



Dave Yost • Auditor of State



**TWINSBURG TOWNSHIP  
SUMMIT COUNTY  
TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2012 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Twinsburg Township  
Summit County  
1790 Enterprise Pkwy  
Twinsburg, Ohio 44087

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Twinsburg Township, Summit County, (the Township) as of and for the year ended December 31, 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Twinsburg Township, Summit County as of December 31, 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 7, 2013

**TWINSBURG TOWNSHIP  
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES (CASH BASIS) ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$240,364	\$1,087,587	\$0	\$1,327,951
Licenses, Permits and Fees	41,465	29,910	0	71,375
Fines and Forfeitures	6,128	0	0	6,128
Intergovernmental	2,787,755	661,784	0	3,449,539
Insurance Settlement	0	0	135,000	135,000
Earnings on Investments	19,472	16,685	0	36,157
Miscellaneous	60,884	600	0	61,484
<b>Total Cash Receipts</b>	<b>3,156,068</b>	<b>1,796,566</b>	<b>135,000</b>	<b>5,087,634</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	1,112,856	23,733	0	1,136,589
Public Safety	0	1,498,247	0	1,498,247
Public Works	96,783	226,703	0	323,486
Conservation-Recreation	144,788	0	8,196	152,984
Other	2,000	0	0	2,000
Capital Outlay	2,316,798	0	0	2,316,798
Debt Service:				
Principal Retirement	145,000	0	0	145,000
Interest and Fiscal Charges	16,313	0	0	16,313
<b>Total Cash Disbursements</b>	<b>3,834,538</b>	<b>1,748,683</b>	<b>8,196</b>	<b>5,591,417</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(678,470)</b>	<b>47,883</b>	<b>126,804</b>	<b>(503,783)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Bonds	700,000	0	0	700,000
Transfers In	0	200,000	0	200,000
Transfers Out	(200,000)	0	0	(200,000)
Advances In	125,000	125,000	0	250,000
Advances Out	(125,000)	(125,000)	0	(250,000)
Other Financing Uses	(1,180)	0	0	(1,180)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>498,820</b>	<b>200,000</b>	<b>0</b>	<b>698,820</b>
<b>Net Change in Fund Cash Balances</b>	<b>(179,650)</b>	<b>247,883</b>	<b>126,804</b>	<b>195,037</b>
<b>Fund Cash Balance, January 1</b>	<b>1,658,339</b>	<b>2,758,822</b>	<b>0</b>	<b>4,417,161</b>
<b>Fund Cash Balance, December 31</b>				
Restricted	0	2,886,608	126,804	3,013,412
Committed	0	120,097	0	120,097
Unassigned	1,478,689	0	0	1,478,689
<b>Fund Cash Balance, December 31</b>	<b>\$1,478,689</b>	<b>\$3,006,705</b>	<b>\$126,804</b>	<b>\$4,612,198</b>

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

**TWINSBURG TOWNSHIP  
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES (CASH BASIS) FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Operating Cash Disbursements:</b>	
Purchased Services	\$500
Net Change in Fund Cash Balances	<u>(500)</u>
Fund Cash Balance, January 1	<u>9,530</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$9,030</u></u></b>

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

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

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Twinsburg Township, Summit County (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. 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, along with planning and zoning administration and enforcement. The Township contracts with Kimble Companies 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 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:

*General Fund (1000 General Fund):* The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds:* These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Township has the following Special Revenue Funds:

2011 Motor Vehicle License Tax Fund – This fund receives money from motor vehicle license taxes collected by the State and is used to pay for road and bridge equipment and materials, projects completed in-house by Township employees, and services provided by outside contractors.

2021 Gasoline Tax Fund – This fund receives money from gasoline taxes collected by the State and is used to pay for road and bridge equipment and materials, projects completed in-house by Township employees, and services provided by outside contractors.

TWINSBURG TOWNSHIP  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

2031 Road and Bridge Fund – This fund receives money from one special tax levy and is used to pay for road and bridge equipment and materials, projects completed in-house by Township employees, and services provided by outside contractors.

2071 Garbage & Waste Disposal District Fund – This fund receives money from grants and General Fund transfers and is used to pay for equipment and materials for landfill monitoring completed in-house by Township employees, along with residential solid waste disposal and recycling services provided by Kimble Companies via contract.

2081 Police District Fund – This fund receives money from four special tax levies and is used to pay for police protection services provided by the Summit County Sheriff's Department via contract.

