



Mary Taylor, CPA
Auditor of State

**OXFORD TOWNSHIP
BUTLER COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Oxford Township
Butler County
925 Collins Run Road
Oxford, Ohio 45056

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford Township, Butler County, Ohio (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with 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 audit 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford Township, Butler County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, and Police Levy Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2007, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 3, 2008

Oxford Township, Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

This discussion and analysis of the Oxford Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$734,462, or 65.99 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized a large unexpected estate tax settlement.

The Township's general receipts are primarily property taxes and grants & entitlements. These receipts represent respectively 32.05 and 50.66 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 while grants & entitlements increased significantly due to a large unexpected estate tax settlement.

The Township received grant funding to purchase on-board computers for the police fleet.

A large parcel of Township property was annexed during 2007, yielding a revenue sharing agreement between the City of Oxford & Oxford Township. As a result of this annexation and the ongoing discussion of thorough-through planning, various representatives of the Township have been involved in comprehensive planning with its primary focus on land-use.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Using the Basic Financial Statements
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township activities are aggregated into one type:

Governmental activities. All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, and the Police Special Levy Fund. The programs reported in governmental funds are closely related to those

Oxford Township, Butler County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007
 Unaudited

Reporting the Government's Most Significant Funds
(Continued)

reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2007. The Township did not prepare its 2006 financial statements using an other comprehensive basis of accounting.

	Governmental Activi
	<u>2007</u>
Assets	
Cash and Cash Equivalents	\$1,847,445
Total Assets	<u>\$1,847,445</u>
 Net Assets	
Restricted for:	
Fire Levy	134,183
Police Levy	146,173
Other Purposes	31,837
Unrestricted	<u>1,535,252</u>
Total Net Assets	<u>\$1,847,445</u>

As mentioned previously, net assets of governmental activities increased \$ 734,462 or 65.99 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Increases in intergovernmental revenues amounting to \$598,981 primarily associated with unexpected estate taxes. Approximately \$20,000 was associated with a grant to purchase on-board computers for the police car fleet.
- Overall decrease of \$11,249 in capital outlay. New computers were acquired in 2007 however, no new vehicles were purchased in 2007 resulting in the overall decrease.
- Decreases in public works in the amount of \$62,929 was due primarily to road sealing versus road paving.

Table 2 reflects the changes in net assets on a cash basis in 2007 for governmental activities. The Township did not prepare financial statements in this format for 2006.

Oxford Township, Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The Government as a Whole
(Continued)

Receipts:	
Program Receipts:	
Charges for Services and Sales	\$20,580
Operating Grants and Contributions	<u>171,682</u>
Total Program Receipts	<u>192,262</u>
General Receipts:	
Property and Other Local Taxes	442,109
Grants and Entitlements Not Restricted to Specific Programs	695,885
Interest	42,641
Miscellaneous	<u>654</u>
Total General Receipts	<u>1,181,289</u>
Total Receipts	<u>1,373,551</u>
Disbursements:	
General Government	95,222
Public Safety	314,237
Public Works	180,669
Health	2,483
Human Services	185
Capital Outlay	<u>46,293</u>
Total Disbursements	<u>639,089</u>
Increase (Decrease) in Net Assets	734,462
Net Assets, January 1, 2007	<u>1,112,983</u>
Net Assets, December 31, 2007	<u><u>\$1,847,445</u></u>

Program receipts represent only 13.99 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

The Government as a Whole
(Continued)

General receipts represent 86 percent of the Township's total receipts, and of this amount, over 37.50 percent are local taxes. State and federal grants and entitlements make up most of the balance of the Township's general receipts (58.64 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of trustees and the fiscal officer, as well as services such as payroll and purchasing.

