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June 10, 2011

To the Board of Trustees  
Twinsburg Township, Ohio

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TWINSBURG TOWNSHIP  
TRUSTEES

We have audited the financial statements of Twinsburg Township, Ohio (the "Township") for the year ended December 31, 2010 and have issued our report thereon dated June 10, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 1, 2011. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.


Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Township did not have any significant estimates affecting the financial statements.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion units financial statements taken as a whole.

 C&P Advisors, LLC  
Ciuni & Panichi, Inc.  
Joel Strom Associates LLC  
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*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 10, 2011.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,



CIUNI & PANICHI, INC.

# **Twinsburg Township Summit County**

**Financial Statements  
December 31, 2010**

# Twinsburg Township, Ohio

## Financial Statements

For the Year Ended December 31, 2010

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## Independent Auditors' Report

Members of the Board of Trustees  
Twinsburg Township

We have audited the accompanying financial statements of Twinsburg Township, Ohio, (the Township) as of and for the year ended December 31, 2010. 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 reasonable 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township prepares its 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e., major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require, Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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, 2010 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, 2010, or their changes in financial position for the year then ended.

Members of the Board of Trustees  
Twinsburg Township

Also, 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 Twinsburg Township, as of December 31, 2010, and its combined cash receipts and disbursements for the year then ended on the accounting basis described in Note 1.

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 June 10, 2011, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
June 10, 2011

# Twinsburg Township, Ohio

## Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances

**For the Year Ended December 31, 2010**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Fiduciary Funds	Memorandum Only
<b>Cash receipts:</b>					
Local taxes	\$ 393,712	\$ 1,351,764	\$ -	\$ -	\$ 1,745,476
Intergovernmental	1,770,375	204,890	454,598	-	2,429,863
Licenses, permits, and fees	19,005	40,461	-	-	59,466
Fines, forfeitures, and penalties	7,019	-	-	-	7,019
Earnings on investments	40,558	1,585	-	-	42,143
Other revenue	10,999	2,653	-	1,000	14,652
Total cash receipts	<u>2,241,668</u>	<u>1,601,353</u>	<u>454,598</u>	<u>1,000</u>	<u>4,298,619</u>
<b>Cash disbursements:</b>					
Current:					
General government	2,212,313	22,379	-	-	2,234,692
Public safety	-	1,256,355	-	-	1,256,355
Public works	35,648	550,255	590,143	-	1,176,046
Conservation -- recreation	106,457	-	344,512	-	450,969
Other	1,000	-	-	-	1,000
Capital outlay	1,053,617	-	-	200	1,053,817
Total cash disbursements	<u>3,409,035</u>	<u>1,828,989</u>	<u>934,655</u>	<u>200</u>	<u>6,172,879</u>
Total receipts over/(under) disbursements	<u>(1,167,367)</u>	<u>(227,636)</u>	<u>(480,057)</u>	<u>800</u>	<u>(1,874,260)</u>
<b>Other financing sources/(uses):</b>					
Sale of bonds	725,000	-	-	-	725,000
Transfers-in	-	350,000	159,981	-	509,981
Transfers-out	(509,981)	-	-	-	(509,981)
Advances-in	246,311	-	246,311	-	492,622
Advances-out	(246,311)	-	(246,311)	-	(492,622)
Other financing uses	(360)	-	-	-	(360)
Total other financing Sources/(uses)	<u>214,659</u>	<u>350,000</u>	<u>159,981</u>	<u>-</u>	<u>724,640</u>
Excess of cash receipts and other financing sources over/(under) cash disbursements and other financing uses	(952,708)	122,364	(320,076)	800	(1,149,620)
Fund cash balance, January 1, 2010	<u>1,990,733</u>	<u>2,205,470</u>	<u>359,898</u>	<u>14,080</u>	<u>4,570,181</u>
Fund cash balance, December 31, 2010	\$ <u>1,038,025</u>	\$ <u>2,327,834</u>	\$ <u>39,822</u>	\$ <u>14,880</u>	\$ <u>3,420,561</u>
Reserves for encumbrances	\$ <u>206,812</u>	\$ <u>17,317</u>	\$ <u>172,122</u>	\$ <u>-</u>	\$ <u>396,251</u>

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

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# Twinsburg Township, Ohio

Notes to the Financial Statements

## For the Year Ended December 31, 2010

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### **Note 1: Summary of Significant Accounting Policies**

#### ***A. Description of the Entity***

The Twinsburg Township (the "Township") is a body politic and corporate 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 a publicly-elected, three-member Board of Trustees. The Township maintains various public properties (including parks and recreation and conservation areas) and provides road and bridge maintenance, residential solid waste disposal and recycling, police protection and fire protection, and emergency medical services. The Township contracts with J&J Refuse to provide residential solid waste disposal and recycling, contracts with the Summit County Sheriff's Department for police protection, contracts with the City of Twinsburg to provide fire protection and emergency medical services, and provides all other services with a combination of in-house staff and outside vendors as needed.

