

***WINDSOR TOWNSHIP  
MORGAN COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Windsor Township, Morgan County  
5209 Hanson Hill Rd.  
Stockport, OH 43787

We have reviewed the *Report of Independent Accountants* of Windsor Township, Morgan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Windsor Township, Morgan County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 28, 2006

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**WINDSOR TOWNSHIP  
MORGAN COUNTY  
For the Years Ending December 31, 2004 and 2003**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Trustees  
Windsor Township, Morgan County  
Stockport, Ohio

We have audited the accompanying financial statements of Windsor Township, Morgan County, Ohio as and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Windsor Township, Morgan County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2006, 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 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.

***Charles E. Harris & Associates, Inc.***  
May 1, 2006



WINDSOR TOWNSHIP  
MORGAN COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Funds			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Receipts:				
Property Taxes and Other Local Taxes	\$ 21,111	\$ 64,242	-	\$ 85,353
Intergovernmental	15,974	136,122	\$ 12,000	164,096
Interest	641	1,147	-	1,788
Miscellaneous	-	505	-	505
Total Receipts	<u>37,726</u>	<u>202,016</u>	<u>12,000</u>	<u>251,742</u>
Disbursements:				
General Government	20,256	-	-	20,256
Public Safety	-	29,425	-	29,425
Public Health Services	13,399	-	-	13,399
Public Works	-	169,393	-	169,393
Capital Outlay	-	5,215	-	5,215
Debt Service:				
Principal	-	-	8,452	8,452
Interest	-	-	1,491	1,491
Total Disbursements	<u>33,655</u>	<u>204,033</u>	<u>9,943</u>	<u>247,631</u>
Total Receipts Over(Under) Disbursements	4,071	(2,017)	2,057	4,111
Fund Balance 1/1/2004	<u>(81)</u>	<u>92,562</u>	<u>5,439</u>	<u>97,920</u>
Fund Balance 12/31/2004	<u>\$ 3,990</u>	<u>\$ 90,545</u>	<u>\$ 7,496</u>	<u>\$ 102,031</u>

See accompanying Notes to the Financial Statements.

WINDSOR TOWNSHIP  
MORGAN COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Funds			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Receipts:				
Property Taxes and Other Local Taxes	\$ 17,220	\$ 55,674	-	\$ 72,894
Intergovernmental	15,285	79,696	\$ 7,500	102,481
Interest	664	1,022	-	1,686
Miscellaneous	319	9,141	-	9,460
Total Receipts	<u>33,488</u>	<u>145,533</u>	<u>7,500</u>	<u>186,521</u>
Disbursements:				
General Government	23,204	-	-	23,204
Public Safety	-	28,018	-	28,018
Public Health Services	12,866	1,000	-	13,866
Public Works	-	110,579	-	110,579
Capital Outlay	348	30,285	-	30,633
Debt Service:				
Principal	-	-	7,888	7,888
Interest	-	-	560	560
Total Disbursements	<u>36,418</u>	<u>169,882</u>	<u>8,448</u>	<u>214,748</u>
Total Receipts Over(Under) Disbursements	(2,930)	(24,349)	(948)	(28,227)
Other Financing Sources(Uses)				
Proceeds of Notes	-	35,964	-	35,644
Total Other Financing Sources (Uses)	<u>-</u>	<u>35,964</u>	<u>-</u>	<u>35,644</u>
Total Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,930)	11,615	(948)	7,417
Fund Balance 1/1/2003	<u>2,849</u>	<u>80,947</u>	<u>6,387</u>	<u>90,183</u>
Fund Balance 12/31/2003	<u>\$ (81)</u>	<u>\$ 92,562</u>	<u>\$ 5,439</u>	<u>\$ 97,600</u>

See accompanying Notes to the Financial Statements.

**WINDSOR TOWNSHIP**  
**MORGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Windsor Township, Morgan County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by three publicly-elected Trustees. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance and fire protection services. The Township contracts with the Stockport Volunteer Fire Department for fire protection services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

Investments are included in the fund cash balances. Accordingly, purchase of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, and accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**WINDSOR TOWNSHIP**  
**MORGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Township had the following significant special revenue funds:

- Gasoline Tax Fund – This fund receives gasoline tax money for the constructing, maintaining and repairing Township roads.
- Fire Fund – This fund receives property tax money to provide fire protection services.
- Road and Bridge Fund – This fund receives property tax money for maintaining the Township's roads and bridges.

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

- Note Retirement Fund – This fund receives a portion of the Township's gasoline tax monies to retire the principal and interest on debt associated with equipment purchases.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

**WINDSOR TOWNSHIP**  
**MORGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS – (Continued)

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2003 and 2004. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the fund level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

**WINDSOR TOWNSHIP  
MORGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2003</u>	<u>2004</u>	
Demand deposits	<u>\$ 97,920</u>	<u>\$ 102,031</u>	

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township or (3) collateralized by securities in the financial institution's public entity deposit pool.

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable.

**WINDSOR TOWNSHIP**  
**MORGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2004 and 2003**

3. PROPERTY TAX – (Continued)

The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

Public utilities are also taxed on personal and real property located within the Township.