Oxford Township, Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Public Safety is the costs of police and fire protection and Public Works are the costs of maintaining the roads. A decrease of 25.83 percent was associated with a decline in road paving for 2007. Capital Outlay represents the costs associated with the acquisition of vehicles & equipment needed to operate the Township. A decrease of 19.55 percent represents the acquisition of new computer equipment in 2007 and a new vehicle in 2006.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works, which account for 49.17 and 28.27 percent of all governmental disbursements, respectively. General Government also represents a significant cost, about 14.90 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. The total cost of services and the net cost is presented in Table 3. The Township did not prepare financial statements in this format for 2006.

	(Table 3)	
	Governmental Activities	
	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$95,222	(\$92,900)
Public Safety	314,236	(239,586)
Public Works	180,670	(65,380)
Health	2,483	(2,483)
Human Services	185	(185)
Capital Outlay	46,293	(46,293)
Total Expenses	\$639,089	(\$446,827)

The dependence upon tax receipts and grants & entitlements is apparent as over 81.69 percent of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$1,373,551 and disbursements of \$639,089. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$721,240 primarily as the result of an unexpected estate tax receipt.

General Fund receipts were greater than disbursements by \$720,387 while the Gasoline Tax Fund receipts were less than disbursements by \$4,096 indicating that the Gasoline Tax Fund is in a deficit spending situation. The Trustees will continue to monitor the spending in the Gasoline Tax Fund. The Police Fund & Other Governmental Fund receipts were greater than disbursements by \$5,357 and \$12,814 respectively.

Oxford Township, Butler County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, the Township amended its General Fund to reflect changing circumstances. Final budgeted receipts were higher than original budgeted receipts due to unexpected estate tax receipts. The difference between final budgeted receipts and actual receipts was \$59,310.

Final disbursements were budgeted at \$267,650 while actual disbursements were \$99,044. Items budgeted for capital outlay were disbursed in the amount of \$664 in 2007.

The result is an increase in fund balance of \$721,000 for 2007.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and grants & entitlements and have very little industry to support the tax base. Our current financial outlook is very positive. The Township is in the process of developing a five-year operating & capital forecast to address both current & long-term needs.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to James M. Rowan, Fiscal Officer, Oxford Township, 925 Collins Run Road, Oxford, Ohio 45056.

OXFORD TOWNSHIP, BUTLER COUNTY

Statement of Net Assets - Cash Basis

December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,847,445
<i>Total Assets</i>	<u><u>\$1,847,445</u></u>
Net Assets	
Restricted for:	
Fire Levy	134,183
Police Levy	146,173
Other Purposes	31,837
Unrestricted	1,535,252
<i>Total Net Assets</i>	<u><u>\$1,847,445</u></u>

See accompanying notes to the basic financial statements

OXFORD TOWNSHIP, BUTLER COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2007*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 95,222	\$ 2,322	\$ -	\$ (92,900)
Public Safety	314,237	16,976	57,675	(239,586)
Public Works	180,669	1,282	114,007	(65,380)
Health	2,483	-	-	(2,483)
Human Services	185	-	-	(185)
Capital Outlay	46,293	-	-	(46,293)
<i>Total Governmental Activities</i>	<u>\$ 639,089</u>	<u>\$ 20,580</u>	<u>\$ 171,682</u>	<u>(446,827)</u>
General Receipts				
Property Taxes				\$440,249
Other Taxes				1,860
Grants and Entitlements not Restricted to Specific Programs				695,885
Earnings on Investments				42,641
Miscellaneous				654
<i>Total General Receipts</i>				<u>1,181,289</u>
Change in Net Assets				734,462
<i>Net Assets Beginning of Year</i>				<u>1,112,983</u>
<i>Net Assets End of Year</i>				<u><u>\$1,847,445</u></u>

