fund	13,939	12,025	1,914
Road & Bridge Fund	22,309	19,350	2,959
Permissive Motor Vehicle License Tax Fund	8,780	6,144	2,636

The Board of Trustees should monitor appropriations versus estimated resources to help avoid overspending. Also, the Clerk should obtain the County Auditor's certificate that the total appropriations from each fund do not exceed the total official or amended official estimate of resources.

**NONCOMPLIANCE CITATION  
 (Continued)**

**FINDING NUMBER 2002-003**

**Ohio Rev. Code Section 5705.41 (B)** requires in part that no subdivision or taxing unit is to expend money unless it has been appropriated. The Township had expenditures exceeding appropriations in the following funds at December 31:

<b>2001</b>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$58,773	\$47,492	\$11,281
Road & Bridge Fund	20,026	19,028	998
<b>2002</b>			
General Fund	\$54,072	\$45,150	\$ 8,922
Fire Levy Fund	11,626	8,760	2,866

The Board of Trustees should monitor the Township's appropriations in relation to its expenditures to help avoid overspending.

**FINDING NUMBER 2002-004**

**Ohio Rev. Code Section 5705.41(D)** states in part, that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

- Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that both at the time that the contract or order was made and at the time he is completing his certification a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- If the amount involved is less than \$1,000 (which was increased to \$3,000 as of April 7, 2003), the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees provided that the expenditure is otherwise valid.

For all of the expenditures tested, the Clerk's certification that expenditures were lawfully appropriated, available, and free from any previous encumbrance were dated subsequent to the obligation date. All the vouchers tested contained the "Then and Now" language; however, disbursements which were greater than \$1,000 (80% of tested transactions totaling \$47,960), were not specifically approved by Board resolution, as required by the above Section. The Township should reserve the use of "Then and Now" Certificates for non-routine purchases. The Board of Trustees should approve the use of "Then and Now" Certificates for all expenditures greater than \$1,000 (\$3,000 after April 7, 2003) as deemed appropriate.

**NONCOMPLIANCE CITATIONS  
(Continued)**

**FINDING NUMBER 2002-005**

**Ohio Rev. Code Section 117.38** requires cash basis entities to file an annual report with the Auditor of State within 60 days of fiscal year end. In addition, the Township must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the clerk.

During 2001 and 2002, the Township did not file a cash basis annual report with the Auditor of State nor was an annual notice published in a local newspaper. The Township should prepare an annual report in the format prescribed by the Auditor of State and submit the report to the Auditor of State within 60 days of year end. In addition, notice should be publicized in a local newspaper stating the financial report is available for public inspection at the office of the clerk.

**FINDING NUMBER 2002-006**

**Ohio Rev. Code Section 507.04** provides that the Township Clerk shall keep an accurate record of the proceedings of the Board of Township Trustees at all its meetings, and of all its accounts and transactions, including the acceptance of the bonds of Township officers.

**Ohio Rev. Code Section 121.22(A)** requires public officials to take official action and to conduct all deliberations upon official business only in open meetings unless the subject matter is specifically excepted by law. **Ohio Rev. Code Section 121.22(C)** provides that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

The Clerk records the minutes for the regular and special meetings held by the Board of Trustees and maintains official copies of the minutes. There were several instances which the Trustees did not sign the minutes and there was one meeting which the Township did not have any record of. Also, the Board approved all of the required budgetary documents; however, the minutes record did not reflect the Board's approval of several of the required budgetary documents such as the Annual Appropriation Measure or the Resolution Accepting the Necessary Tax Rates nor did they reflect approvals of employee pay rates. As a result, the Township had difficulty presenting documentation of Trustee approvals. The budgetary documents had to be obtained from the County Auditor in order to document Trustee approval.

The minutes of the Board of Trustees should be recorded for each meeting and should document all official actions of the Board. In addition, the Clerk should have all of the minutes signed by the Trustees. This will help ensure that the minutes of the Board of Trustees are completely and accurately maintained.

## **REPORTABLE CONDITIONS**

### **FINDING NUMBER 2002-007**

#### **Disbursements**

During 2002 and 2001, we noted the following weaknesses concerning the Township's disbursements:

1. For invoices tested, there was no evidence the employee receiving the goods verified the accuracy of the quantity received and/or the price charged.
2. The Township did not maintain all supporting documentation (i.e. invoices) for expenditures. There was no supporting documentation for any of the expenditures made during May 2001. In addition, several other expenditures selected for testing did not have supporting documentation (which included payroll timesheets).
3. The encumbrance method of accounting was not used. (i.e., commitments were not posted as reductions of available appropriations until payment was made.)
4. The Clerk did not maintain an expenditure ledger. All disbursements were recorded only in the Cashbook. As a result, the expenditures were not able to be easily classified for financial reporting (i.e. General Government, Public Works, etc).
5. There were checks that the Clerk had made errors on but the checks were not marked in any way to indicate that the check was a void.

