



Dave Yost • Auditor of State

**OXFORD TOWNSHIP
ERIE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Oxford Township
Erie County
11104 Ransom Road
Monroeville, Ohio 44847-9670

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Oxford Township, Erie County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles – (Continued)

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Oxford Township, Erie County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 19, 2015

**OXFORD TOWNSHIP
ERIE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$84,886	\$47,671	\$132,557
Licenses, Permits and Fees	10,410		10,410
Intergovernmental	36,760	101,379	138,139
Earnings on Investments	531	620	1,151
Miscellaneous	7,147	538	7,685
<i>Total Cash Receipts</i>	<u>139,734</u>	<u>150,208</u>	<u>289,942</u>
Cash Disbursements			
Current:			
General Government	121,572	51	121,623
Public Safety	30,300		30,300
Public Works	1,431	156,435	157,866
Health	1,071		1,071
Conservation-Recreation	971		971
Capital Outlay	3,695		3,695
Debt Service:			
Principal Retirement		12,113	12,113
Interest and Fiscal Charges		811	811
<i>Total Cash Disbursements</i>	<u>159,040</u>	<u>169,410</u>	<u>328,450</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(19,306)</u>	<u>(19,202)</u>	<u>(38,508)</u>
Other Financing Receipts (Disbursements)			
Transfers In		33,877	33,877
Transfers Out	(33,877)		(33,877)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,877)</u>	<u>33,877</u>	
<i>Net Change in Fund Cash Balances</i>	(53,183)	14,675	(38,508)
<i>Fund Cash Balances, January 1</i>	<u>94,869</u>	<u>179,427</u>	<u>274,296</u>
Fund Cash Balances, December 31			
Restricted		116,503	116,503
Committed		77,599	77,599
Assigned	34,237		34,237
Unassigned	7,449		7,449
<i>Fund Cash Balances, December 31</i>	<u>\$41,686</u>	<u>\$194,102</u>	<u>\$235,788</u>

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

**OXFORD TOWNSHIP
ERIE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$83,239	\$47,167	\$130,406
Licenses, Permits and Fees	10,314		10,314
Intergovernmental	34,435	100,153	134,588
Earnings on Investments	97	49	146
Miscellaneous	7,592	517	8,109
<i>Total Cash Receipts</i>	<u>135,677</u>	<u>147,886</u>	<u>283,563</u>
Cash Disbursements			
Current:			
General Government	114,876	252	115,128
Public Safety	18,623		18,623
Public Works	3,509	136,466	139,975
Health	1,089		1,089
Conservation-Recreation	686		686
Capital Outlay	8,482	9,226	17,708
Debt Service:			
Principal Retirement		11,871	11,871
Interest and Fiscal Charges		1,054	1,054
<i>Total Cash Disbursements</i>	<u>147,265</u>	<u>158,869</u>	<u>306,134</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(11,588)</u>	<u>(10,983)</u>	<u>(22,571)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	1,435		1,435
Transfers In		31,834	31,834
Transfers Out	(31,834)		(31,834)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,399)</u>	<u>31,834</u>	<u>1,435</u>
<i>Net Change in Fund Cash Balances</i>	(41,987)	20,851	(21,136)
<i>Fund Cash Balances, January 1</i>	<u>136,856</u>	<u>158,576</u>	<u>295,432</u>
Fund Cash Balances, December 31			
Restricted		107,409	107,409
Committed		72,018	72,018
Assigned	72,888		72,888
Unassigned	21,981		21,981
<i>Fund Cash Balances, December 31</i>	<u>\$94,869</u>	<u>\$179,427</u>	<u>\$274,296</u>

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

**OXFORD TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Oxford Township, Erie County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, and park services. The Township contracts with Groton and Milan townships to provide fire and emergency medical services.

The Township participates in one public entity risk pool and one jointly governed organization. Notes 7 and 8 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

Ohio Township Risk Management Authority provides property and casualty coverage for its members.

Jointly Governed Organization:

Sand Hill Cemetery Association provides grounds maintenance, opening and closing of graves, and the sale of lots to its members.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values investments in STAR Ohio at STAR Ohio's shares price, which is the price the investment could be sold for on December 31.

**OXFORD TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Township had the following significant Special Revenue Funds:

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

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

E. Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**OXFORD TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. Fund Balance

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:

1. Nonspendable

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

2. 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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

4. 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 the 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and 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
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2014	2013
Demand deposits	\$61,339	\$100,885
Certificates of deposit	104,776	103,761
Total deposits	166,115	204,646
STAR Ohio	69,673	69,650
Total deposits and investments	\$235,788	\$274,296

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$117,249	\$139,734	\$22,485
Special Revenue	135,794	184,085	48,291
Total	\$253,043	\$323,819	\$70,776

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$190,137	\$193,471	(\$3,334)
Special Revenue	179,996	170,124	9,872
Total	\$370,133	\$363,595	\$6,538

**OXFORD TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,471	\$137,112	\$11,641
Special Revenue	135,315	179,720	44,405
Total	\$260,786	\$316,832	\$56,046

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$218,084	\$179,874	\$38,210
Special Revenue	156,726	161,951	(5,225)
Total	\$374,810	\$341,825	\$32,985

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
OPWC Loan - Peru Center Culvert Replacement	\$1,963	0%
Backhoe Loader Lease-Purchase	10,138	5.50%
Tractor and Mower Lease-Purchase	12,192	4.30%
Total	\$24,293	

The Ohio Public Works Commission (OPWC) loan relates to a Peru Center culvert replacement project. The loan is interest free. The Township will repay the loan through semiannual installments through the year 2016.

