



**Auditor of State
Betty Montgomery**

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	21

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Oxford Township
Guernsey County
P.O. Box 75
Fairview, Ohio 43736

To the Board of Trustees:

We have audited the accompanying financial statements of Oxford Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

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

The Township did not make adjustment to its accounting system for posting errors from the prior audit, which would have decreased the General Fund January 1, 2002 cash fund balance by \$8,756, increased the Motor Vehicle License Tax Fund, Special Revenue Fund type, January 1, 2002 cash fund balance by \$1,329, increased the Gasoline Tax Fund, Special Revenue Fund type, January 1, 2002 cash fund balance by \$4,592, increased the Road and Bridge Fund, Special Revenue Fund type, January 1, 2002 cash fund balance by \$1,318, and increased the Permissive Motor Vehicle License Tax Fund, Special Revenue Fund type, January 1, 2002 cash fund balance by \$1,517.

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In 2003, gasoline excise tax monies were incorrectly posted to the General Fund, in the amount of \$1,703 and these revenues should have been posted to the Debt Service 3102 Fund, Debt Service Fund type, in the amount of \$1,703. In addition, during 2003, the Township illegally transferred \$1,423 to the Cemetery Levy Fund, Special Revenue Fund type, from the Cemetery Bequest 7001 Fund, Fiduciary Fund type, in the amount of \$760 and from the Cemetery Bequest 7002 Fund, Fiduciary Fund type, in the amount of \$663.

Had the 2002 and 2003 posting errors been properly posted to the Township's accounting system, the 2003 General Fund revenues would have been decreased by \$1,703 and the December 31, 2003 cash balance of the General Fund would have been decreased by a cumulative \$10,459, the 2003 Special Revenue Fund revenues would have been decreased by \$1,423 and the December 31, 2003 cash balance of the Special Revenue Fund would have been increased by a cumulative \$7,333, the 2003 Debt Service Fund revenues would have been increased by \$1,703 and the December 31, 2003 cash balance of the Debt Service Fund would have been increased by \$1,703, and the 2003 Fiduciary Fund expenditures would have been decreased by \$1,423 and the December 31, 2003 cash balance of the Fiduciary Fund would have been increased by \$1,423.

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, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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



Betty Montgomery
Auditor of State

November 22, 2004

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Types</u>	
Cash Receipts:						
Property and Other Local Taxes	\$11,652	\$21,072	\$	\$	\$	\$32,724
Intergovernmental	5,799	61,119	9,158	4,925		81,001
Earnings on Investments	136	53			122	311
Other Revenue	109	1,371			75	1,555
Total Cash Receipts	<u>17,696</u>	<u>83,615</u>	<u>9,158</u>	<u>4,925</u>	<u>197</u>	<u>115,591</u>
Cash Disbursements:						
Current:						
General Government	14,126					14,126
Public Safety		6,200				6,200
Public Works	621	76,604				77,225
Health		3,000				3,000
Debt Service:						
Redemption of Principal			8,000			8,000
Interest and Fiscal Charges			1,475			1,475
Capital Outlay				4,717		4,717
Total Cash Disbursements	<u>14,747</u>	<u>85,804</u>	<u>9,475</u>	<u>4,717</u>	<u>0</u>	<u>114,743</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,949</u>	<u>(2,189)</u>	<u>(317)</u>	<u>208</u>	<u>197</u>	<u>848</u>
Other Financing Receipts/ Disbursements:						
Transfers-In		1,423			172	1,595
Transfers-Out	(75)	(97)			(1,423)	(1,595)
Total Other Financing Receipts/ Disbursements:	<u>(75)</u>	<u>1,326</u>	<u>0</u>	<u>0</u>	<u>(1,251)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>2,874</u>	<u>(863)</u>	<u>(317)</u>	<u>208</u>	<u>(1,054)</u>	<u>848</u>
Fund Cash Balances, January 1	<u>3,706</u>	<u>31,082</u>	<u>5,098</u>	<u>47</u>	<u>8,082</u>	<u>48,015</u>
Fund Cash Balances, December 31	<u><u>\$6,580</u></u>	<u><u>\$30,219</u></u>	<u><u>\$4,781</u></u>	<u><u>\$255</u></u>	<u><u>\$7,028</u></u>	<u><u>\$48,863</u></u>
Reserve for Encumbrances, December 31	<u><u>\$43</u></u>	<u><u>\$164</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$207</u></u>