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The Morgan County Treasurer collects property tax on behalf of all taxing Townships within the county. The Morgan County Auditor periodically remits to the taxing Township their portions of the taxes collected.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

Fund	<u>2004 Budgeted vs Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 37,199	\$ 37,726	\$ 527
Special Revenue Funds	180,925	202,016	21,091
Debt Service	10,000	12,000	2,000

Fund	<u>2004 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 41,455	\$ 33,655	\$ 7,800
Special Revenue Funds	258,403	204,033	54,370
Debt Service	15,000	9,943	5,057

Fund	<u>2003 Budgeted vs Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 45,402	\$ 33,488	\$ (11,914)
Special Revenue	178,297	181,497	3,200
Debt Service	5,000	7,500	2,500

**WINDSOR TOWNSHIP  
MORGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

4. BUDGETARY ACTIVITY – (Continued)

<u>2003 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 49,574	\$ 36,418	\$ 13,156
Special Revenue	204,360	169,882	34,478
Debt Service	10,000	8,448	1,552

5. RETIREMENT SYSTEM

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code provides statutory authority for employee and employer contributions. OPERS participants contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of their wages. The Township has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

RISK POOL MEMBERSHIP

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA's losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.



**WINDSOR TOWNSHIP**  
**MORGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2004 and 2003**

6. RISK MANAGEMENT – (Continued)

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

Financial Position

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

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained Earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained Earnings	<u>\$ 7,045,167</u>	<u>\$ 6,040,104</u>

7. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Amount</u>	<u>Rate</u>
Dump Truck Note (2003)	\$11,819	3.90%
Road Building Materials Note (2003)	<u>18,741</u>	<u>4.23%</u>
Total	<u>\$30,560</u>	

The full faith and credit of the Township has been pledged to repay the debt.

**WINDSOR TOWNSHIP  
MORGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003**

7. DEBT – (Continued)

Amortization of the above notes, including interest, is as follows:

	<u>Total</u>	<u>Dump Truck</u>	<u>Road Building</u>
Year ending December 31, 2005	\$ 6,409	3,253	3,156
2006	6,409	3,253	3,156
2007	6,409	3,253	3,156
2008	<u>15,119</u>	<u>3,253</u>	<u>11,866</u>
Total	<u>\$34,346</u>	<u>13,012</u>	<u>21,334</u>

8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Windsor Township  
Morgan County  
Stockport, Ohio

We have audited the financial statements of Windsor Township, Morgan County, Ohio (Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 1, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 1, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2004-WTMC-001 through 2004-WTMC-003.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 1, 2006.

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

***Charles E. Harris and Associates, Inc.***

May 1, 2006

**WINDSOR TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS</b>
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**FINDING NUMBER 2004-WTMC-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)(1)**, requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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

Amounts of less than \$3,000 (prior to April 7, 2003, this amount was \$1,000) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item's appropriation.

**WINDSOR TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS – (continued)  
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS – (continued)**

**FINDING NUMBER 2004-WTMC-001 - continued**

Twenty-four percent of expenditure transactions tested were not prior certified. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

We recommend the Township’s management implement procedures to gain fiscal control over expenditures. Purchase orders containing the required certification should be utilized to certify the availability of funds prior to commitments being incurred. Appropriations should then be encumbered and balances maintained of unencumbered appropriations. Additional purchase orders should be issued only after the fiscal officer determines that sufficient unencumbered appropriations exist in the amount of the requested purchase.

Management will review the use of “then and now” certificates. This is a repeat citation from the previous audit report.

**FINDING NUMBER 2004-WTMC-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund shall not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Township obtains the County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During the year-end December 31, 2003, total appropriations exceeded total estimated resources at year-end as follows:

Fund	Estimated Resources	Appropriations	Variance
General Fund	\$ 48,251	\$ 49,574	\$ (1,323)
Special Revenue funds:			
Motor Vehicle License Tax Fund	\$ 27,115	\$ 28,561	\$ (1,446)

During the year-end December 31, 2004, total appropriations exceeded total estimated resources at year-end as follows:

Fund	Estimated Resources	Appropriations	Variance
General Fund	\$ 37,118	\$ 41,455	\$(4,337)
Special Revenue funds:			
Gasoline Tax Fund	\$ 91,442	\$ 95,047	\$(3,605)

**WINDSOR TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS – (continued)  
DECEMBER 31, 2004 AND 2003**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS – (continued)</b></p>
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**FINDING NUMBER 2004-WTMC-002 - continued**

Management should monitor appropriations versus estimated resources and modify as necessary to help avoid overspending.

Management will closely monitor available resources and appropriations. This is a repeat citation from the previous management letter.

WINDSOR TOWNSHIP

MORGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2004 AND 2003

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
Finding Number 2002-001	Contrary to Ohio Rev. Code Section 505.24, the Township did not allocate Trustee salaries in a proportion pre-determined by the Board.	Yes	The Township allocated Trustee salaries in accordance with appropriated amounts.
Finding Number 2002-002	Contrary to Ohio Rev. Code Section 5705.41(D)(1), the Township did not properly certify all expenditures prior to incurring the obligation.	No	This is repeated as finding # 2004-WTMC-001.





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Betty Montgomery**

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**WINDSOR TOWNSHIP**

**MORGAN 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 11, 2006**