

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2008 – DECEMBER 31, 2009**

**Wolfe, Wilson, & Phillips, Inc.  
37 South Seventh Street  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Board of Trustees  
Oxford Township  
65492 Lydick Road  
Quaker City, Ohio 43773

We have reviewed the *Independent Auditors' Report* of the Oxford Township, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 Auditors' 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 Auditors' 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. The Oxford Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 11, 2011

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**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Oxford Township  
Guernsey County  
65492 Lydick Road  
Quaker City, Ohio 43773

We have audited the accompanying financial statements of Oxford Township, Guernsey County as of and for the years ended December 31, 2009 and 2008. 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above for the years ending December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Oxford Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

The Township declined to make adjustments to its accounting system for posting errors from the prior audit, which would have:

- decreased the General Fund January 1, 2008 cash fund balance by \$8,756;
- increased the Motor Vehicle License Tax Fund, Special Revenue Fund type, January 1, 2008 cash fund balance by \$1,329;
- increased the Gasoline Tax Fund, Special Revenue Fund type, January 1, 2008 cash fund balance by \$4,592;
- increased the Road and Bridge Fund, Special Revenue Fund type, January 1, 2008 cash fund balance by \$1,318;
- increased the Permissive Motor Vehicle License Tax Fund, Special Revenue Fund type, January 1, 2008 cash fund balance by \$1,517;
- decreased the Cemetery Levy Fund, Special Revenue Fund type, January 1, 2008 cash fund balance by \$1,423;
- increased the Cemetery Bequest 7001 Fund, Fiduciary Fund type, January 1, 2008 cash fund balance by \$760;
- increased the Cemetery Bequest 7002 Fund, Fiduciary Fund type, January 1, 2008 cash fund balance by \$663;

Had the prior audit finding for adjustments and properly posted to the Township's accounting system:

- the December 31, 2009 cash balance of the General Fund would have been decreased by a cumulative \$8,756;
- the December 31, 2009 cash balance of the Special Revenue Funds would have increased by a cumulative \$7,333;
- the December 31, 2009 cash balance of the Fiduciary Funds would have increased by a cumulative \$1,423.

Also, in our opinion, because of the effect of the matters discussed in the preceding three paragraphs, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Oxford Township, Guernsey County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements and reserve for encumbrances for the years then ended on the basis of accounting described in Note 1.

The Township 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 a report dated October 25, 2010, on our consideration of Oxford Township's internal control structure 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent Funds	
<b>Cash Receipts:</b>					
Local Taxes	\$ 15,261	\$ 38,886	\$ -	\$ -	\$ 54,147
Intergovernmental	8,300	104,330	3,971	-	116,601
Earnings on Investments	234	709	-	214	1,157
Other Revenue	4,812	13	-	-	4,825
<b>Total Cash Receipts</b>	<u>28,607</u>	<u>143,938</u>	<u>3,971</u>	<u>214</u>	<u>176,730</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	22,755	1,545	-	-	24,300
Public Safety	-	8,000	-	-	8,000
Public Works	-	88,765	3,971	-	92,736
Health	127	6,528	-	-	6,655
Capital Outlay	-	1,682	-	-	1,682
Debt Service:					
Redemption of Principal	-	7,774	-	-	7,774
Interest and Other Fiscal Charges	-	1,277	-	-	1,277
<b>Total Cash Disbursements</b>	<u>22,882</u>	<u>115,571</u>	<u>3,971</u>	<u>-</u>	<u>142,424</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	5,725	28,367	-	214	34,306
<b>Other Financing Receipts (Disbursements):</b>					
Transfers In	-	2,655	-	-	2,655
Transfers Out	(2,655)	-	-	-	(2,655)
<b>Total Other Financing Receipts (Disbursements):</b>	<u>(2,655)</u>	<u>2,655</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	3,070	31,022	-	214	34,306
<b>Fund Cash Balances, January 1</b>	<u>14,073</u>	<u>95,197</u>	<u>-</u>	<u>7,877</u>	<u>117,147</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 17,143</u>	<u>\$ 126,219</u>	<u>\$ -</u>	<u>\$ 8,091</u>	<u>\$ 151,453</u>

