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1310 Market Street, Suite 300
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PERRY & Associates

Certified Public Accountants, A.C.

TWINSBURG TOWNSHIP
SUMMIT COUNTY
Regular Audit
For the Year Ended December 31, 2016

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TWINSBURG TOWNSHIP
SUMMIT COUNTY

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INDEPENDENT AUDITOR'S REPORT

May 17, 2017

Twinsburg Township
Summit County
1790 Enterprise Parkway
Twinsburg, Ohio 44087

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Twinsburg Township**, Summit County, (the Township) as of and for the year ended December 31, 2016.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 opinions.

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

As described in Note 2 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 Twinsburg Township, Summit County as of December 31, 2016, or changes in financial position thereof for the years 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, 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017, 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.

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

TWINSBURG TOWNSHIP
SUMMIT COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	$ 259,553	$1,164,684	$ -	$ 1,424,237
Licenses, Permits and Fees	131,670	-	-	131,670
Fines and Forfeitures	5,612	-	-	5,612
Intergovernmental	2,687,652	578,485	63,606	3,329,743
Special Assessments	7,687	-	-	7,687
Earnings on Investments	11,643	10,435	-	22,078
Miscellaneous	23,051	-	-	23,051
Total Cash Receipts	3,126,868	1,753,604	63,606	4,944,078
Cash Disbursements				
Current:				
General Government	1,110,477	-	-	1,110,477
Public Safety	-	1,537,324	-	1,537,324
Public Works	-	561,595	261,088	822,683
Conservation-Recreation	146,738	-	-	146,738
Other	6,141	-	-	6,141
Capital Outlay	1,378,730	231,763	-	1,610,493
Debt Service:				
Principle Retirement	358,936	-	-	358,936
Interest and Fiscal Charges	64,619	-	-	64,619
Total Cash Disbursements	3,065,641	2,330,682	261,088	5,657,411
Excess of Receipts Over (Under) Disbursements	61,227	(577,078)	(197,482)	(713,333)
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	108,800	63,000	-	171,800
Transfers In	4,204	675,000	197,482	876,686
Transfers Out	(872,482)	(4,204)	-	(876,686)
Other Financing Uses	(4,267)	-	-	(4,267)
Total Other Financing Receipts (Disbursements)	(763,745)	733,796	197,482	167,533
Net Change in Fund Cash Balances	(702,518)	156,718	-	(545,800)
Fund Cash Balances, January 1	1,429,496	3,458,005	-	4,887,501
Fund Cash Balances, December 31				
Restricted	-	3,578,461	-	3,578,461
Committed	-	36,262	-	36,262
Assigned	126,362	-	-	126,362
Unassigned	600,616	-	-	600,616
Fund Cash Balances, December 31	$ 726,978	$3,614,723	$ -	$ 4,341,701

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 BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Agency Fund
Operating Cash Receipts	
Miscellaneous	$ -
Total Operating Cash Receipts	-
Operating Cash Disbursements	
Purchased Services	550
Total Operating Cash Disbursements	550
Net Change in Fund Cash Balance	(550)
Fund Cash Balance, January 1	5,815
Fund Cash Balance, December 31	$ 5,265

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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 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.

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

Public Entity Risk Pool:

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.

Joint Ventures:

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

Related Organizations:

Effective January 1, 2016 the Township completed a multi-year transitional period to become the appointing authority for the Twin-Keystone Water District (the "Water District"), which is a statutorily created subdivision of the state.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

> ***2081 Police District Fund*** - This fund receives money from four special tax levies and is used to pay for the cost of 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 a portion of the cost of fire protection and emergency medical services provided by the City of Twinsburg via contract.
>
> ***2112 Fire/EMS District Fund*** - This fund receives money from one special tax levy and is used to pay for a portion of the cost of fire protection and emergency medical services provided by the City of Twinsburg via contract.

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 had the following significant capital project funds:

> ***4401 Marwell #1 Fund*** - This fund receives money from grants and General Fund transfers and is used to pay for services provided by outside contractors on the Marwell Estates Allotment Road Reconstruction Project Phase 1.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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 approve estimated resources.

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 2016 and 2015 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township uses only interest bearing checking and traditional CD's as deposit instruments. Certificates of deposit are valued at cost.

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:

> ***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*** 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$ 3,575,780	$ 3,239,872	$ (335,908)
Special Revenue	2,490,002	2,491,604	1,602
Capital Projects	6,290,000	261,088	(6,028,912)
Fiduciary	10,000	-	(10,000)
Total	$ 12,365,782	$ 5,992,564	$ (6,373,218)

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$ 4,478,257	$ 4,068,752	$ 409,505
Special Revenue	2,802,786	2,484,122	318,664
Capital Projects	834,852	773,238	61,614
Fiduciary	10,000	550	9,450
Total	$ 8,125,895	$ 7,326,662	$ 799,233

Note 4 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2016
Demand deposits	$ 2,778,154
Certificates of deposit	651,812
Manuscript Bonds	917,000
Total deposits and investments	$ 4,346,966

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Note 5 – Property Taxes

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

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

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.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained $350,000 for casualty claims and $250,000 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, 2016.