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

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Type</u>	
Cash Receipts:						
Property and Other Local Taxes	\$10,060	\$22,142	\$	\$	\$	\$32,202
Intergovernmental	5,901	53,715	10,400	2,909		72,925
Earnings on Investments	19				270	289
Other Revenue	1,399	304	318			2,021
Total Cash Receipts	<u>17,379</u>	<u>76,161</u>	<u>10,718</u>	<u>2,909</u>	<u>270</u>	<u>107,437</u>
Cash Disbursements:						
Current:						
General Government	21,483					21,483
Public Safety		7,000				7,000
Public Works	550	66,966				67,516
Health		2,700				2,700
Debt Service:						
Redemption of Principal		2,000	6,000			8,000
Interest and Fiscal Charges		886	1,132			2,018
Capital Outlay				2,909		2,909
Total Cash Disbursements	<u>22,033</u>	<u>79,552</u>	<u>7,132</u>	<u>2,909</u>	<u>0</u>	<u>111,626</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,654)</u>	<u>(3,391)</u>	<u>3,586</u>	<u>0</u>	<u>270</u>	<u>(4,189)</u>
Other Financing Receipts/ Disbursements:						
Transfers-In		2,428				2,428
Transfers-Out			(2,428)			(2,428)
Total Other Financing Receipts/ Disbursements:	<u>0</u>	<u>2,428</u>	<u>(2,428)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(4,654)</u>	<u>(963)</u>	<u>1,158</u>	<u>0</u>	<u>270</u>	<u>(4,189)</u>
Restated Fund Cash Balances, January 1 (See Note 3)	<u>8,360</u>	<u>32,045</u>	<u>3,940</u>	<u>47</u>	<u>7,812</u>	<u>52,204</u>
Fund Cash Balances, December 31	<u><u>\$3,706</u></u>	<u><u>\$31,082</u></u>	<u><u>\$5,098</u></u>	<u><u>\$47</u></u>	<u><u>\$8,082</u></u>	<u><u>\$48,015</u></u>
Reserve for Encumbrances, December 31	<u><u>\$111</u></u>	<u><u>\$447</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$558</u></u>

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

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Oxford Township, Guernsey 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 road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Village of Quaker City, Village of Antrim, Village of Old Washington, and Village of Fairview to provide fire 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

Certificates of deposit 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 Fund:

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

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Note Retirement Fund – This fund receives gasoline tax money for the repayment of general obligation note debt.

4. Capital Project Funds

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

Public Works Commission Projects 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.

5. Fiduciary Funds (Trust Funds)

Cemetery Bequest Fund - This fund receives interest for the maintenance and upkeep of Township cemetery lots.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

2. 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.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	2003	2002
Demand deposits	\$42,863	\$42,015
Certificates of deposit	6,000	6,000
Total deposits	\$48,863	\$48,015

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. RESTATEMENT OF FUND BALANCES

For the year ended December 31, 2001, an adjustment resulted in fund balance restatement.

Governmental and Fiduciary Funds	Fund Balances at December 31, 2001	Restatement Amount	Fund Balances at January 1, 2002
General	\$7,992	\$368	\$8,360
Fiduciary	8,180	(368)	7,812
Total	\$16,172	\$0	\$16,172

The changes in fund balances for the General and Expendable Trust Funds are the result of posting errors made by the Township Clerk.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,359	\$17,696	\$2,337
Special Revenue	70,801	85,038	14,237
Debt Service	11,636	9,158	(2,478)
Capital Projects	4,672	4,925	253
Total	\$102,468	\$116,817	\$14,349

