



Dave Yost • Auditor of State

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Oxford Township
Guernsey County
22913 Bridgewater Road
Quaker City, Ohio 43773

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Oxford Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, 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, Guernsey County, Ohio, as of December 31, 2013 and 2012, 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 July 7, 2014, 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

July 7, 2014

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

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

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$17,009	\$41,887			\$58,896
Licenses, Permits and Fees	8,910				8,910
Intergovernmental	26,511	104,073	\$8,290		138,874
Earnings on Investments	153	150		\$220	523
Miscellaneous	753	3,279			4,032
<i>Total Cash Receipts</i>	<u>53,336</u>	<u>149,389</u>	<u>8,290</u>	<u>220</u>	<u>211,235</u>
Cash Disbursements					
Current:					
General Government	26,781	2,250	430		29,461
Public Safety		10,353			10,353
Public Works		63,676			63,676
Health	137	7,608			7,745
Capital Outlay	17,000	58,893			75,893
Debt Service:					
Principal Retirement		8,500			8,500
Interest and Fiscal Charges		1,592			1,592
<i>Total Cash Disbursements</i>	<u>43,918</u>	<u>152,872</u>	<u>430</u>	<u>0</u>	<u>197,220</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,418</u>	<u>(3,483)</u>	<u>7,860</u>	<u>220</u>	<u>14,015</u>
Other Financing Receipts (Disbursements)					
Sale of Notes		58,893			58,893
Sale of Capital Assets	17,000				17,000
Transfers In		338			338
Transfers Out		(338)			(338)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>17,000</u>	<u>58,893</u>	<u>0</u>	<u>0</u>	<u>75,893</u>
<i>Net Change in Fund Cash Balances</i>	26,418	55,410	7,860	220	89,908
<i>Fund Cash Balances, January 1</i>	<u>17,641</u>	<u>172,591</u>	<u>349</u>	<u>9,376</u>	<u>199,957</u>
Fund Cash Balances, December 31					
Nonspendable				6,850	6,850
Restricted		170,462	8,209	2,746	181,417
Committed		57,539			57,539
Assigned	43,267				43,267
Unassigned (Deficit)	792				792
<i>Fund Cash Balances, December 31</i>	<u>\$44,059</u>	<u>\$228,001</u>	<u>\$8,209</u>	<u>\$9,596</u>	<u>\$289,865</u>

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

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$16,201	\$41,320			\$57,521
Intergovernmental	13,296	102,402	\$6,723		122,421
Earnings on Investments	123	100		\$208	431
Miscellaneous	127	1,419			1,546
<i>Total Cash Receipts</i>	<u>29,747</u>	<u>145,241</u>	<u>6,723</u>	<u>208</u>	<u>181,919</u>
Cash Disbursements					
Current:					
General Government	24,067	3,554	6,374		33,995
Public Safety		10,698			10,698
Public Works		71,078			71,078
Health	156	7,362			7,518
Debt Service:					
Principal Retirement		4,200			4,200
Interest and Fiscal Charges		1,760			1,760
<i>Total Cash Disbursements</i>	<u>24,223</u>	<u>98,652</u>	<u>6,374</u>	<u>0</u>	<u>129,249</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,524</u>	<u>46,589</u>	<u>349</u>	<u>208</u>	<u>52,670</u>
<i>Fund Cash Balances, January 1, Restated - See Note 3</i>	<u>12,117</u>	<u>126,002</u>	<u>0</u>	<u>9,168</u>	<u>147,287</u>
Fund Cash Balances, December 31					
Nonspendable				6,850	6,850
Restricted		131,890	349	2,526	134,765
Committed		40,701			40,701
Assigned	16,849				16,849
Unassigned (Deficit)	792				792
<i>Fund Cash Balances, December 31</i>	<u>\$17,641</u>	<u>\$172,591</u>	<u>\$349</u>	<u>\$9,376</u>	<u>\$199,957</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, 2013 AND 2012**

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, Guernsey County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Quaker City, Antrim Community Volunteer Fire Department, Old Washington Volunteer Fire Department and Fairview and Community Volunteer Fire Department, Inc. to provide fire services and the Village of Quaker City and Antrim Community Volunteer Fire Department to provide ambulance services.

The Township participates in the Ohio Township Risk Management Authority public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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 the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Deposits

The Township has an interest-bearing checking account and certificates of deposits.

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 other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. 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.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Funds:

Permanent Funds (Funds 4951, 4952, 4953 and 4954) - These permanent funds receive interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemeteries.

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. Appropriations lapse at year end.

2. Estimated Resources

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

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 4.

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.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

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.

2. Restatement of Fund Equity

The Township recorded a fund balance adjustment due to a finding in the 2011-2010 audit report that was not recorded in the Township's books until the current audit period. The Township also recorded a fund balance adjustment for funds from a trust agreement that were placed into the Cemetery Fund instead of a Permanent Fund that was not recorded in the Township's books until the current audit period.

