



**WINDSOR TOWNSHIP
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Windsor Township
Ashtabula County
6606 State Route 534
North Windsor, Ohio 44099

To the Board of Trustees:

We have audited the accompanying financial statements of Windsor Township, Ashtabula County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards 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 of the Township as of December 31, 1999 and 1998, 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 26, 2000 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.

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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 26, 2000

**WINDSOR TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$38,112	\$180,020		\$218,132
Intergovernmental	86,881	79,087	\$26,406	192,374
Licenses, Permits, and Fees		2,685		2,685
Special Assessments		1,433		1,433
Earnings on Investments	3,126	645		3,771
Other Revenue	5,314	584		5,898
	<u>133,433</u>	<u>264,454</u>	<u>26,406</u>	<u>424,293</u>
Cash Disbursements:				
Current:				
General Government	54,005	784		54,789
Public Safety	2,353	23,812		26,165
Public Works	1,525	114,369		115,894
Health	16,926	3,135		20,061
Debt Service:				
Redemption of Principal		70,268		70,268
Interest and Fiscal Charges		10,040		10,040
Capital Outlay	16,073	20,511	26,406	62,990
	<u>90,882</u>	<u>242,919</u>	<u>26,406</u>	<u>360,207</u>
Total Receipts Over/(Under) Disbursements	<u>42,551</u>	<u>21,535</u>		<u>64,086</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		31,275		31,275
Transfers-In	870	2,122		2,992
Transfers-Out		(2,992)		(2,992)
Other Sources		4,050		4,050
Other Financing Uses	(1)			(1)
	<u>869</u>	<u>34,455</u>		<u>35,324</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	43,420	55,990		99,410
Fund Cash Balances, January 1	<u>61,206</u>	<u>83,529</u>		<u>144,735</u>
Fund Cash Balances, December 31	<u>\$104,626</u>	<u>\$139,519</u>		<u>\$244,145</u>

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

**WINDSOR TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$37,377	\$174,919	\$212,296
Intergovernmental	24,912	83,671	108,583
Licenses, Permits, and Fees		3,125	3,125
Special Assessments		1,565	1,565
Earnings on Investments	1,972	420	2,392
Other Revenue	9,100	7,347	16,447
	<u>73,361</u>	<u>271,047</u>	<u>344,408</u>
Total Cash Receipts			
	<u>73,361</u>	<u>271,047</u>	<u>344,408</u>
Cash Disbursements:			
Current:			
General Government	53,168		53,168
Public Safety	1,004	23,301	24,305
Public Works	1,301	126,540	127,841
Health	13,482	4,956	18,438
Debt Service:			
Redemption of Principal		73,378	73,378
Interest and Fiscal Charges		11,231	11,231
Capital Outlay	4,439	21,343	25,782
	<u>73,394</u>	<u>260,749</u>	<u>334,143</u>
Total Cash Disbursements			
	<u>73,394</u>	<u>260,749</u>	<u>334,143</u>
Total Receipts Over/(Under) Disbursements	<u>(33)</u>	<u>10,298</u>	<u>10,265</u>
Other Financing Receipts/(Disbursements):			
Other Sources	123	300	423
	<u>123</u>	<u>300</u>	<u>423</u>
Total Other Financing Receipts/(Disbursements)			
	<u>123</u>	<u>300</u>	<u>423</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	90	10,598	10,688
Fund Cash Balances, January 1	<u>61,116</u>	<u>72,931</u>	<u>134,047</u>
Fund Cash Balances, December 31	<u><u>\$61,206</u></u>	<u><u>\$83,529</u></u>	<u><u>\$144,735</u></u>

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

**WINDSOR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical 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.

C. Cash and Investments

The Township maintained a general operating (NOW) account and invested in a Hi-Fi account during the audit period.

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.

WINDSOR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

Fire Levy Fund - This fund's receipts are generated from a restricted Township levy and are only to be utilized to assist in providing the necessary equipment and fire protection for Township residents.

Ambulance Levy Fund - This fund's receipts are generated from a restricted Township levy and are only to be utilized to assist in providing the necessary equipment and emergency medical services for Township residents.

3. Capital Project 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 fund:

Issue II Fund - The Township received a grant from the State of Ohio for the Ireland Road improvement project.

