



**Auditor of State
Betty Montgomery**

**WINDSOR TOWNSHIP
ASHTABULA COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Windsor Township
Ashtabula County
5878 Warner-Hollow Road
Windsor, Ohio 44099

To the Board of Trustees:

We have audited the accompanying financial statements of Windsor Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2003 and December 31, 2002. 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. The Township's financial transactions were processed using 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 conduct the audit of 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 that our audit provides a reasonable basis for our opinion.

As described 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 the Township as of December 31, 2003 and 2002, 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 March 31, 2004 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 management, the Board and other officials authorized to receive this report under § 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 31, 2004

**WINDSOR TOWNSHIP
ASHTABULA 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$63,316	\$201,967		\$265,283
Intergovernmental	49,482	138,811	49,176	237,469
Licenses, Permits, and Fees		7,717		7,717
Earnings on Investments	4,527	829		5,356
Other Revenue	2,910	8,032		10,942
	<u>120,235</u>	<u>357,356</u>	<u>49,176</u>	<u>526,767</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	104,584	1,389		105,973
Public Safety		70,124		70,124
Public Works	27,228	138,327		165,555
Health	11,558	7,012		18,570
Conservation - Recreation	2,571			2,571
Debt Service:				
Redemption of Principal		46,650		46,650
Interest and Fiscal Charges		7,245		7,245
Capital Outlay		81,184	49,176	130,360
	<u>145,941</u>	<u>351,931</u>	<u>49,176</u>	<u>547,048</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(25,706)</u>	<u>5,425</u>		<u>(20,281)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		32,846		32,846
Sale of Fixed Assets		4,430		4,430
		<u>37,276</u>		<u>37,276</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(25,706)</u>	<u>42,701</u>		<u>16,995</u>
Fund Cash Balances, January 1	<u>81,181</u>	<u>127,478</u>		<u>208,659</u>
Fund Cash Balances, December 31	<u><u>\$55,475</u></u>	<u><u>\$170,179</u></u>		<u><u>\$225,654</u></u>
Reserve for Encumbrances, December 31		<u><u>\$9,350</u></u>		<u><u>\$9,350</u></u>

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

**WINDSOR TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$59,212	\$200,668		\$259,880
Intergovernmental	44,188	116,698	40,824	201,710
Licenses, Permits, and Fees	38	10,206		10,244
Earnings on Investments	5,433	1,096		6,529
Other Revenue	14,124	9,109		23,233
Total Cash Receipts	122,995	337,777	40,824	501,596
Cash Disbursements:				
Current:				
General Government	99,101	217		99,318
Public Safety		59,457		59,457
Public Works	11,996	148,758		160,754
Health	10,108	6,470		16,578
Conservation - Recreation	3,736			3,736
Debt Service:				
Redemption of Principal		109,849		109,849
Interest and Fiscal Charges		20,078		20,078
Capital Outlay		13,684	45,746	59,430
Total Cash Disbursements	124,941	358,513	45,746	529,200
Total Receipts Over/(Under) Disbursements	(1,946)	(20,736)	(4,922)	(27,604)
Other Financing Receipts and (Disbursements):				
Transfers-In			4,922	4,922
Transfers-Out	(4,922)			(4,922)
Total Other Financing Receipts/(Disbursements)	(4,922)		4,922	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,868)	(20,736)		(27,604)
Fund Cash Balances, January 1	88,049	148,214		236,263
Fund Cash Balances, December 31	\$81,181	\$127,478		\$208,659
Reserve for Encumbrances, December 31	\$2,040	\$26,876	\$35,167	\$64,083

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

**WINDSOR TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Windsor Township, Ashtabula 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Windsor Volunteer Fire Department to provide fire and emergency services.

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.

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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

Fire Levy Fund - This fund receives property tax money for maintaining/purchasing equipment and covering costs for providing emergency fire services.

**WINDSOR TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (continued)

Ambulance Levy Fund - This fund receives property tax money for maintaining/purchasing equipment and covering costs for providing emergency medical services.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Issue II Funds - The Township received a grant from the State of Ohio for the Ireland Road widening and resurfacing and Wiswell Road Covered Bridge projects.

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 function 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 2003 and 2002 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.

**WINDSOR TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Township maintains a cash 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:

	2003	2002
Demand deposits	\$225,654	\$208,659

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,187	\$120,235	\$1,048
Special Revenue	368,064	394,632	26,568
Capital Projects	0	49,176	49,176
Total	\$487,251	\$564,043	\$76,792

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$171,290	\$145,941	\$25,349
Special Revenue	396,925	361,281	35,644
Capital Projects	35,167	49,176	(14,009)
Total	\$603,382	\$556,398	\$46,984

**WINDSOR TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,161	\$122,995	\$18,834
Special Revenue	399,218	337,777	(61,441)
Capital Projects	0	45,746	45,746
Total	\$503,379	\$506,518	\$3,139

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,760	\$131,903	\$21,857
Special Revenue	432,034	385,389	46,645
Capital Projects	90,000	80,913	9,087
Total	\$675,794	\$598,205	\$77,589

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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. DEBT

Debt outstanding at December 31, 2003 was as follows:

General Obligation Notes/Loan	Principal	Interest Rate
OPWC Loan	\$8,064	0.0%
Dump Truck Note	\$26,140	3.25%
Fire Trucks Note	\$81,647	5.29%
Totals	\$115,851	

**WINDSOR TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

The loans/notes were obtained through OPWC, Emergency One, Inc. and Middlefield Bank and are collateralized by the Township's taxing authority.

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

Year ending December 31:	OPWC Loan	Dump Truck Note	Fire Truck Note
2004	\$1,152	\$7,950	
2005	2,304	7,800	\$44,092
2006	2,304	7,800	44,092
2007	2,304	4,303	
Total	\$8,064	\$27,853	\$88,184

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 Insurance

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 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 up \$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
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT (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: (Please note this is the most recent information available).

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	9,197,512	9,379,003
Retained Earnings	\$14,559,524	\$14,324,773
<u>Property Coverage</u>		
Assets	\$6,596,996	\$5,011,131
Liabilities	1,204,326	647,667
Retained Earnings	\$5,392,670	\$4,363,464

7. RETIREMENT SYSTEMS

The Township's 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 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.



Auditor of State Betty Montgomery

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

Windsor Township
Ashtabula County
5878 Warner-Hollow Road
Windsor, Ohio 44099

To the Board of Trustees:

We have audited the accompanying financial statements of Windsor Township, Ashtabula County, (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 31, 2004 wherein we noted that the Township's financial transactions were processed using 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 conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance that we have reported to management of the Township in a separate letter dated March 31, 2004.

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. 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 March 31, 2004.

Windsor Township
Ashtabula 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 31, 2004



**Auditor of State
Betty Montgomery**

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WINDSOR TOWNSHIP

ASHTABULA 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
JUNE 3, 2004**