

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

AUDIT REPORT

JANUARY 1, 2010 – DECEMBER 31, 2011

**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 Oxford Township, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2010 through December 31, 2011. 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. 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

July 30, 2012

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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, 2011 and 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 (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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, 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, 2010 cash fund balance by \$4,451;
- increased the Motor Vehicle License Tax Fund, Special Revenue Fund type, January 1, 2010 cash fund balance by \$435;
- increased the Gasoline Tax Fund, Special Revenue Fund type, January 1, 2010 cash fund balance by \$2,390;
- increased the Road and Bridge Fund, Special Revenue Fund type, January 1, 2010 cash fund balance by \$591;
- increased the Permissive Motor Vehicle License Tax Fund, Special Revenue Fund type, January 1, 2010 cash fund balance by \$1,035

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

- the December 31, 2011 cash balance of the General Fund would have been decreased by a cumulative \$4,451;
- the December 31, 2011 cash balance of the Special Revenue Funds would have increased by a cumulative \$4,451

Also, in our opinion, because of the effect of the matters discussed in the preceding two 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, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 1, during 2011 Oxford Township adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2012, on our consideration of Oxford 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 did 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 *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 12, 2012

**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, 2011**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent Funds	
Cash Receipts:					
Local Taxes	\$ 15,547	\$ 39,438	\$ -	\$ -	\$ 54,985
Intergovernmental	7,648	104,085	5,294	-	117,027
Earnings on Investments	318	101	-	52	471
Other Revenue	2,955	900	-	-	3,855
Total Cash Receipts	26,468	144,524	5,294	52	176,338
Cash Disbursements:					
Current:					
General Government	21,759	1,543	-	-	23,302
Public Safety	-	9,000	-	-	9,000
Public Works	-	103,340	6,617	-	109,957
Health	58	8,532	-	-	8,590
Capital Outlay	-	11,200	-	-	11,200
Debt Service:					
Redemption of Principal	-	4,000	-	-	4,000
Interest and Other Fiscal Charges	-	1,783	-	-	1,783
Total Cash Disbursements	21,817	139,398	6,617	-	167,832
Total Cash Receipts Over/(Under) Cash Disbursements	4,651	5,126	(1,323)	52	8,506
Fund Cash Balances, January 1	11,917	116,800	1,323	8,741	138,781
Fund Cash Balances, December 31					
Nonspendable	-	-	-	6,475	6,475
Restricted	-	121,926	-	2,318	124,244
Assigned	-	-	-	-	-
Unassigned (Deficit)	16,568	-	-	-	16,568
Fund Cash Balances, December 31	\$ 16,568	\$ 121,926	\$ -	\$ 8,793	\$ 147,287

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, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent Funds	
Cash Receipts:					
Local Taxes	\$ 14,324	\$ 36,182	\$ -	\$ -	\$ 50,506
Intergovernmental	8,392	141,931	5,294	-	155,617
Earnings on Investments	329	260	-	134	723
Other Revenue	-	1,415	-	-	1,415
Total Cash Receipts	<u>23,045</u>	<u>179,788</u>	<u>5,294</u>	<u>134</u>	<u>208,261</u>
Cash Disbursements:					
Current:					
General Government	23,501	1,280	-	-	24,781
Public Safety	-	8,000	-	-	8,000
Public Works	-	101,406	3,971	-	105,377
Health	465	6,257	-	907	7,629
Capital Outlay	-	104,024	-	-	104,024
Debt Service:					
Redemption of Principal	-	18,880	-	-	18,880
Interest and Other Fiscal Charges	-	242	-	-	242
Total Cash Disbursements	<u>23,966</u>	<u>240,089</u>	<u>3,971</u>	<u>907</u>	<u>268,933</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(921)	(60,301)	1,323	(773)	(60,672)
Other Financing Receipts (Disbursements):					
Loan Proceeds	-	48,000	-	-	48,000
Transfers In	-	4,305	-	1,423	5,728
Transfers Out	(4,305)	(1,423)	-	-	(5,728)
Total Other Financing Receipts (Disbursements):	<u>(4,305)</u>	<u>50,882</u>	<u>-</u>	<u>1,423</u>	<u>48,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(5,226)	(9,419)	1,323	650	(12,672)
Fund Cash Balances, January 1	<u>17,143</u>	<u>126,219</u>	<u>-</u>	<u>8,091</u>	<u>151,453</u>
Fund Cash Balances, December 31	<u>\$ 11,917</u>	<u>\$ 116,800</u>	<u>\$ 1,323</u>	<u>\$ 8,741</u>	<u>\$ 138,781</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.

