



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

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OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Windsor Township  
Lawrence County  
1815 County Road 171  
Scottown, Ohio 45678

To the Board of Trustees:

We have audited the accompanying financial statements of Windsor Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Windsor Township, Lawrence County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 21, 2002, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 21, 2002

**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 8,845	\$ 17,243	\$ 26,088
Intergovernmental	24,518	69,412	93,930
Earnings on Investments	939	431	1,370
Other Revenue	1,261		1,261
	<u>35,563</u>	<u>87,086</u>	<u>122,649</u>
<b>Total Cash Receipts</b>			
	<u>35,563</u>	<u>87,086</u>	<u>122,649</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	28,457		28,457
Public Safety		9,568	9,568
Public Works	8,352	73,597	81,949
Health	1,850		1,850
Capital Outlay	1,289		1,289
	<u>39,948</u>	<u>83,165</u>	<u>123,113</u>
<b>Total Cash Disbursements</b>			
	<u>39,948</u>	<u>83,165</u>	<u>123,113</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(4,385)	3,921	(464)
Fund Cash Balances, January 1	<u>35,506</u>	<u>39,246</u>	<u>74,752</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 31,121</b></u>	<u><b>\$ 43,167</b></u>	<u><b>\$ 74,288</b></u>
Reserve for Encumbrances, December 31	<u>\$ 1,025</u>	<u>\$ 3,786</u>	<u>\$ 4,811</u>

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

**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 8,457	\$ 16,448	\$ 24,905
Intergovernmental	16,772	68,424	85,196
Earnings on Investments	1,756	711	2,467
Other Revenue	567		567
	<u>27,552</u>	<u>85,583</u>	<u>113,135</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	21,168		21,168
Public Safety		7,739	7,739
Public Works	5,136	67,675	72,811
Health	2,200		2,200
Capital Outlay	4,000	3,991	7,991
	<u>32,504</u>	<u>79,405</u>	<u>111,909</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	(4,952)	6,178	1,226
Fund Cash Balances, January 1	<u>40,458</u>	<u>33,068</u>	<u>73,526</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 35,506</b></u>	<u><b>\$ 39,246</b></u>	<u><b>\$ 74,752</b></u>

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

**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Windsor Township, Lawrence County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

All available funds of the Township are placed in an interest bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

*Motor Vehicle License Tax Fund* - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads and bridges.

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

**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2001	2000
Demand deposits	<u>\$ 74,288</u>	<u>\$ 74,752</u>

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

**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 32,254	\$ 35,563	\$ 3,309
Special Revenue	95,829	87,086	(8,743)
Total	\$ 128,083	\$ 122,649	\$ (5,434)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 74,610	\$ 40,973	\$ 33,637
Special Revenue	118,012	90,872	27,140
Total	\$ 192,622	\$ 131,845	\$ 60,777

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 30,026	\$ 27,552	\$ (2,474)
Special Revenue	98,179	85,583	(12,596)
Total	\$ 128,205	\$ 113,135	\$ (15,070)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 71,577	\$ 32,504	\$ 39,073
Special Revenue	130,154	79,405	50,749
Total	\$ 201,731	\$ 111,909	\$ 89,822

**4. PROPERTY TAX**

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

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

**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX (Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. 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, from the General Reinsurance Corporation.

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

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.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RISK POOL MEMBERSHIP (Continued)**

Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$ 23,703,776	\$ 22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained Earnings	<u>\$ 14,324,773</u>	<u>\$ 13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$ 5,011,131	\$ 4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained Earnings	<u>\$ 4,363,464</u>	<u>\$ 3,658,953</u>

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

Windsor Township  
Lawrence County  
1815 County Road 171  
Scottown, Ohio 45678

To the Board of Trustees:

We have audited the accompanying financial statements of Windsor Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 21, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2001-40744-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 21, 2002.

**Internal Control Over Financial Reporting**

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

Windsor Township  
Lawrence County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

June 21, 2002

**WINDSOR TOWNSHIP  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-40744-001**

**Finding for Adjustment**

Ohio Rev. Code Section 505.24 states the Board of Trustees shall be paid from the Township General Fund or from such other Township funds in such proportions as the Board of Trustees may specify by resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Board of Trustees' service bears to the activities supported by such funds, as determined by the Board of Trustees.

During our audit, we noted the Board of Trustees were paid a combined total of \$18,684 in 2001 and \$18,144 in 2000. For both 2001 and 2000, 100% of the Board of Trustees' salaries were paid from the Gasoline Tax Fund. There was no resolution in effect which indicated that the Board of Trustees' salaries should be paid from any fund other than the General Fund.

The Board of Trustees' believed that at least 25% of their salaries should have been paid from the General Fund and 75% from the Gasoline Tax Fund, based upon the estimated level of service provided by the Board of Trustees during the audit period. Based upon this percentage, a combined total of \$4,671 in 2001 and \$4,536 in 2000 should have been paid from the General Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 505.24, a Finding for Adjustment for monies illegally expended is hereby issued against the General Fund in the amount of \$9,207 and in favor of the Gasoline Tax Fund as of December 31, 2001.

Although these adjustments are reflected in the accompanying financial statements, the Township has not recorded them in their books and records until after the audit period. The Board of Trustees adopted a retroactive resolution for these amounts.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**WINDSOR TOWNSHIP**

**LAWRENCE 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  
SEPTEMBER 3, 2002**