See accompanying notes to the basic financial statements

OXFORD TOWNSHIP, BUTLER COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Police Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,535,253	\$17,121	\$146,173	\$148,898	\$1,847,445
<i>Total Assets</i>	<u>\$ 1,535,253</u>	<u>\$ 17,121</u>	<u>\$ 146,173</u>	<u>\$ 148,898</u>	<u>\$1,847,445</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 240	\$ 295	\$ 901	\$ -	\$ 1,436
Unreserved:					
Undesignated, Reported in:					
General Fund	1,535,013	-	-	-	1,535,013
Special Revenue Funds	-	16,826	145,272	148,898	310,996
<i>Total Fund Balances</i>	<u>\$1,535,253</u>	<u>\$17,121</u>	<u>\$146,173</u>	<u>\$148,898</u>	<u>\$1,847,445</u>

See accompanying notes to the basic financial statements

OXFORD TOWNSHIP, BUTLER COUNTY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2007

	General	Gasoline Tax	Police Fund Special Levy	Other Governmental Funds	Total
Receipts					
Property and Other Local Taxes	\$ 72,459	\$ -	\$ 289,224	\$ 80,426	\$ 442,109
Licenses, Permits and Fees	172	-	-	-	172
Fines and Forfeitures	16,229	-	-	-	16,229
Intergovernmental	688,916	93,639	60,021	24,989	867,565
Earnings on Investments	40,758	722	-	1,161	42,641
Miscellaneous	657	1,282	2,896	-	4,835
Total Receipts	819,191	95,643	352,141	106,576	1,373,551
Disbursements					
Current:					
General Government	95,222	-	-	-	95,222
Public Safety	-	-	303,198	11,039	314,237
Public Works	250	99,739	-	80,680	180,669
Health	2,483	-	-	-	2,483
Human Services	185	-	-	-	185
Capital Outlay	664	-	43,586	2,043	46,293
Total Disbursements	98,804	99,739	346,784	93,762	639,089
Excess of Receipts Over (Under) Disbursements	720,387	(4,096)	5,357	12,814	734,462
Other Financing Sources (Uses)					
Advances In	3,853	-	-	3,000	6,853
Advances Out	(3,000)	(853)	-	(3,000)	(6,853)
Total Other Financing Sources (Uses)	853	(853)	-	-	-
Net Change in Fund Balances	721,240	(4,949)	5,357	12,814	734,462
Fund Balances Beginning of Year	814,012	22,070	140,816	136,085	1,112,983
Fund Balances End of Year	<u>\$1,535,252</u>	<u>\$ 17,121</u>	<u>\$ 146,173</u>	<u>\$ 148,899</u>	<u>\$ 1,847,445</u>

See accompanying notes to the basic financial statements

OXFORD TOWNSHIP, BUTLER COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**General Fund**For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 71,305	\$ 71,305	\$ 72,459	\$ 1,154
Licenses, Permits and Fees	150	150	172	22
Fines and Forfeitures	10	5	16,229	16,224
Intergovernmental	83,577	678,786	688,916	10,130
Earnings on Investments	12,488	12,488	40,758	28,270
Miscellaneous	-	-	657	657
<i>Total receipts</i>	<u>167,530</u>	<u>762,734</u>	<u>819,191</u>	<u>56,457</u>
Disbursements				
Current:				
General Government	140,350	140,850	95,462	45,388
Public Works	28,800	23,800	250	23,550
Health	18,000	19,500	2,483	17,017
Human Services	2,500	2,500	185	2,315
Other	1,000	1,000	-	1,000
Capital Outlay	77,000	77,000	664	76,336
<i>Total Disbursements</i>	<u>267,650</u>	<u>264,650</u>	<u>99,044</u>	<u>165,606</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(100,120)</u>	<u>498,084</u>	<u>720,147</u>	<u>222,063</u>
Other Financing Sources (Uses)				
Advances In	-	1,000	3,853	2,853
Advances Out	-	(3,000)	(3,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(2,000)</u>	<u>853</u>	<u>2,853</u>
<i>Net Change in Fund Balance</i>	<u>(94,320)</u>	<u>496,084</u>	<u>721,000</u>	<u>224,916</u>
<i>Cash Balance Beginning of Year</i>	<u>814,012</u>	<u>814,012</u>	<u>814,012</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>719,692</u>	<u>1,310,096</u>	<u>1,535,012</u>	<u>224,916</u>

