

**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004-2003**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Oxford Township, Tuscarawas County  
8098 Church Rd.  
Guernsey, OH 43749

We have reviewed the *Independent Accountants' Report* of Oxford Township, Tuscarawas County, prepared by Knox & Knox CPAs, for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Oxford Township, Tuscarawas County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 2, 2005

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**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

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## **Independent Accountants' Report**

Oxford Township  
Tuscarawas County  
212 South College Street  
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited the accompanying financial statements of Oxford Township, Tuscarawas County, Ohio, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of Oxford 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 has prepared its financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Oxford Township, Tuscarawas County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2005, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

*Knox & Knox*

Orrville, Ohio  
November 11, 2005



**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 35,131	\$ 43,219	\$	\$ 78,350
Intergovernmental	44,183	88,854		133,037
Earnings on Investments	374	232		606
Other	<u>64</u>			<u>64</u>
Total Cash Receipts	<u>79,752</u>	<u>132,305</u>		<u>212,057</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	67,711			67,711
Public Safety	4,781	8,448		13,229
Public Works	4,726	105,138		109,864
Health	710			710
Capital Outlay	<u>42,000</u>	<u>3,961</u>	<u>39</u>	<u>46,000</u>
Total Cash Disbursements	<u>119,928</u>	<u>117,547</u>	<u>39</u>	<u>237,514</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>&lt;40,176&gt;</u>	<u>14,758</u>	<u>&lt;39&gt;</u>	<u>&lt;25,457&gt;</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Debt:				
Sale of Notes	42,000			42,000
Transfers In	200			200
Transfers Out		<u>&lt;200&gt;</u>		<u>&lt;200&gt;</u>
Total Other Financing Receipts	<u>42,200</u>	<u>&lt;200&gt;</u>		<u>42,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,024	14,558	<u>&lt;39&gt;</u>	16,543
Fund Cash Balances, January 1	<u>9,974</u>	<u>30,303</u>	<u>39</u>	<u>40,316</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 11,998</u>	<u>\$ 44,861</u>	<u>\$</u>	<u>\$ 56,859</u>
Reserves for Encumbrances, December 31	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only )</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 38,280	\$ 47,230		\$ 85,510
Intergovernmental	47,444	67,928		115,372
Earnings on Investments	406	101		507
Other	<u>91</u>			<u>91</u>
Total Cash Receipts	<u>86,221</u>	<u>115,259</u>		<u>201,480</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	66,965			66,965
Public Safety	4,781	6,179		10,960
Public Works	3,721	110,549		114,270
Health	<u>691</u>			<u>691</u>
Total Cash Disbursements	<u>76,158</u>	<u>116,728</u>		<u>192,886</u>
Total Cash Receipts				
Over/(Under) Cash Disbursements	<u>10,063</u>	<u>&lt;1,469&gt;</u>		<u>8,594</u>
<b>Other Financing Receipts (Disbursements):</b>				
Redemption of Principal	<15,000>			<15,000>
Interest	<u>&lt;330&gt;</u>			<u>&lt;330&gt;</u>
Total Other Financing Receipts/(Disbursements)	<u>&lt;15,330&gt;</u>			<u>&lt;15,330&gt;</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under)Cash Disbursements and Other Financing Disbursements	<5,267>	<1,469>		<6,736>
Fund Cash Balances, January 1	<u>15,241</u>	<u>31,772</u>	<u>39</u>	<u>47,052</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 9,974</u>	<u>\$ 30,303</u>	<u>\$ 39</u>	<u>\$ 40,316</u>
Reserves for Encumbrances, December 31	<u>\$ 132</u>	<u>\$ 313</u>	<u>\$</u>	<u>\$ 445</u>

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

**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Oxford Township, Tuscarawas 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 government services, road and ditch maintenance, fire protection and emergency medical services. The Township contracts with the Newcomerstown Emergency Rescue Squad (NERS) to provide fire services and Tri-County Joint Ambulance District, Inc. (TCJAD) to provide ambulance 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**

The Township maintains all of its cash in an interest bearing checking account, except for certificates of deposits which are valued at cost.

**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 from trusts or 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  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**Fund Accounting (Continued)**

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township has the following significant capital projects fund:

*Miscellaneous Capital Projects* – This fund is used for the receipt and payment of monies for capital improvements in the Township.

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**Property, Plant and Equipment**

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

**A. Accumulated Leave**

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

**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

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:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 6,559	\$ 3,316
Certificates of deposit	<u>50,300</u>	<u>37,000</u>
Total deposits	<u>\$56,859</u>	<u>\$40,316</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,952	\$121,952	\$
Special Revenue	<u>134,775</u>	<u>132,305</u>	<u>&lt;2,470&gt;</u>
Total	<u>\$256,727</u>	<u>\$254,257</u>	<u>\$&lt;2,470&gt;</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,926	\$119,928	\$11,998
Special Revenue	162,608	117,747	44,861
Capital Projects	<u>39</u>	<u>39</u>	<u>0</u>
Total	<u>\$294,573</u>	<u>\$237,714</u>	<u>\$56,859</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,140	\$ 86,221	\$ 81
Special Revenue	<u>115,260</u>	<u>115,259</u>	<u>&lt;1&gt;</u>
Total	<u>\$201,400</u>	<u>\$201,480</u>	<u>\$ 80</u>

**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,381	\$ 91,620	\$ 9,761
Special Revenue	147,031	117,041	29,990
Capital Projects	39		39
Total	<u>\$248,451</u>	<u>\$208,661</u>	<u>\$39,790</u>

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
General Obligation Note	\$42,000	4.25%

The general obligation note was issued to finance the purchase of a new tractor/mower to be used for Township road maintenance. The note is collateralized by the equipment purchased.

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

	General Obligation Note
Year ending December 31:	
2005	\$ 9,785
2006	9,700
2007	9,300
2008	9,900
2009	9,450
Total	<u>\$48,135</u>

**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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. For 2004 and 2003, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004.

**7. RISK POOL MEMBERSHIP**

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

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

**OXFORD TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RISK POOL MEMBERSHIP (Continued)**

Financial Position

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

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained Earnings	\$17,046,241	\$16,000,923

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	( 753,906)	( 750,956)
Retained Earnings	\$7,045,167	\$6,040,104



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# KNOX & KNOX

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Accountants and Consultants

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

Oxford Township  
Tuscarawas County  
212 South College Street  
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited the accompanying financial statements of Oxford Township, Tuscarawas County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 11, 2005. 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 would 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audits, 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. 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 material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated November 11, 2005.

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

*KNOX & KNOX*

Orrville, Ohio  
November 11, 2005





**Auditor of State  
Betty Montgomery**

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**OXFORD TOWNSHIP**

**TUSCARAWAS 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 13, 2005**