The Township should implement the following procedures to help ensure that disbursements are properly accounted for:

1. Every invoice should be attested to by the Township employee or official receiving the goods to verify the accuracy of the goods received and billed to the Township.
2. Supporting documentation (i.e. original invoices) should be attached to all vouchers to provide evidence of the goods/serviced received and the amount paid.
3. The Township should use the encumbrance method of accounting to better monitor the appropriations and expenditures to avoid overspending.
4. The Clerk should maintain an expenditure ledger that allows expenditures to be easily classified at the end of the year for financial reporting and to allow posting of expenditures against the respective line item appropriation.
5. The Clerk should clearly label each voided check as "VOID" and cut out the signature area to prevent the check from being used by unauthorized personnel.

### **FINDING NUMBER 2002-008**

#### **Trustee Monitoring Controls**

The Board of Trustees is not provided reports reflecting actual receipts and expenditures and comparisons to budgeted amounts, nor does the Board of Trustees review journals and ledgers. The monitoring of Township financial operations consisted of monthly expenditure approval by the Board of Trustees and the reading of monthly fund balances by the Clerk at Board meetings, which presents a limited form of control over financial reporting and operational activities.

**REPORTABLE CONDITIONS  
(Continued)**

**FINDING NUMBER 2002-008  
(Continued)**

**Trustee Monitoring Controls (Continued)**

The Board of Trustees should expand its fiscal monitoring procedures to include review of detail budgetary reports and ledgers. In addition, the Board of Trustees should ensure reconciliations between the ledgers and the journals are performed on a monthly basis, along with bank reconciliations. This will increase the Board's awareness of interim fiscal activity and also help gauge the Township's financial status on a regular basis. This type of review will also reduce the risks inherent in a control environment which lacks segregation of accounting duties.

**MATERIAL WEAKNESS**

**FINDING NUMBER 2002-009**

**Financial Records**

For the years ended December 2002 and 2001, the Township's accounting records were maintained in a manner such that interim financial reports and annual financial statements were not able to be prepared. The Township's records had to be reconstructed so that the financial audit could be completed. The Township did not maintain a receipt or appropriation ledger. In addition, bank reconciliations were not performed on a timely basis resulting in numerous unexplained reconciling items. Providing current and reliable financial information is essential to the Board for management and future planning.

The posting of financial activity should be performed accurately and in a timely fashion, and bank reconciliations should be performed monthly, including reconciliations between the bank balances and book balances.

To help ensure accurate financial information is provided, at a minimum, we recommend that the Clerk and Board develop, implement and monitor the following control procedures for assurance as to the timeliness and reliability of financial information:

- Maintain a detailed receipt and appropriation ledger.
- Perform bank to book reconciliations on a monthly basis, clearly documenting all reconciling items in the reconciliation.
- Review account reconciliations timely, including clearance of reconciling items on bank account reconciliations to help ensure accounts are reconciled accurately and in a timely manner.
- Develop and implement monitoring procedures to help ensure that all transactions are properly recorded.
- Review and formally approve financial reports documenting the Township's financial activity.

Implementation of these procedures will help improve the timeliness and accuracy of financial information provided to the Board, and will improve the financial record keeping of the Township.

**OXFORD TOWNSHIP  
COSHOCKTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-41016-001	Ohio Rev. Code Section 5705.41 (B) requires that no subdivision expend monies unless they have been lawfully appropriated. The Township had expenditures exceeding appropriations in 2000 and 1999.	No	Not Corrected. Reissued as Finding Number 2002-003.
2000-41016-002	Ohio Rev. Code Section 5705.10 requires that money paid into any fund shall be used only for the purposes for which such fund was established. The Township had negative fund balances in 2000 and 1999.	No	Not Corrected. Reissued as Finding Number 2002-001.
2000-41016-003	The Board of Trustees was not provided reports reflecting actual receipts and expenditures. The only monitoring done by the Board was approval of monthly expenditures and reading of the month-end fund balances.	No	Not Corrected. Reissued as Finding Number 2002-008.
2000-41016-004	The Township had several weaknesses concerning disbursements, including no invoice support, missing vouchers, encumbrance accounting was not used, and the appropriation ledger was not reconciled to the Cash Book.	No	Not Corrected. Reissued as Finding Number 2002-007.
2000-41016-005	The Clerk did not reconcile the bank balance to the book balance.	No	Partially Corrected. The Township appointed a new Clerk that reconstructed the bank reconciliations. Reissued as Finding Number 2002-009.



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**OXFORD TOWNSHIP**

**COSHOCTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 2, 2003**