**OXFORD TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. DEBT – (Continued)

The Township entered into a \$23,339 lease-purchase agreement with Caterpillar Financial Services Corporation in accordance with § 505.267 of the Ohio Revised Code. This agreement was to finance the purchase of a backhoe loader. The Township will pay Caterpillar Financial Services Corporation semi-annual rent payments for five years, starting in 2012 and ending with the final payment in 2016, with an interest rate of 5.50%. Upon fully executing the terms of the lease-purchase agreement the Township has the option to purchase the backhoe loader for \$1.

The Township entered into a \$46,041 lease-purchase agreement with Deere Credit, Inc. in accordance with § 505.267 of the Ohio Revised Code. This agreement was to finance the purchase of a tractor with a mower attachment. The Township will pay Deere Credit, Inc. annual rent payments for five years, starting in 2012 and ending with the final payment in 2016, with an interest rate of 4.30%. As stated in the lease-purchase agreement, the Township can fully execute the terms of the agreement at any time by paying off remaining payments in accordance with the lump sum purchase option price. Upon fully executing the terms of the lease-purchase agreement the Township has the option to purchase the tractor for \$1.

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

Year ending December 31:	OPWC Loan	Backhoe Loader Lease- Purchase	Tractor and Mower Lease- Purchase
2015	\$982	\$5,442	\$6,500
2016	981	5,442	6,500
Total	\$1,963	\$10,884	\$13,000

6. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

Risk Pool Membership

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.

**OXFORD TOWNSHIP
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT – (Continued)

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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 net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions 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
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT – (Continued)

Contributions to OTARMA	
<u>2013</u>	<u>2014</u>
\$4,996	\$4,898

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.

8. JOINTLY GOVERNED ORGANIZATION

Sand Hill Cemetery Association

Perkins, Groton, Oxford, and Margaretta Township each appoint a member to the Board of Trustees of Sand Hill Cemetery Association (the Cemetery Association). The Cemetery Association provides grounds maintenance, opening and closing of graves, and the sale of lots. The Township contributed \$850 to the Cemetery Association during 2014 and 2013.

9. INTERFUND TRANSACTIONS

During 2014 the following transfers were made:

Transfers To	Transfers From General Fund
Road and Bridge Fund	\$33,877

During 2013 the following transfers were made:

Transfers To	Transfers From General Fund
Road and Bridge Fund	\$31,834

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

10. COMPLIANCE

Contrary to Ohio law, the Township incorrectly recorded road construction, maintenance, and repair disbursements in the General Fund.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Oxford Township
Erie County
11104 Ransom Road
Monroeville, Ohio 44847-9670

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Oxford Township, Erie County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated November 19, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-002.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 19, 2015

**OXFORD TOWNSHIP
ERIE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness - Financial Reporting

We identified the following errors requiring adjustment to the financial statements or notes to the financial statements for the year ending December 31, 2014:

- Estimated Receipts were decreased in the General Fund in the amount of \$20,216 and in the Special Revenue fund type in the amount of \$11,649 in order to bring amounts reported in the notes to the financial statements in line with authorized budget amounts;
- The Road and Bridge assigned fund balance in the amount of \$77,599 was reclassified to committed in accordance with GASB 54; and
- The Motor Vehicle License Tax assigned fund balance (\$19,472), Gasoline Tax assigned fund balance (\$71,479), and Permissive Motor Vehicle License Tax assigned fund balance (\$25,552) were reclassified to restricted in accordance with GASB 54.

We also identified the following errors requiring adjustment to the financial statements or notes to the financial statements for the year ending December 31, 2013:

- The Road and Bridge assigned fund balance in the amount of \$72,018 was reclassified to committed under GASB 54; and
- The Motor Vehicle License Tax assigned balance (\$20,992), Gasoline Tax assigned fund balance (\$63,346), and Permissive Motor Vehicle License Tax assigned fund balance (\$23,071) were reclassified to restricted under GASB 54.

These errors were not identified and corrected prior to the audit due to deficiencies in the Township's internal controls over financial statement monitoring. The accompanying financial statements, and where applicable, the Township's accounting records have been adjusted to reflect these changes. Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer, to identify and correct errors and omissions, as well as recording correct budgetary information. Also, the Fiscal Officer can refer to the Ohio Township Manual at the following web site address for guidance on the recording of transactions:

<https://ohioauditor.gov/publications/15OhioTownshipHandbook.pdf>

FINDING NUMBER 2014-002

Noncompliance Citation / Material Weakness

Ohio Rev. Code § 5549.21 provides, in part, that all payments on account of machinery, tools, material, and labor necessary for use in constructing, reconstructing, maintaining, and repairing roads and culverts within the township shall be made from the township road fund.

The Township paid \$31,834 for road machinery, reconstruction, maintenance, and repair projects from the General Fund in 2013. The Township paid \$33,877 for road machinery, reconstruction, maintenance, and repair projects from the General Fund in 2014.

The Fiscal Officer was not aware of this requirement. The accompanying financial statements, and where applicable, the Township's accounting records have been adjusted to reflect these payments from the Township's Road and Bridge special revenue fund.

Payments related to road machinery and the construction, reconstruction, maintenance and repair of roads should be made from funds earmarked for constructing, maintaining, and repairing Township roads and bridges from available funds or from monies transferred from the General Fund. .

Officials' Response:

We did not receive a response from Officials to the findings reported above.



Dave Yost • Auditor of State

OXFORD TOWNSHIP

ERIE 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 8, 2015**