See accompanying notes to the basic financial statements

OXFORD TOWNSHIP, BUTLER COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Intergovernmental	\$ 77,982	\$ 78,982	\$ 93,639	\$ 14,657
Earnings on Investments	1,000	713	722	9
Miscellaneous	-	-	1,282	1,282
<i>Total receipts</i>	<u>78,982</u>	<u>79,695</u>	<u>95,643</u>	<u>15,948</u>
Disbursements				
Current:				
Public Works	99,052	99,052	100,034	(982)
<i>Total Disbursements</i>	<u>99,052</u>	<u>99,052</u>	<u>100,034</u>	<u>(982)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,070)</u>	<u>(19,357)</u>	<u>(4,391)</u>	<u>14,966</u>
Other Financing Uses				
Advances Out	(1,000)	(1,000)	(853)	147
<i>Total Other Financing Uses</i>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(853)</u>	<u>147</u>
<i>Net Change in Fund Balance</i>	<u>(21,070)</u>	<u>(20,357)</u>	<u>(5,244)</u>	<u>15,113</u>
<i>Cash Balance Beginning of Year</i>	<u>22,070</u>	<u>22,070</u>	<u>22,070</u>	<u>-</u>
<i>Cash Balance End of Year</i>	<u>\$ 1,000</u>	<u>\$ 1,713</u>	<u>\$ 16,826</u>	<u>\$ 15,113</u>

See accompanying notes to the basic financial statements

OXFORD TOWNSHIP, BUTLER COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police Fund Special Levy
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	\$298,500	\$288,021	\$289,224	\$1,203
Intergovernmental	43,000	42,234	60,021	17,787
Miscellaneous	3,713	2,886	2,896	10
<i>Total receipts</i>	<u>345,213</u>	<u>333,141</u>	<u>352,141</u>	<u>19,000</u>
Disbursements				
Current:				
Public Safety	324,034	315,448	304,098	11,350
Capital Outlay	25,000	43,586	43,586	0
<i>Total Disbursements</i>	<u>349,034</u>	<u>359,034</u>	<u>347,684</u>	<u>11,350</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,821)</u>	<u>(25,893)</u>	<u>4,457</u>	<u>30,350</u>
<i>Cash Balance Beginning of Year</i>	<u>140,816</u>	<u>140,816</u>	<u>140,816</u>	-
<i>Cash Balance End of Year</i>	<u>\$ 136,995</u>	<u>\$ 114,923</u>	<u>\$ 145,273</u>	<u>\$ 30,350</u>

See accompanying notes to the basic financial statements

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Note 1 – Reporting Entity

Oxford Township, Butler County, Ohio (the Township), is a body politic and corporate established in 1811 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance and police protection. Funds for police protection are provided by a special levy approved by the residents. The Township has established a mutual agreement with the City of Oxford for fire protection. The City of Oxford provides the fire and EMS services and the Township, through a levy passed by the residents, supplies the department with equipment as needed.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township does not have any component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Oxford Township, Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2007
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government which are all considered governmental activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Township only has governmental funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund and Special Levy Police Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund is used to account for gasoline excise taxes and is restricted for Public works. The Special Levy Police Fund receives funding from taxes levied from an approved resident vote. These funds are restricted for Police Department use only.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but

Note 2 – Summary of Significant Accounting Policies (Continued)

not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Deposits

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$40,758.

F. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

G. Accumulated Leave

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

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for tax levies restricted to cash disbursements for specified purposes.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund and Special Levy Police Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$240 for the General Fund, \$295 for the gasoline tax fund, and \$901 for the Special Levy Police Fund. At year end, there was an outstanding advance from the Gasoline Tax Fund to the General Fund in the amount of \$147.

Reserve for encumbrances reported on the accompanying financial statements represents payroll-related expenditures. All other encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year.