#### ***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 disclosures of material matters, as prescribed or permitted by the Auditor of State.

#### ***C. Cash and Investments***

Investments are included in the fund cash balances. Accordingly, purchases 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. Certificates of deposit are valued at cost.

#### ***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:

##### Governmental Fund Types

**General Fund:** This fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

# Twinsburg Township, Ohio

Notes to the Financial Statements (continued)

## **For the Year Ended December 31, 2010**

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### **Note 1: Summary of Significant Accounting Policies (continued)**

#### ***D. Fund Accounting (continued)***

*Special Revenue Funds:* These funds are used to account for the proceeds of specific sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specified purposes. The Township has the following significant Special Revenue Funds:

- Police Levy Fund – This fund receives money from three special tax levies that are used to pay for the cost of police protection provided by the Summit County Sheriff's Department.
- Fire and Fire/EMS Funds – These funds receive money from two special tax levies that are used to pay for the cost of fire protection and emergency medical services provided by the City of Twinsburg.

*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 has the following significant Capital Project Funds:

- Bavaria Road Fund – This fund is used to account for Ohio Public Works Commission and other financial resources received and disbursed relative to the improvement of Bavaria Road.
- Holly II Fund – This fund is used to account for Ohio Public Works Commission monies and other financial resources received and disbursed for the Holly Smith Property Improvement Project.
- Heights Road Phase VII Fund – This fund is used to account for Ohio Small Government Capital Improvements Commission monies received and disbursed relative to the general improvement of Cambridge and Yale Streets.
- Heights Road Phase VIII Fund – This fund is used to account for Ohio Small Government Capital Improvements Commission and CDBG monies received and disbursed relative to the general improvement of Cambridge and Harvard Streets.

*Fiduciary Fund (Agency Fund):* This fund is purely custodial in nature and is used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individuals, organizations, or other governments. The Township's agency fund accounts for monies held in escrow for local property development review services.

#### ***E. Budgetary Process***

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

# Twinsburg Township, Ohio

Notes to the Financial Statements (continued)

## **For the Year Ended December 31, 2010**

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### **Note 1: Summary of Significant Accounting Policies (continued)**

#### ***E. Budgetary Process (continued)***

##### **Appropriations**

Budgetary expenditures (i.e., 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 the appropriation measure and subsequent amendments. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriations at any level of control. Any revisions that alter the appropriations among departments within a fund must first be approved by the Board of Trustees. Trustees may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. Unencumbered appropriations lapse at year end.

##### **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 the 2010 budgetary activity appears in Note 4.

##### **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.

#### ***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. Depreciation is not recorded for these fixed assets.

#### ***G. Accumulated 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 Township's basis of accounting.

#### ***H. Total columns on the Financial Statements***

Amounts in the "Totals (Memorandum Only)" columns of the financial statements represent a summation of the financial statements line items of the fund types and account groups. These amounts are presented for analytical purposes only. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

## Twinsburg Township, Ohio

Notes to the Financial Statements (continued)

### **For the Year Ended December 31, 2010**

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#### **Note 2: Deposits and Investments**

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet demands on the Treasury. Such monies must be maintained either as cash in the Township's Treasury; in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts; or in money market deposit accounts.

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

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of the transfer from the custodian.

*Custodial Credit Risk* is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township's policy is to place deposits with major local banks approved by the Board of Trustees. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either within the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured.

At December 31, 2010, the carrying amount of the Township's deposits was \$2,695,561 and the bank balance was \$2,827,552. Deposits totaling \$750,000 were covered by Federal Depository Insurance and deposits of \$2,077,552 were uninsured and collateralized with a combination of pooled securities held in the Township's name.

# Twinsburg Township, Ohio

Notes to the Financial Statements (continued)

## **For the Year Ended December 31, 2010**

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### **Note 2: Deposits and Investments (continued)**

#### *Investments*

*Interest Rate Risk* arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring the Township to adhere to all regulations stated in the Ohio Revised Code Chapter 135. The Ohio Revised Code Chapter 135 limits security purchases to those that mature within five years unless specifically matched to a specific obligation or debt of the Township, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days, and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

*Custodial Risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the Township must meet a set of standards prescribed by Ohio Revised Code Chapter 135 and be periodically reviewed.

*Credit Risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Township's investment policy addresses credit risk by requiring that all investments are authorized by Ohio Revised Code Chapter 135.