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,164	\$14,865	\$3,299
Special Revenue	108,751	86,065	22,686
Debt Service	9,520	9,475	45
Capital Projects	4,719	4,717	2
Total	\$141,154	\$115,122	\$26,033

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,766	\$17,379	\$1,613
Special Revenue	70,617	78,589	7,972
Debt Service	10,010	10,718	708
Capital Projects	1,900	2,909	1,009
Total	\$98,293	\$109,595	\$11,302

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$23,449	\$22,144	\$1,305
Special Revenue	106,122	79,999	26,123
Debt Service	17,960	9,560	8,400
Capital Projects	1,993	2,909	(916)
Total	\$149,524	\$114,612	\$34,912

Contrary to Ohio Rev. Code Section 5705.41(B), the Township's Motor Vehicle License Tax Fund, Special Revenue Fund type, had expenditures exceeding appropriations at the legal level of control during 2002 and the Township's Debt Service Fund and Public Works Commission Fund, Capital Project Fund type, had expenditures exceeding appropriations at the legal level of control during 2003.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Revised Code Section 5705.41(D), the Township failed to consistently obtain the Clerk's prior certification during 2002 and 2003.

Contrary to Ohio Revised Code Section 5705.39, the Township's appropriations exceeded estimated resources for the Gasoline Tax Fund, Special Revenue Fund type, in 2003 and for the Debt Service Fund in 2002.

5. PROPERTY TAX

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

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 April 30.

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

6. DEBT

Debt outstanding at December 31, 2003, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note - Truck	\$2,000	7.00%
General Obligation Note – Tractor	12,000	7.00%
Lease – Boom Mower	<u>27,125</u>	6.50%
Total	<u><u>\$41,125</u></u>	

The general obligation notes were issued to finance the purchase of a new truck and a new tractor to be used for Township road maintenance. The notes are collateralized solely by the Township's taxing authority.

The Township obtained a lease from New Holland Credit for a new tractor.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>General Obligation Note - Truck</u>	<u>General Obligation Note - Tractor</u>	<u>Lease – Boom Mower</u>
2004	\$2,142	\$6,793	\$9,901
2005		6,395	9,901
2006			9,901
Total	<u>\$2,142</u>	<u>\$13,188</u>	<u>\$29,703</u>

7. RETIREMENT SYSTEMS

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

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. Governments 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.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

8. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, 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. 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 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:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>6,040,104</u>	<u>\$5,392,670</u>

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Auditor of State Betty Montgomery

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

Oxford Township
Guernsey County
P.O. Box 75
Fairview, Ohio 43736

To the Board of Township Trustees:

We have audited the accompanying financial statements of Oxford Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated November 22, 2004, wherein we opined the financial statements were not fairly presented since the Township declined to adjust its financial statements or accounting records for improper posting of receipts and disbursements, illegal transfers and failing to post an adjustment from a prior audit. We also noted in the opinion letter that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit, of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 2003-001 through 2003-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 22, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-007, 2003-008 and 2003-009.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2003-007 and 2003-009 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Township's management in a separate letter dated November 22, 2004.

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



Betty Montgomery
Auditor of State

November 22, 2004

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding for Adjustment – Not adjusted from prior audit

Ohio Rev. Code Section 5705.10 states that money in a fund may only be used for the purpose for which the fund was established.

In 2001 and 2000, the Township paid for the Clerk's health insurance and the employer's portion of the Clerk's retirement contributions from funds other than the General Fund. The amounts paid in 2001 are as follows: \$894 from the Motor Vehicle License Tax Fund, \$2,202 from the Gasoline Tax Fund, \$727 from the Road and Bridge Fund, and \$482 from the Permissive Motor Vehicle License Tax Fund. The amounts paid in 2000 are as follows: \$435 from the Motor Vehicle License Tax Fund, \$2,390 from the Gasoline Tax Fund, \$591 from the Road and Bridge Fund, and \$1,035 from the Permissive Motor Vehicle License Tax Fund. These funds are restrictive in regards to allowable expenditures. The Clerk's normal job duties are administrative in nature and should be paid from the General Fund, which is the fund from which the Clerk's salary was paid. The Township declined to make this adjustment from the prior audit.