Note 4 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated into a single column, rather than a column for each fund type.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Oxford Township, Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2007
(Continued)

Note 5 - Deposits and Investments (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,687,429 of the Township's bank balance of \$1,887,429 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$9.59 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Oxford Township, Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2007
(Continued)

Note 6 – Property Taxes (Continued)

Real Property	
Residential	\$44,873,790
Agricultural	11,019,050
Commercial/Industrial/Mineral	3,775,390
Public Utility Property	
Real	351,270
Personal	2,131,100
Tangible Personal Property	887,530
Total Assessed Value	\$63,038,130

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007, the Township contracted with 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. Coverage provided by OTARMA is as follows:

Legal Liability	\$3,000,000	Per Occurrence
Automobile Liability	\$3,000,000	Per Occurrence
Law Enforcement Operations	\$3,000,000	Per Occurrence
Wrongful Acts	\$3,000,000	Per Occurrence
Property	\$ 999,164	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

The Township pays the Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Note 8 – Defined Benefit Pension Plan (Continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$42,805, \$40,761, and \$40,895 respectively.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). The portion of employer contributions, for all employers allocated to health care was 5% from January 1, 2007 through June 30, 2007 and 6% from July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next nine years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Oxford Township, Butler County
Notes to the Financial Statements
For the Year Ended December 31, 2007
(Continued)

Note 9 - Postemployment Benefits (Continued)

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$16,997. Actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contributions rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 10 - Related Party Transactions

A Township Trustee is manager of a company, Oxford Farm Service. The Township paid \$913 to Oxford Farm Service during 2007. This company provided boots and chemicals to the Township.

Note 11 – Noncompliance

The Township failed to properly post receipts in accordance with Ohio Admin. Code Section 117-2-01(D).

The Township failed to properly reimburse Township Trustees for health insurance coverage in accordance with Ohio Revised Code Section 505.601.

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Mary Taylor, CPA

Auditor of State

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

Oxford Township
Butler County
925 Collins Run Road
Oxford, Ohio 45056

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford Township, Butler County, Ohio (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 3, 2008, wherein we noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. The significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated December 3, 2008.

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, providing an opinion 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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 3, 2008.

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

We intend this report solely for the information and use of the audit committee, management and the Township Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 3, 2008

**OXFORD TOWNSHIP
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Weakness/Noncompliance

Ohio Admin. Code, § 117-2-01(D), states, in part, that when designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly authorized in accordance with management's policies, ensuring that accounting records are properly designed, and verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Township lacked management oversight in the posting of receipts of the Township. This lack of oversight is illustrated by the following:

- In the General Fund, the Township posted \$3,090 to Taxes instead of Intergovernmental Revenue. Also, the Township posted \$14,079 to Intergovernmental Revenue instead of Fines and Forfeitures.
- In the Fire Levy Fund, the Township posted \$1,526 to Taxes instead of Intergovernmental Revenue.
- In the Motor Vehicle License Tax Fund, the Township posted all monies received to Local Taxes instead of Intergovernmental Revenue. The Township incorrectly posted \$11,065 to Local Taxes instead of Intergovernmental Revenue during the year.
- In the Police Levy Fund, the Township posted \$1,034 to Taxes instead of Intergovernmental Revenue.
- In the Road and Bridge Fund, the Township posted \$913 to Taxes instead of Intergovernmental Revenue.
- In the Permissive Motor Vehicle License Tax Fund, the Township posted \$19,394 in locally levied taxes to Intergovernmental Revenue instead of Local Taxes.
- The Township recorded proceeds of a grant for computers in the amount of \$20,253 to Charges for Services on the Statement of Activities instead of Operating Grants.
- The Township recorded Rollback and Homestead revenue in the Fire Fund, Police Fund, and Road and Bridge Fund in the amounts of \$1,526, \$1,034, and \$913, respectively, on the Statement of Activities as General Revenue instead of Operating Grants and Contributions.
- The Township recorded the sale of a police cruiser on the Statement of Activities in the amount of \$2,896 as Operating Grants and Contributions rather than Charges for Services and Sales.