2111 Fire District Fund – This fund receives money from one special tax levy and is used to pay for fire protection services provided by the City of Twinsburg via contract.

2112 Fire/EMS District Fund – This fund receives money from one special tax levy that is used to pay for fire protection and emergency medical services provided by the City of Twinsburg via contract.

2231 Permissive Motor Vehicle License Tax Fund – This fund receives money from motor vehicle license taxes collected by the State and is used to pay for road and bridge equipment and materials, projects completed in-house by Township employees, and services provided by outside contractors.

2181 Zoning Fund – This fund receives money from zoning fees collected by the Township and is used to pay for zoning enforcement equipment and materials, projects completed in-house by Township employees, and services provided by outside contractors.

2281 Ambulance and Emergency Medical Services Fund – This fund receives money from emergency medical services fees collected by the City of Twinsburg via contract and is used to pay for emergency medical services provided by the City of Twinsburg via contract.

2903 Lifeline Fund – This fund receives money from grants for certain resident services and is used to pay for eligible costs associated with those grants.

Capital Project Funds: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township has the following Capital Project Funds:

4404 Herrick Fund – This fund receives money from grants and General Fund transfers and is used to pay for services provided by outside contractors on the Herrick Road Reconstruction Project.

4405 Heights #7 Fund – This fund receives money from grants and General Fund transfers and is used to pay for services provided by outside contractors on the Heights Road Reconstruction Project Phase 7.

4406 Heights #8 Fund – This fund receives money from grants and General Fund transfers and is used to pay for services provided by outside contractors on the Heights Road Reconstruction Project Phase 8.

TWINSBURG TOWNSHIP  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

4407 Heights #9 Fund – This fund receives money from grants and General Fund transfers and is used to pay for services provided by outside contractors on the Heights Road Reconstruction Project Phase 9.

4408 Heights #10 Fund – This fund receives money from grants and General Fund transfers and is used to pay for services provided by outside contractors on the Heights Road Reconstruction Project Phase 10.

4902 Bavaria Park Fund – This fund receives money from grants and General Fund transfers and is used to pay for services provided by outside contractors on Erwin Geis Park (various projects).

4501 Special Assessment Fund - This fund receives money from assessments upon certain property owners and is used to pay for street lighting operation and maintenance costs in certain areas.

*Fiduciary Fund (9003 Agency Fund):* This fund is purely custodial in nature and is used to hold resources for project applicants, including individuals, organizations or other governments. This fund accounts for monies held in escrow for project plan review and inspection services.

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

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

#### **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. The Board of 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 2012 budgetary activity appears in Note 3.

#### **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. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

TWINSBURG TOWNSHIP  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

*Nonspendable:* The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

*Restricted:* Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

*Committed:* The Board of Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

*Assigned:* Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Board of Trustees or a Township official delegated that authority by resolution, or by State statute.

*Unassigned:* Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

#### **G. 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.

#### **H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

#### **I. 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.

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

The Township maintains a deposit and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of the Township's cash and investments at December 31, 2012 were as follows:

TWINSBURG TOWNSHIP  
 SUMMIT COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>
Demand deposits	\$2,885,058
Certificates of deposit	\$ 601,170
Manuscript Bond	<u>\$1,135,000</u>
Total deposits and investments	<u>\$4,621,228</u>

At December 31, 2012, the carrying amount of the Township's deposits was \$3,486,228, and the bank balance was \$3,535,156. Deposits totaling \$515,165 were covered by Federal Depository Insurance and deposits of \$3,019,991 were uninsured and collateralized with a combination of pooled securities held by financial institutions in their own names and pledged securities held by financial institutions in the Township's name.

**Note 3: Budgetary Activity**

Budgetary activity for the year ended December 31, 2012 follows:

2012 Budgeted vs. Actual Receipts

Fund type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,720,960	\$ 3,981,068	\$ 260,108
Special Revenue	\$ 1,960,919	\$ 2,121,566	\$ 160,647
Capital Projects	\$ 4,831,140	\$ 135,000	\$ (4,696,140)
Fiduciary	10,000	-	(10,000)
Total	<u>\$ 10,523,019</u>	<u>\$ 6,237,634</u>	<u>\$ (4,285,385)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund type	Appropriation Authority	Actual Expenditures	Variance
General	\$ 4,619,511	\$ 4,160,718	\$ 458,793
Special Revenue	\$ 1,941,293	\$ 1,873,683	\$ 67,610
Capital Projects	\$ 135,000	\$ 8,196	\$ 126,804
Fiduciary	10,000	500	9,500
Total	<u>\$ 6,705,804</u>	<u>\$ 6,043,097</u>	<u>\$ 662,707</u>

**Note 4: Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 on non-residential and non-agricultural 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.