A finding for adjustment is hereby issued against the General Fund of Oxford Township in the amount of \$8,756, in favor of the Motor Vehicle License Tax Fund in the amount of \$1,329, the Gasoline Tax Fund in the amount of \$4,592, Road and Bridge Fund in the amount of \$1,318, and the Permissive Motor Vehicle License Tax Fund in the amount of \$1,517. This adjustment was not made to the Township's accounting system or posted to the Township's 2003-2002 financial statements.

FINDING NUMBER 2003-002

Finding for Adjustment

Ohio Rev. Code Section 5705.10 states, in part, that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. In addition, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

During 2003, gasoline excise tax monies were incorrectly posted to the General Fund in the amount of \$1,703 instead of to the Debt Service 3102 Fund, Debt Service Fund type, in the amount of \$1,703.

A finding for adjustment is hereby issued against the General Fund of Oxford Township in the amount of \$1,703, and in favor of the Debt Service 3102 Fund, Debt Service Fund type in the amount of \$1,703. This adjustment was not made to the Township's accounting system or posted to the Township's financial statements.

FINDING NUMBER 2003-003

Finding for Adjustment

Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 provide guidelines pertaining to allowable inter-fund 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. In addition to transfers from the General Fund and those permitted by Ohio Rev. Code Section 5705.14, the taxing authority of the political

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-003 (Continued)

Finding for Adjustment - Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16 (Continued)

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 Trustees, the Tax Commissioner and the Court of Common Pleas.

A finding for adjustment is hereby issued against the Cemetery Levy, Special Revenue Fund type, in the amount of \$1,326, in favor of the Cemetery Bequest 7001 Fund, Fiduciary Fund type, in the amount of \$760 and in favor of the Cemetery Bequest 7002 Fund, Fiduciary Fund type, in the amount of \$663. This adjustment was not made to the Township's accounting system or posted to the Township's financial statements.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund does not exceed the total official estimate or amended official certificate.

The Township had appropriations in excess of total estimated revenue plus beginning fund balance in the following fund at December 31, 2003:

Fund	Estimated Resources	Appropriations	Variance
Special Revenue			
Gasoline Tax	\$51,722	\$58,747	(\$7,025)

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-004 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.39 (Continued)

The Township had appropriations in excess of total estimated revenue plus beginning fund balance in the following fund at December 31, 2002:

Fund	Estimated Resources	Appropriations	Variance
Debt Service	\$13,071	\$17,960	(\$4,889)

Prior to the Board authorizing the original appropriations or approving any amendments, we recommend the Township compare proposed appropriations with the Certificate of Estimated Resources to ensure that appropriations will not exceed the Township's estimated resources.

FINDING NUMBER 2003-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

The following funds had expenditures which exceeded appropriations at the legal level of control at December 31, 2003:

Fund	Appropriation Authority	Actual Budgetary Expenditures	Variance
Debt Service			
Operating Transfers Out	\$ 0	\$ 2,428	(\$ 2,428)
Public Works Commission			
Capital Outlay			
Improvement of Sites	1,947	2,909	(916)

The following fund had expenditures which exceeded appropriations at the legal level of control at December 31, 2002:

Fund	Appropriation Authority	Actual Budgetary Expenditures	Variance
Miscellaneous Special Revenue			
Public Works			
Other	\$ 0	\$ 4,029	(\$ 4,029)

Some of these variances resulted from posting audit adjustments to the appropriation ledger to agree appropriations to legislatively approved amounts. In addition, during fiscal years 2003 and 2002, expenditures exceeded appropriations at the legal level of control in various funds throughout the audit period.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2003-005

Noncompliance Citation - Ohio Rev. Code Section 5705.41(B) (Continued)

We recommend the Township Clerk modify appropriations with the Board of Township Trustees and County Budget Commission before expenditures exceed appropriations. The Township Clerk should deny any payments until the legislative authority has passed appropriations.