See notes to financial statements.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent Funds	
<b>Cash Receipts:</b>					
Local Taxes	\$ 15,576	\$ 39,744	\$ -	\$ -	\$ 55,320
Charges for Services	-	500	-	-	500
Intergovernmental	6,853	109,041	3,971	-	119,865
Earnings on Investments	1,282	472	-	-	1,754
Other Revenue	-	838	-	-	838
<b>Total Cash Receipts</b>	<u>23,711</u>	<u>150,595</u>	<u>3,971</u>	<u>-</u>	<u>178,277</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	20,941	1,917	-	-	22,858
Public Safety	-	8,000	-	-	8,000
Public Works	490	107,093	3,971	-	111,554
Health	37	6,064	-	-	6,101
Capital Outlay	-	10,147	-	-	10,147
Debt Service:					
Redemption of Principal	-	8,141	-	-	8,141
Interest and Other Fiscal Charges	-	1,641	-	-	1,641
<b>Total Cash Disbursements</b>	<u>21,468</u>	<u>143,003</u>	<u>3,971</u>	<u>-</u>	<u>168,442</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	2,243	7,592	-	-	9,835
<b>Fund Cash Balances, January 1</b>	<u>11,830</u>	<u>87,605</u>	<u>-</u>	<u>7,877</u>	<u>107,312</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 14,073</u>	<u>\$ 95,197</u>	<u>\$ -</u>	<u>\$ 7,877</u>	<u>\$ 117,147</u>

See notes to financial statements.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Township of Oxford, Guernsey County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three member Board of Trustees and a publicly elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection. The Township contracts with the Village of Quaker City, Village of Antrim, Village of Old Washington, and the Village of Fairview to provide fire protection services.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. 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 exceeding the member's deductible

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 cash 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 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**

All cash is maintained in an interest-bearing checking account and certificates of deposit. The Township values certificates of deposit 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:

**OXFORD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**D. Fund Accounting (Continued)**

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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 Fund:

**Gasoline Tax Fund** – This fund receives gasoline tax receipts for constructing, maintaining and repairing Township roads and bridges.

**Capital Projects Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Township had the following significant Capital Projects Funds:

**Issue II Fund** – This fund receives funding from the Ohio Public Works Commission, passed through the Guernsey County Engineer’s Office, to perform repairs on Township roads.

**Fiduciary Funds**

These funds account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the Township classifies the fund as nonexpendable trust fund. Other trust funds are classified as expendable. The Township had the following significant Fiduciary Funds:

**Cemetery Trust Funds** – These permanent funds receive interest for the maintenance and upkeep of Township cemetery lots.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**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. Unencumbered appropriations lapse at year-end.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**E. Budgetary Process (Continued)**

**Estimated Resources**

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

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A Summary of 2009 and 2008 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 in the accompanying financial statements.

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 144,603	\$ 110,297
Certificates of Deposit	6,850	6,850
Total Deposits	<u>\$ 151,453</u>	<u>\$ 117,147</u>

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

**OXFORD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2009 and 2008 was as follows:

**2009 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 22,225	\$ 28,607	\$ 6,382
Special Revenue	142,015	146,593	4,578
Capital Projects	3,971	3,971	-
Fiduciary	<u>232</u>	<u>214</u>	<u>(18)</u>
Total	<u>\$ 168,443</u>	<u>\$ 179,385</u>	<u>\$ 10,942</u>

**2009 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 37,268	\$ 25,537	\$ 11,731
Special Revenue	235,005	115,571	119,434
Capital Projects	3,971	3,971	-
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 276,244</u>	<u>\$ 145,079</u>	<u>\$ 131,165</u>