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:

Demand deposits	\$ 1,087,714
Certificates of deposit	1,607,847
Manuscript Bonds	<u>725,000</u>
Total Cash and Cash Equivalents	\$ <u>3,420,561</u>

# Twinsburg Township, Ohio

Notes to the Financial Statements (continued)

## For the Year Ended December 31, 2010

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### Note 3: Retirement Systems

All Township full-time and part-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including post-retirement 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 2010, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

### Note 4: Budgetary Activity

Budgetary activity for the years ended December 31, 2010 follows:

#### Budgeted vs. Actual Receipts

Fund type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,710,242	\$ 2,966,668	\$ (256,426)
Special revenue	2,057,291	1,951,353	105,938
Capital projects	3,041,932	614,579	2,427,353
Fiduciary	-	1,000	(1,000)
Total	\$ <u>7,809,465</u>	\$ <u>5,533,600</u>	\$ <u>2,275,865</u>

#### Budgeted vs. Actual Budgetary Basis Expenditures

Fund type	Appropriation Authority	Actual Expenditures	Variance
General	\$ 4,356,594	\$ 4,126,188	\$ 230,406
Special revenue	1,937,916	1,846,306	91,610
Capital projects	1,202,344	1,106,777	95,567
Fiduciary	14,080	200	13,880
Total	\$ <u>7,510,934</u>	\$ <u>7,079,471</u>	\$ <u>431,463</u>

### Note 5: Property Taxes

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 February 20.

## **Twinsburg Township, Ohio**

Notes to the Financial Statements (continued)

### **For the Year Ended December 31, 2010**

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#### **Note 5: Property Taxes (continued)**

The second half payment is due the following July 20. Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed on non-residential and non-agricultural property owners, who must file a list of such property to the County by April 30. Tangible personal property assessments have, however, been phased out – the assessment percentage for all property including inventory for 2010 is zero percent.

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

#### **Note 6: Risk Management**

##### **Commercial Insurance**

The Township offers medical, dental, vision, and life insurance coverage to elected officials and eligible employees through private carriers.

##### **Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Township (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP) which is also administered by ARPCO. 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 and Property Coverage**

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims. The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

# Twinsburg Township, Ohio

Notes to the Financial Statements (continued)

## For the Year Ended December 31, 2010

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### **Note 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, 2009 and 2008 (the latest information available at the time of issuance):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities noted above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$43,084.

Based on discussions with OTARMA, the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the years ending December 31, 2010, 2009, and 2008 were \$19,849, \$17,023, and \$15,329, respectively.

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

### **Note 7: Lease**

In 2010, the Township entered into a two year sublease with the Humane Society of Summit County Foundation, a nonprofit corporation, to sublease a portion of a parcel of real estate located at 7996 Darrow Road, Twinsburg, Ohio 44087. In accordance with the sublease agreement, the Township makes monthly rental payments to the Humane Society of Summit County of \$3,000 beginning August 2010 and ending April 2011 and \$3,500 beginning May 2011 and ending December 2012.

# Twinsburg Township, Ohio

Notes to the Financial Statements (continued)

## For the Year Ended December 31, 2010

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### **Note 8: Contingent Liabilities**

The Township is a party to various legal proceedings. The Township's management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the Township's financial position.

### **Note 9: Joint Venture**

The Township participates in the Twinsburg Township – Village of Reminderville Joint Economic Development District (the "District"), which is a statutorily created subdivision of the state.

The purpose of the District is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the Village, the Township, and the District. This joint venture is considered a separate reporting entity by the Township's management. Accordingly, the joint venture has not been included in these financial statements.

### **Note 10: Manuscript Debt**

In 2010, the Township issued manuscript debt in accordance with Ohio Revised Code Section 505.262. These bonds will be repaid on December 1 each year with the final maturity date of December 1, 2020 with an interest rate of 1.50% per year commencing on December 1, 2011.

Principal and interest requirements to retire the long-term bonds outstanding at December 31, 2010 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 72,500	\$ 10,875	\$ 83,375
2012	72,500	9,788	82,288
2013	72,500	8,700	81,200
2014	72,500	7,613	80,113
2015	72,500	6,525	79,025
2016-2020	<u>362,500</u>	<u>16,314</u>	<u>378,814</u>
Total	\$ <u>725,000</u>	\$ <u>59,815</u>	\$ <u>784,815</u>

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## Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Board of Trustees  
Twinsburg Township, Ohio

We have audited the financial statements of the Township of Twinsburg, Ohio, (the "Township") as of and for the year ended December 31, 2010, and have issued our report thereon dated June 10, 2011, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting


In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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Members of the Board of Trustees  
Twinsburg Township, Ohio

This report is intended solely for the information and use of the Township elected officials (Board of Trustees and Fiscal Officer), Township Management, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Cini & Parich, Inc.*

Cleveland, Ohio  
June 10, 2011