FINDING NUMBER 2003-006

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) (1) 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. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the township can authorize the drawing of a warrant for the payment of the amount due. The township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance 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 Township.

2. Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates 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. Effective September 26, 2003, the \$5,000 limit on the issuance of blanket certificates and the requirement that blanket certificates not extend beyond three months have been removed from the law. Effective September 26, 2003, blanket certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2003-006 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D) (1) (Continued)

3. 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 81.3% of expenditures in 2003 and 74.2% of expenditures tested in 2002. Failure to properly 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 Clerk 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 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 fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

FINDING NUMBER 2003-007

Material Weakness

Receipt Ledger Classifications and Posting

The Township had no control procedure to ensure the accuracy of revenue line account and fund postings. Several receipts were not posted into accurate fund and revenue line account classifications based on the source of the receipt.

As a result, revenue accounts were materially misstated. We required additional audit time and cost to prepare approximately fifty adjusting and reclassification journal entries.

We recommend the Township Clerk review guidance within the Uniform Accounting Network Accounting Manual under Township Chart of Accounts. This guidance will allow the Clerk to make proper postings to revenue account classifications based on the source of the revenue. Someone independent of the Clerk should periodically review the revenue postings for accuracy. The revenues in the financial statements have been reclassified.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2003-008

Reportable Condition

Budgetary Financial Statements

The Township had no control procedure to ensure budgeted receipt and expenditure amounts posted to the Township's budgetary accounting system agreed to the amounts approved by the legislative authority, such as the Certificate of Estimated Resources and the Appropriations Resolution.

As a result, amounts posted to the budgetary accounting system did not agree to the amounts passed by the legislative authority. In addition, budgetary information available for Township officials to monitor year-to-date total comparisons of estimated resources versus actual receipts and appropriations versus expenditures was not accurate and necessitated the preparation of adjusting entries to accurately reflect this information.

We recommend the Clerk post estimated resources and appropriations to the budgetary accounting system as received from the county budget commission and approved by the Board of Township Trustees. Someone independent of the Clerk should periodically review the budgetary postings for accuracy.

FINDING NUMBER 2003-009

Material Weakness

Monthly Reconciliations

The Township had a control procedure in which the Clerk reconciled the accounting system to the Township's bank account on a monthly basis. No independent person reviewed the monthly reconciliation for completeness and accuracy.

As a result, monthly reconciliations were prepared by the Clerk but monthly reconciliations contained reconciling items that were not valid. The Township incurred extra costs for an independent accountant to reconcile the Township's accounting system to the Township's bank account for a two-year period.

We recommend that monthly bank reconciliations prepared by the Clerk be presented to a person independent of the reconciliation process for their approval.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-41030-001	Ohio Rev. Code Section 505.60 (A): Finding for recovery against Paul Mellott, Jr., Oxford Township Clerk, for illegal in-term increases in compensation	Yes	Corrected
2001-41030-002	Ohio Rev. Code Section 505.60 (A): Finding for recovery against John W. Flesher, Oxford Township Trustee, for illegal in-term increases in compensation	Yes	Corrected
2001-41030-003	Ohio Rev. Code Section 5705.10: Finding for adjustment against Road and Bridge Fund in favor of Cemetery Fund.	Yes	Corrected
2001-41030-004	Ohio Rev. Code Section 5705.14, 5705.15, and 5705.16: Finding for adjustment against Gasoline Tax Fund in favor of Note Retirement Fund.	Yes	Corrected
2001-41030-005	Ohio Rev. Code Section 5705.10: Finding for adjustment against the General Fund in favor of the Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, and Permissive Motor Vehicle License Tax Fund.	No	Repeated as Finding 2003-001.
2001-41030-006	Ohio Rev. Code Section 5705.41(D)(1) for not properly encumbering.	No	Repeated as Finding 2003-006.
2001-41030-007	Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Repeated as Finding 2003-005.
2001-41030-008	Material Weakness for receipt ledger classifications and posting.	No	Repeated as Finding 2003-007.



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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
DECEMBER 28, 2004**