**2008 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 21,311	\$ 23,711	\$ 2,400
Special Revenue	137,466	150,595	13,129
Capital Projects	3,971	3,971	-
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 162,748</u>	<u>\$ 178,277</u>	<u>\$ 15,529</u>

**2008 Budgeted vs. Actual Budgetary Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 32,042	\$ 21,468	\$ 10,574
Special Revenue	223,739	143,003	80,736
Capital Projects	3,971	3,971	-
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 259,752</u>	<u>\$ 168,442</u>	<u>\$ 91,310</u>

**OXFORD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to ORC Section 5705.36, in 2009 and 2008, the Township had funds in which appropriations were greater than unencumbered balance plus actual receipts which should have resulted in getting a new certificate of estimated resources.

Contrary to Ohio Revised Code Section 5705.41(D), in 2009 and 2008 the Township had fiscal certificates that were dated after invoices.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed 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 June 30.

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

**5. RETIREMENT SYSTEMS**

The Township's Trustees, Clerk and other employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement health care, 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 2009 and 2008, members of PERS contributed 10.0% of their gross salaries, respectively. The Township contributed an amount equal to 14.0% of participants' gross salaries, respectively. The Township has paid all contributions required through December 31, 2009.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. RISK MANAGEMENT**

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

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. American Risk Pool Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Retained Earnings	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$6,204.

Based on discussion with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. RISK MANAGEMENT (Continued)**

Contributions to OTARMA	
2007	\$3,255
2008	3,776
2009	3,102

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**7. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest rate
Promissory Note - Truck	\$ 10,113	5.05%
Promissory Note – Dump Truck	8,767	4.86%
Total	\$ 18,880	

The Promissory Note – Truck was issued to finance the purchase of a new truck to be used for Township road maintenance. The note is collateralized solely by the truck.

The Promissory Note – Dump Truck was issued to finance the purchase of a dump truck to be used for Township road maintenance. The note is collateralized solely by the dump truck.

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

Year Ended December 31	Promissory Note Truck	Promissory Note Dump Truck
2010	\$ 5,864	\$ 3,466
2011	5,864	3,466
2012	-	2,867
Total	\$ 11,728	\$ 9,799

**OXFORD TOWNSHIP  
GUERNSEY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. TRANSFERS**

Following is a summary of transfers in and out for all funds for 2009:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Gasoline Tax Fund	\$ 2,655	\$ -
General Fund	-	2,655
Totals	<u>\$ 2,655</u>	<u>\$ 2,655</u>

Transfers were made out of the General Fund to the Gasoline Tax Fund because the Township incorrectly posted Gasoline Tax monies into the General Fund in 2007.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

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

Oxford Township  
Guernsey County  
65492 Lydick Road  
Quaker City, Ohio 43773

We have audited the financial statements of Oxford Township, Guernsey County as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 25, 2010, which was adverse since the Township did not make any prior audit adjustments. We also we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Oxford Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purposes described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-01 through 2009-05 described in the accompanying schedule of findings to be material weaknesses.

We noted certain matters that we have reported to management in a separate letter dated October 25, 2010.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oxford Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that we must report under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2009-03 and 2009-05. We noted certain immaterial instances of noncompliance that we have reported to the management of Oxford Township in a separate letter dated October 25, 2010.

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

This report is intended for the information of the Township's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
October 25, 2010

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2009-01**

**Material Weakness**

Ohio Rev. Code Section 5705.10 (H) states that money paid into any fund may only be used for the purposes for which such fund is established.

In 2001 and 2000, the Township paid for the Township Fiscal Officer's health insurance and the employer's portion of the Township Fiscal Officer's retirement contributions from other funds other than the General Fund. The amounts paid in 2001 were as follows:

Motor Vehicle License Tax Fund	\$ 894
Gasoline Tax Fund	2,202
Road & Bridge Fund	727
Permissive MVL Fund	482
Total	\$ 4,305

The amounts paid in 2000 were as follows:

Motor Vehicle License Tax Fund	\$ 435
Gasoline Tax Fund	2,390
Road & Bridge Fund	591
Permissive MVL Fund	1,035
Total	\$ 4,451

These funds are restrictive in regards to allowable expenditures. The Township Fiscal Officer's normal job duties are administrative in nature and should be paid from the General Fund, which is the fund from which the Township Fiscal Officer's salary was paid. The Township declined to make this adjustment from the prior audit.