FINDING NUMBER 2007-001
(Continued)

- The Township recorded Interest receipts in the Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Permissive Motor Vehicle License Tax Fund in the amounts of \$377, \$722, and \$784, respectively, to Operating Grants & Contributions instead of General Revenue.
- The Township recorded revenue received from the Motor Vehicle License Tax Fund in the amount of \$11,065 on the Statement of Activities as Charges for Services and Sales rather than Operating Grants and Contributions.
- The Township recorded revenue received in the Gasoline Tax Fund from the sale of a salt spreader in the amount of \$1,282 on the Statement of Activities as Operating Grants and Contributions rather than Charges for Services and Sales.
- The Township recorded revenues received from the locally levied portion of the Permissive Motor Vehicle License Tax in the amount of \$19,394 on the Statement of Activities as Operating Grants and Contributions rather than Property Taxes.
- The Township recorded intergovernmental receipts in the General Fund in the amount of \$3,090 on the Statement of Activities as General Revenues-Taxes rather than General Revenues-Grants.

The Township made adjustments to the accompanying financial statements for the above items.

The lack of proper management oversight could result in material misstatement of receipts. We recommend the Township use due care in posting receipt transactions to the Township's books. For guidance, the Township should utilize the Ohio Township Handbook.

Officials' Response:

A number of posting issues were pointed out during the audit. The posting of receipts to incorrect cash accounts were immediately corrected upon notification by the auditor. The other posting errors noted dealt with the new reporting model. The Township is currently considering its options as it relates to reporting on the new reporting model and the extra expense it has caused due to increased audit fees.

FINDING NUMBER 2007-002

Noncompliance

Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of Section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- (A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

FINDING NUMBER 2007-002
(Continued)

- (B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.
- (C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Attorney General Opinion 2005-038 determined that township officers and employees could be reimbursed for out-of-pocket premium expenses attributable to an officer/employee that are obtained through a spouse's employer. However, the reimbursement through a spouse's plan is limited to the "out-of-pocket premium that the officer or employee incurs "because the policies described in 505.60(A) do not include family coverage.

The Township reimbursed Township Officials for family coverage for the year 2007 which was in excess of the actual out-of-pocket premium expenses attributable to them in the amount of \$3,772.

Our audits of townships during this audit period have revealed ambiguity in the interpretation of the health care reimbursement statutes, as demonstrated in the opinions of several prosecuting attorneys submitted to our office. In addition, legislation has been introduced and passed the Ohio House of Representatives to extend reimbursement to township officials and employees for premiums for family coverage. Therefore, we will not issue Findings for Recovery for these expenditures during the 2006-2007 audit period.

We recommend the Township revise its health care premium reimbursement policy to limit reimbursement to amounts attributable to township officials and employees only, unless and until HB 458 is passed by the legislature and becomes law.

Officials' Response:

Pursuant to discussions with the Butler County Prosecuting Attorney's Office, said reimbursement is permitted in accordance with Ohio Revised Code 505.601. The Township Trustees and the Township Fiscal Officer are considered "Officers" of the Township and therefore meet the provisions for medical coverage for dependents just as it pertains to full-time employees. In addition, it would be more costly for the Township to purchase health insurance than to provide reimbursement to the full-time employees, Trustees, and Fiscal Officer.

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**OXFORD TOWNSHIP
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Improper posting of revenues.	No*	Reissued as Finding Number 2007-001.
2006-002	Ohio Rev. Code Section 505.601 regarding elected officials' medical insurance reimbursements.	No*	Reissued as Finding Number 2007-002.

***The periods ending December 31, 2006, and December 31, 2007 were audited concurrently.**



Mary Taylor, CPA
Auditor of State

OXFORD TOWNSHIP

BUTLER 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 18, 2008**