<u>Governmental Funds</u>	<u>Fund Balances at December 31, 2011</u>	<u>Restatement Amount</u>	<u>Fund Balances at January 1, 2012</u>
General	\$16,568	(\$4,451)	\$12,117
Special Revenue	121,926	4,076	126,002
Permanent	8,793	375	9,168

3. Equity in Pooled Deposits

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$283,015	\$193,107
Certificates of deposit	6,850	6,850
Total deposits	<u>\$289,865</u>	<u>\$199,957</u>

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

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 was as follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,542	\$70,336	\$32,794
Special Revenue	196,140	208,620	12,480
Capital Projects	8,290	8,290	0
Permanent	583	220	(363)
Total	\$242,555	\$287,466	\$44,911

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,391	\$43,918	\$10,473
Special Revenue	369,898	153,210	216,688
Capital Projects	8,639	430	8,209
Permanent	2,734	0	2,734
Total	\$435,662	\$197,558	\$238,104

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,703	\$29,747	\$14,044
Special Revenue	141,212	145,241	4,029
Capital Projects	6,723	6,723	0
Permanent	208	208	0
Total	\$163,846	\$181,919	\$18,073

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,404	\$24,223	\$8,181
Special Revenue	263,138	98,652	164,486
Capital Projects	6,723	6,374	349
Permanent	2,414	0	2,414
Total	\$304,679	\$129,249	\$175,430

Contrary to Ohio law, appropriations exceeded estimated resources in the Gasoline Tax Fund by \$58,554 for the year ended December 31, 2013.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. 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.

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, 2013 was as follows:

	Principal	Interest Rate
\$48,000 Road Equipment Bonds, Series 2010	\$35,500	4.00%
Governmental Obligation Contract	58,893	3.22%
Total	\$94,393	

The Township issued road equipment bonds in September 2010 to finance the purchase of a new road grader to be used for Township road maintenance. The bonds are collateralized solely by the grader.

The Township entered into a governmental obligation contract on July 15, 2013, to finance the purchase of a new Case 580SN backhoe for Township road maintenance. The note is collateralized by revenues from the Gasoline Tax Fund, backed by the General Fund.

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

	Road Equipment Bonds	Governmental Obligation Contract
Year ending December 31:		
2014	\$5,920	\$9,531
2015	5,940	\$9,531
2016	5,852	\$9,531
2017	5,960	\$9,531
2018	5,856	\$9,531
2019-2020	11,876	\$19,062
Total	\$41,404	\$66,717

The Township obtained debt for the backhoe from a source not authorized by Ohio Revised Code.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. 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 2013 and 2012, 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, 2013.

8. 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. 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, 2013, 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 retained earnings at December 31, 2013 and 2012 (the latest information available):

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

8. Risk Management (Continued)

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$3,418	\$3,397

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.



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
Guernsey County
22913 Bridgewater Road
Quaker City, Ohio 43773

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, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 7, 2014 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 opinions 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 a certain deficiency in internal control over financial reporting that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of 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 finding 2013-002 described in the accompanying Schedule of Findings to be a material weakness.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2013-001 and 2013-003.

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, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

July 7, 2014

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources.

We noted appropriations were greater than estimated resources at December 31, 2013, by \$58,554 in the Gasoline Tax Fund. This could cause the Township to spend in excess of its revenue.

We recommend the Fiscal Officer monitor its estimated revenue and appropriations to ensure that appropriations are within estimated resources.

FINDING NUMBER 2013-002

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2013, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers for the following fund:

Fund	Appropriations per Board of Trustees	Appropriations per Appropriation Status Report	Variance
Gasoline Tax	\$276,198	\$217,306	\$58,892

At December 31, 2012, estimated revenue as approved by the County Budget Commission did not agree to the Township's ledgers for the following funds:

Fund	Estimated Revenue Per County Budget Commission	Estimated Revenue Per Revenue Status Report	Variance
Permanent (4952)	\$96	\$0	\$96
Permanent (4953)	15	0	15

At December 31, 2012, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers for the following funds:

Fund	Appropriations per Board of Trustees	Appropriations per Appropriation Status Report	Variance
General	\$32,404	\$32,271	\$133
Cemetery	25,084	24,709	375

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-002 (Continued)

Material Weakness (Continued)

Due to budgetary information being improperly entered into the system, the management of the Township was not able to effectively monitor and report its budgetary vs. actual status throughout the year.

We recommend the Fiscal Officer accurately post appropriations as approved by the Board of Trustees and estimated revenue as approved by the County Budget Commission into the computer system after receiving the appropriate approvals. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year. The budgetary notes to the financial statements have been adjusted to account for the \$58,892 over-posting of appropriations in the Gasoline Tax Fund, Special Revenue Fund type in 2013.

FINDING NUMBER 2013-003

Noncompliance

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. § 133.22 allows a subdivision to issue anticipatory securities, § 133.10 allows anticipation securities in anticipation of current property tax revenues, § 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

Townships can only obtain debt by issuing general obligation debt. Townships may not obtain debt by solely collateralizing equipment or property but must pledge the full faith and credit of the Township, the exception being securing equipment by capital lease under Ohio Rev. Code § 5549.021. In 2013, the Township purchased a backhoe and obtained government obligation contract financing through the equipment dealership. The terms of the financing did not follow Ohio Rev. Code § 5549.021.

The Ohio Revised Code contains limited methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions or other financing arrangements are not legal methods of debt for Townships. We recommend the Township contact their legal counsel before incurring future debt.

Officials' Response: The officials did not issue a response to the findings noted above.

**OXFORD TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Rev. Code § 5705.10(H) - In 2001 and 2000, the Township paid for the Fiscal Officer's health insurance and the employer's portion of the Fiscal Officer's retirement contributions from other funds other than the General Fund.	Yes	Corrected; Fund balance adjustment was posted on January 1, 2012.
2011-02	Ohio Rev. Code § 5705.41(D) - For not obtaining Fiscal Officer's prior certification prior to making a purchase commitment for 30.8% and 35.3% of the expenditures tested 2011 and 2010, respectively.	Yes	Corrected
2011-03	Multiple revenue and expenditure accounts were materially misstated due to numerous receipts and expenditures not posted into accurate funds and/or line item account classifications based on the source of the receipt or purpose of the expenditure.	Yes	Corrected

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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
JULY 29, 2014**