Permanent Funds

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Permanent 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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

Committed – The Board of Trustees can *commit* via formal action (resolution). The Township must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board of Trustees or a Township official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**OXFORD TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. 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:

	2011	2010	
Demand Deposits	\$ 140,437	\$ 131,931	
Certificates of Deposit	6,850	6,850	
Total Deposits	\$ 147,287	\$ 138,781	

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and 2010 was as follows:

2011 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 20,698	\$ 26,468	\$ 5,770
Special Revenue	138,814	144,524	5,710
Capital Projects	5,294	5,294	-
Fiduciary	220	52	(168)
Total	\$ 165,026	\$ 176,338	\$ 11,312

**OXFORD TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (CONTINUED)

2011 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 32,615	\$ 21,817	\$ 10,798
Special Revenue	255,240	139,398	115,842
Capital Projects	6,617	6,617	-
Fiduciary	<u>2,486</u>	<u>-</u>	<u>2,486</u>
Total	<u>\$ 296,958</u>	<u>\$ 167,832</u>	<u>\$ 129,126</u>

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 21,512	\$ 23,045	\$ 1,533
Special Revenue	222,751	232,093	9,342
Capital Projects	3,971	5,294	1,323
Fiduciary	<u>216</u>	<u>1,557</u>	<u>1,341</u>
Total	<u>\$ 248,450</u>	<u>\$ 261,989</u>	<u>\$ 13,539</u>

2010 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 39,492	\$ 28,271	\$ 11,221
Special Revenue	348,665	241,512	107,153
Capital Projects	3,971	3,971	-
Fiduciary	<u>925</u>	<u>907</u>	<u>18</u>
Total	<u>\$ 393,053</u>	<u>\$ 274,661</u>	<u>\$ 118,392</u>

Contrary to ORC Section 5705.36, in 2011, 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 2011 and 2010 the Township had fiscal certificates that were dated after invoices.

**OXFORD TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

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 2011 and 2010, 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, 2011.

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, 2010, 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.

**OXFORD TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

6. RISK MANAGEMENT (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

	2010	2009
Assets	\$ 35,855,252	\$ 38,982,088
Liabilities	(10,664,724)	(12,880,766)
Retained Earnings	\$ 25,190,528	\$ 26,101,322

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$2,611.

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.

Contributions to OTARMA	
2009	\$3,102
2010	3,301
2011	3,528

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.

**OXFORD TOWNSHIP
GUERNSEY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

7. DEBT

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	Interest rate
Road Equipment Bonds - USDA	\$ 44,000	4.0%

The Road Equipment Bonds were issued to finance the purchase of a new road grader to be used for Township road maintenance. The note is collateralized solely by the grader.

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

Year Ended December 31	Road Equipment Bonds
2012	\$ 5,960
2013	5,892
2014	5,920
2015	5,940
2016	5,852
2017-2020	23,692
Total	\$ 53,256

8. TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

Fund	Transfer In	Transfer Out
MVL Fund	\$ 894	\$ -
Gasoline Tax Fund	2,202	-
Road & Bridge Fund	727	-
Permissive MVL Fund	482	-
Cemetery Bequest 7001 Fund	760	-
Cemetery Bequest 7002 Fund	663	-
General Fund	-	4,305
Cemetery Levy Fund	-	1,423
Totals	\$ 5,728	\$ 5,728

Transfers were made to make corrections for prior years as noted in previous audit reports.

**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, 2011 and 2010, and have issued our report thereon dated March 12, 2012, which was adverse since the Township did not make all 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 also noted the Township adopted Governmental Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited 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 and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 corrected on a timely basis. We consider findings 2011-01 through 2011-03 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 March 12, 2012.

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 one instance of noncompliance or other matters that we must report under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2011-02.

We did note certain matters not requiring inclusion in this report that we reported to the management of Oxford Township in a separate letter dated March 12, 2012.

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.

We intend this report solely for the information and use of management and the Auditor of State and others within the government. We intend it for no one other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 12, 2012

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2011-01

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 made the adjustments for 2001 in 2010 and will make the adjustments for 2000 in 2012.

Client Response: Client agrees with finding and is making the adjustments.

FINDING 2011-02

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:

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2011-02 (Continued)

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.

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 30.8% and 35.3% of the expenditures tested in 2011 and 2010, 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: Client agrees with finding and will try to improve.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING 2011-03

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, 2011 cash balance of the General Fund would have been decreased by a cumulative \$4,451;
- the December 31, 2011 cash balance of the Special Revenue Funds would have increased by a cumulative \$4,451

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: Client agrees with finding and is making the adjustments.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-01	ORC 5705.10 - Finding for Adjustment	No	Partially Corrected: Finding will be repeated as Finding Number 2011-01
2009-02	ORC 5705.10 - Finding for Adjustment	Yes	Finding No Longer Valid
2009-03	ORC 5705.41(D)(1)- Invoice dates preceding purchase order dates	No	Not Corrected: Finding will be repeated as Finding Number 2011-02
2009-04	Transaction Classifications and Postings	No	Partially Corrected: Finding will be repeated as Finding Number 2011-03
2009-05	ORC 505.60 & 506.601 Reimbursement of Insurance Premiums	Yes	Finding No Longer Valid

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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
AUGUST 09, 2012