**Client Response:** We did not receive a response from Officials to this finding.

**FINDING 2009-02**

**Material Weakness**

Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 provide guidelines pertaining to allowable interfund transfers. In certain circumstances, which are detailed in Ohio Revised Code Section 5705.14, transfers from funds other than the General Fund may be made only by resolution of the taxing authority, passed with an affirmative vote of two-thirds of the members.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2009-02 (Continued)**

In addition to transfers from the General Fund and those permitted by Ohio Rev. Code Section 5705.14, the taxing authority of the political subdivision, with the approval of the Tax Commissioner and the Court of Common Pleas, may transfer from one fund to any other public funds under its supervision, with certain exceptions, which are detailed in Ohio Rev. Code Section 5705.15.

Ohio Rev. Code Section 5705.14 indicates that before an interfund transfer can be made from the General Fund, a resolution of the taxing authority of the political subdivision shall be passed by a majority of the governing board. See also, 1989 Ohio Attorney General Opinion Number 89-075 (Ohio Rev. Code Section 5705.14 (E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds).

In 2003, the Township transferred \$760 from the Cemetery Bequest 7001 Fund, Fiduciary Fund type, and \$663 from the Cemetery Bequest 7002 Fund, Fiduciary Fund type, to the Cemetery Levy Fund, Special Revenue Fund type, in the amount of \$1,423, without the approval of two-thirds of the Board of Trustees, the Tax Commissioner and the Court of Common Pleas.

**Client Response:** We did not receive a response from Officials to this finding.

**FINDING 2009-03**

**Material Weakness/Noncompliance Citation**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Revised Code Sections 5705.41(D)(1) and 5705.41(D)(3), respectively:

Then and Now Certificates - If the fiscal officer can certify that both at the time the contractor order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2009-03 (Continued)**

Blanket Certificate – Fiscal officers may prepare “blanket” certificates not exceeding an amount established by resolution or ordinance of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 62.5% and 50.0% of the expenditures tested in 2009 and 2008, respectively. Failure to certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Township Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Township Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Township Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Client Response:** We did not receive a response from Officials to this finding.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2009-04**

**Material Weakness**

**Transaction Classifications and Postings**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements. The Township had no control procedure to ensure the accuracy of revenue and expenditure line account and fund postings. Throughout the audit period, numerous receipts and expenditures were not posted into accurate fund and/or line item account classifications based on the source of the receipt or purpose of the expenditure.

As a result, multiple revenue and expenditure accounts were materially misstated. Furthermore, this resulted in numerous reclassifications and/or adjustments being made to the financial statements to ensure accurate presentation of receipts, expenditures, and applicable fund balances.

Part of these prior adjustments has been made. Had all of the prior audit finding for adjustments been properly posted to the Township's accounting system:

- the December 31, 2009 cash balance of the General Fund would have been decreased by a cumulative \$8,756;
- the December 31, 2009 cash balance of the Special Revenue Funds would have increased by a cumulative \$7,333;
- the December 31, 2009 cash balance of the Fiduciary Funds would have increased by a cumulative \$1,423.

We recommend the Township Fiscal Officer review guidance within the Uniform Accounting Network Accounting Manual under Township Chart of Accounts. This guidance will allow the Township Fiscal Officer to make proper postings to revenue and expenditure account classifications based on the source of the revenue or purpose of the expenditure. Someone independent of the Township Fiscal Officer, preferably a member of the Board of Trustees, should periodically review postings to the accounting system for accuracy.