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. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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 and investments at December 31 was as follows:

	1999	1998
Demand deposits	\$244,145	\$144,734

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,330	\$134,303	\$68,973
Special Revenue	305,189	301,901	(3,288)
Capital Projects	57,508	26,406	(31,102)
Total	\$428,027	\$462,610	\$34,583

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,285	\$90,883	\$8,402
Special Revenue	280,936	245,911	35,025
Capital Projects	57,000	26,406	30,594
Total	\$437,221	\$363,200	\$74,021

**WINDSOR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,454	\$73,484	\$15,030
Special Revenue	212,362	271,347	58,985
Capital Projects	20,000	0	(20,000)
Total	\$290,816	\$344,831	\$54,015

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,169	\$73,394	\$6,775
Special Revenue	244,074	260,749	(16,675)
Capital Projects	20,000	0	20,000
Total	\$344,243	\$334,143	\$10,100

In 1999, the Road and Bridge, Gasoline Tax, and Cemetery Funds (Special Revenue Fund Type); and in 1998, the Road and Bridge, Cemetery, Ambulance, Fire, Auto Permissive, and Street Lighting Funds (Special Revenue Fund Types) all had expenditures plus encumbrances exceed appropriations, contrary to Ohio Revised Code § 5705.41 (B).

The Township did not properly encumber throughout the year as required by Ohio Revised Code § 5705.41 (D). The Township did track encumbrances at year end and filed with the county auditor the proper carryover balance available for appropriations.

In 1998, the Township appropriated and certified revenue for the Capital Projects Fund. No activity occurred in this fund and as such, no financial statement information is reflected.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding 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.

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.

**WINDSOR TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. RESTATEMENT OF FUND BALANCES

For the year commencing January 1, 1998, the Township chart of accounts eliminated the Special Assessment Fund Type. The Township had two Special Assessment funds in 1997, a Street Lighting Assessment Fund and a Special Lighting Fund. The Township also in 1997 reflected an Agency Fund - Recycling Fund, that was reclassified to a Special Revenue Fund type. This fund had a zero ending balance as of 12/31/97. These changes for the Special Assessment funds required certain adjustments to be recorded to the January 1, 1998 beginning fund balances as compared to the December 31, 1997 ending fund balances in the following funds:

<u>Fund Type</u>	<u>Previously Stated Balance at 12/31/97</u>	<u>Reclassification</u>	<u>Restated Balance at 1/1/98</u>
Special Revenue	\$ 62,496	\$ 10,435	\$72,931
Special Assessment	10,435	(10,435)	0

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

Windsor Township
Ashtabula County
6606 State Route 534
North Windsor, Ohio 44085

To the Board of Trustees:

We have audited the accompanying financial statements of Windsor Township, Ashtabula County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 26, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-41104-001 through 1999-41104-003. We also noted certain immaterial instances of noncompliance that we have reported to management of Windsor Township in a separate letter dated June 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 June 26, 2000.

This report is intended 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 26, 2000

WINDSOR TOWNSHIP
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

Finding Number	1998-41104-001
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Ohio Revised Code § 117.38, requires that all cash-basis entities must file annual financial reports with the Auditor of State within 60 days of fiscal year end. These reports must be filed on forms prescribed by the Auditor of State. Any public office that does not file the report by the required date shall incur penalty charges for each day the report remains unfiled, not to exceed seven hundred fifty dollars.

Windsor Township officials did not file their 1998 and 1999 annual financial reports with the Auditor of State, as required by this section.

Finding Number	1998-41104-002*
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Ohio Revised Code § 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. Expenditures plus encumbrances exceeded appropriations in the following funds, contrary to this section:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures plus Encumbrances</u>	<u>Variances</u>
Special Revenue: 1999			
Road and Bridge	\$74,000	\$106,332	(\$32,332)
Gasoline Tax	55,000	57,920	(2,920)
Cemetery	2,000	5,327	(3,327)
Special Revenue: 1998			
Road and Bridge	\$70,800	\$75,210	(\$4,410)
Cemetery	3,000	4,956	(1,956)
Ambulance Levy	25,464	39,958	(14,494)
Fire Levy	61,480	62,860	(1,380)
Street Lighting	4,000	5,558	(1,558)
Auto Permissive	10,000	17,999	(7,999)

WINDSOR TOWNSHIP
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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<i>Finding Number</i>	1998-41104-003*
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Ohio Revised Code § 5705.41(D), provides that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Furthermore, contracts and orders for expenditure lacking prior certification should be null and void.

This Section also provides two “exceptions” to the above requirements:

- Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was appropriated and free of any previous encumbrances, the authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate if such expenditure is otherwise valid.

- If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without affirmation of the authority.

The Township Clerk did not encumber the Township’s purchase commitments. The Clerk certified such commitments at the time warrants were prepared to meet them and did not note whether they met the two exceptions listed above.

* Repeat citations from prior audits.



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WINDSOR TOWNSHIP

ASHATBULA 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
AUGUST 3, 2000**