TWINSBURG TOWNSHIP  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**Note 5: Manuscript Debt**

In 2010 and 2012 the Township issued manuscript debt in accordance with Ohio Revised Code Section 505.262. These bond issues were authorized on June 2, 2010 and December 19, 2012, respectively, with 10-year terms and interest rates of 1.50 percent each, with initial balances outstanding of \$725,000 and \$700,000 each, with first payments due on December 1, 2011 and December 1, 2013, respectively, and with last payments due on December 1, 2020 and December 1, 2022, respectively. For the Manuscript Bond, Series 2010, the Township has pre-paid principal and interest for 2013 and 2014. Manuscript debt outstanding at December 31, 2012 was as follows:

<b>Debt</b>	<b>Balance Outstanding 1/1/2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance Outstanding 1/1/2012</b>
Manuscript Bond, Series 2010	\$580,000	\$0	\$145,000	\$435,000
Manuscript Bond, Series 2012	\$0	\$700,000		\$700,000
Total	\$580,000	\$700,000	\$145,000	\$1,135,000

Principal and interest requirements to retire the above bonds outstanding at December 31, 2012 are scheduled as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
2013	\$70,000	\$9,917	\$79,917
2014	\$70,000	\$9,450	\$79,450
2015	\$142,500	\$14,925	\$157,425
2016	\$142,500	\$12,788	\$155,288
2017	\$142,500	\$10,650	\$153,150
2018-2022	\$567,500	\$22,275	\$589,775
Total	\$1,135,000	\$80,005	\$1,215,005

**Note 6: Retirement System**

All Township full-time and part-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2012, 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, 2012.

**Note 7: Risk Management**

**A. Commercial Insurance**

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

TWINSBURG TOWNSHIP  
 SUMMIT COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**B. Risk Pool Membership**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

In addition, 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. 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, 2010, 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.

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, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	<u>(\$ 9,718,792)</u>	<u>(\$10,664,724)</u>
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$17,000.

Based on discussions with OTARMA, the expected rates OTARMA charges 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 annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

	<u>2011</u>	<u>2010</u>
Contributions to OTARMA	<u>\$ 25,887</u>	<u>\$ 19,849</u>

TWINSBURG TOWNSHIP  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

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 8: Subsequent Events/Pending Litigation**

Management believes that there are no pending claims or lawsuits.

**Note 9: Leases**

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, for use by the Township Service Department. 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.

Also in 2010, the Township entered into a three-year lease with TAMCO Capital Corp., a financing lender for Windstream Communications, to lease a voice mail/telephone system for Township facilities. In accordance with the lease agreement, the Township makes monthly payments to TAMCO Capital Corp. of \$394 beginning May 2010 and ending June 2013.

Also in 2010, the Township entered into a five-year lease with American Security Alarms (nka Guardian Alarm Company), to lease an access management system for Township facilities. In accordance with the lease agreement, the Township makes monthly payments to American Security Alarms (nka Guardian Alarm Company) of \$263 beginning March 2010 and ending February 2013.

In 2011, the Township also entered into a five-year lease with Deere Credit, Inc., a financing lender for John Deere equipment, to lease a wheel loader to increase overall Service Department efficiency. In accordance with the lease agreement, the Township made a \$25,000 payment in July 2011 and makes annual payments of \$27,385 to Deere Credit, Inc. beginning July 2012 and ending July 2015.

Also in 2011, the Township entered into a five-year lease with Toshiba Financial Services, a financing lender for Toshiba equipment, to lease two multi-functional copiers for Township facilities. In accordance with the lease agreement, the Township makes monthly payments to Toshiba Financial Services of \$291 beginning November 2011 and ending on October 2016.

In 2012, the Township entered into a five-year lease with Pitney Bowes, to lease a postage machine and scale for Township use. In accordance with the lease agreement, the Township makes quarterly payments to Pitney Bowes of \$156 beginning September 2012 and ending on August 2017.

**Note 10: 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.



# Dave Yost • Auditor of State

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

Twinsburg Township  
Summit County  
1790 Enterprise Pkwy  
Twinsburg, Ohio 44087

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Twinsburg Township, Summit County, (the Township) as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated June 7, 2013, wherein we noted the Township followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 7, 2013



# Dave Yost • Auditor of State

**TWINSBURG TOWNSHIP**

**SUMMIT 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 27, 2013**