**Client Response:** We did not receive a response from Officials to this finding.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2009-05**

**Material Weakness/Noncompliance Citation**

Ohio Rev. Code Sections 505.60 and 505.601 provide guidelines pertaining to reimbursement of insurance premiums. Townships may reimburse a township officer or employee for out-of-pocket premiums for insurance policies, including long-term care insurance. The reimbursement is permitted for a township officer or employee who is denied coverage under a township health care plan established pursuant to Ohio Rev. Code Section 505.60, or who elects not to participate in the township's plan. House Bill 458 clarifies that the township may reimburse for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code Section 505.60(A). The reimbursement cannot exceed an amount equal to the average premium paid by the township under any health care plan it procures [Ohio Rev. Code Section 505.60(D)].

HB 458 further clarifies that the requirements governing township-procured health insurance coverage apply equally to township-paid coverage through a health insuring corporation contract as follows:

- that an officer or employee may decline coverage under either method without affecting the availability of coverage to other officers and employees
- that either may provide the same kinds of coverage
- that coverage under either method is to be paid from the same township sources used to pay employee and officer compensation
- that immediate dependents may be covered under either method
- that reimbursement of an officer or employee for premiums paid for alternative coverage (e.g., through a spouse) is only for the part of the premium paid for the same kinds of coverage offered by the township's plan, whether it be provided through insurance or a health insuring corporation contract

A township not procuring health care benefits for its officers and employees is permitted to reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs. However, pursuant to Ohio Rev. Code Section 505.601, the township must meet the following three conditions:

1. The board of township trustees adopts a resolution stating that the township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium,
2. The resolution provides for a uniform maximum monthly or yearly payment amount for each officer and employee,
3. The resolution states the specific benefits, pursuant to Ohio Rev. Code Section 505.60(A), that will be reimbursed.

HB 458 makes similar changes to R.C. 505.601 (reimbursement when a township does not offer health insurance to its officers/employees) regarding reimbursements made township officers/employees for dependant health care coverage. The Bill clarifies that the reimbursement is only for the part of the out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under R.C. 505.60(A), and that the reimbursement covers immediate dependants in addition to the officer or employee.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**FINDING 2009-05 (Continued)**

In 2009 and 2008, the Township paid reimbursements for out-of-pocket insurance premiums to township officers without having a resolution established as noted above.

We recommend the Township establish a resolution to indicate that the Township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium. The resolution should also indicate a uniform maximum amount to be reimbursed and the specific types of benefits that will be reimbursed.

**Client Response:** We will try to establish a resolution.

**OXFORD TOWNSHIP  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2007-01	ORC 5705.10 - Finding for Adjustment	No	Not Corrected: Finding will be repeated as Finding Number 2009-01
2007-02	ORC 5705.10 - Finding for Adjustment	Yes	Finding No Longer Valid
2007-03	ORC 5705.10 - Finding for Adjustment	No	Not Corrected: Finding will be repeated as Finding Number 2009-02
2007-04	ORC 5705.10 - Finding for Adjustment	Yes	Finding No Longer Valid
2007-05	ORC 5705.10 - Finding for Adjustment	Yes	Finding No Longer Valid
2007-06	ORC 5705.41(D)(1)- Invoice dates preceding purchase order dates	No	Not Corrected: Finding will be repeated as Finding Number 2009-03
2007-07	ORC 5705.39 - Appropriations exceeding estimated resources.	Yes	Finding No Longer Valid
2007-08	ORC 5705.38(A) - Appropriation measure	Yes	Finding No Longer Valid
2007-09	ORC 5705.41(B) - Expenditures exceeding Appropriations	Yes	Finding No Longer Valid
2007-10	Estimated Receipts	Yes	Finding No Longer Valid
2007-11	Transaction Classifications and Postings	No	Partially Corrected: Finding will be repeated as Finding Number 2009-04



# Dave Yost • Auditor of State

**OXFORD TOWNSHIP**

**GUERNSEY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 24, 2011**