	2016
Assets	$38,473,283
Liabilities	8,244,140
Net Position	$30,229,143

Note 6 – Risk Management (Continued)

At December 31, 2016 the liabilities above include approximately $7.4 million of estimated incurred claims payable. The assets above also include approximately $6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, 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.

2016 Contributions to OTARMA
$31,519

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 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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 2016 and 2015, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 8 – Debt

Manuscript Debt

In 2012 and 2015 the Township issued manuscript debt in accordance with Ohio Revised Code Section 505.262. These bond issues were authorized on December 19, 2012 and November 3, 2015, respectively, with 10-year terms and interest rates of 1.50 percent each, with initial balances outstanding of $700,000 and $630,000 each, with first annual payments due on December 1, 2013 and December 1, 2016, respectively, and the last annual payments due on December 1, 2022 and December 1, 2025, respectively. For the Manuscript Bond, Series 2012, the Township in 2014 pre-paid principal for 2015 and 2016, and the Township in 2016 pre-paid principal for 2017. For the Manuscript Bond, Series 2015, the Township in 2016 paid principal and interest for 2016. Manuscript debt outstanding at December 31, 2016 was as follows:

Note 8 – Debt (Continued)

Manuscript Debt (Continued)

Debt	Balance Outstanding 1/1/2016	Additions	Deletions	Balance Outstanding 12/31/2016
Manuscript Bond, Series 2012	$ 420,000	$ -	$ 70,000	$ 350,000
Manuscript Bond, Series 2015	630,000	-	63,000	567,000
Total	$ 1,050,000	$ -	$ 133,000	$ 917,000

Principal and interest requirements to retire the above bonds outstanding at December 31, 2016 are scheduled as follows:

Years	Principal	Interest	Principal and Interest
2017	$ 63,000	$ 8,505	$ 71,505
2018	133,000	12,810	145,810
2019	133,000	10,815	143,815
2020	133,000	8,790	141,790
2021	133,000	6,825	139,825
2022-2025	322,000	10,500	332,500
Total	$ 917,000	$ 58,245	$ 975,245

SIB Loan

In 2013 the Township entered into an agreement with Ohio Department of Transportation for a State Infrastructure Bank (SIB) Loan in accordance with Ohio Revised Code Section 5531.09. The loan agreement was executed April 24, 2013, with a 10-year term and an interest rate of 3 percent, with interest accrual to begin in the 13th month and semi-annual payments to begin in the 31st month, with a final balance outstanding of $1,947,379 principal plus $33,609 capitalized interest for a total of $1,980,988, with first semi-annual payment due on October 24, 2015, and with last semi-annual payment due on April 24, 2023. SIB Loan balance outstanding at December 31, 2016 was as follows:

Debt	Balance Outstanding 1/1/2016	Additions	Deletions	Balance Outstanding 12/31/2016
SIB, Series 2013	$1,870,518	$-	$225,936	$1,644,582
Total	$1,870,518	$-	$225,936	$1,644,582

Note 8 – Debt (Continued)

SIB Loan (Continued)

Principal and interest requirements to retire the above loan outstanding at December 31, 2016 are scheduled as follows:

Years	Principal and Capitalized Interest	Interest	Principal and Interest
2017	$ 232,765	$ 47,605	$ 280,369
2018	239,800	40,569	280,369
2019	247,048	33,321	280,369
2020	254,515	25,854	280,369
2021	262,208	18,162	280,369
2022-2023	408,246	12,308	420,554
Total	$ 1,644,582	$177,820	$ 1,822,402

Leases

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 July 2016, the Township entered into a new 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 $196 beginning August 2016 and ending July 2021.

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 August 2017.

In 2013, the Township entered into a two-year lease with Guardian Alarm Company, to lease an access management system for Township facilities. In accordance with the lease agreement, the Township makes monthly payments of $263 to Guardian Alarm Company beginning March 2013 and ending February 2015. Beginning March 2015 and since that date, the Township has continued the lease on a month to month basis.

Also in 2013, 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 made monthly payments of $296 to TAMCO Capital Corp. beginning May 2013 and ending June 2016. In mid-2016, in accordance with the lease agreement, the Township gave notice to TAMCO Capital Corp. and terminated the lease.

Also in 2013, the Township also entered into a five-year lease with G.E. Capital, a financing lender for Leppo, a dealer of Bobcat equipment, to lease a track steer to increase overall Service Department efficiency. In 2016 G.E. Capital assigned its lease rights to Wells Fargo Financial Services. In accordance with the lease agreement, the Township made an $11,966 payment to G.E. Capital in September 2013 and makes annual payments of $13,423 to G.E. Capital or Wells Fargo Financial Services, as applicable, beginning September 2014 and ending September 2017.

Note 9 – Contingent Liabilities

Management believes that there are no pending claims or lawsuits.

Note 10 – Joint Venture

Per a contract executed in July 2002 and approved by Township voters in November 2002, the Township participates in the Twinsburg Township-Village of Reminderville Joint Economic Development District (the "JEDD"), which is a statutorily created subdivision of the state. The purpose of the JEDD 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 JEDD. 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 11 – Related Organization

Per Summit County Common Pleas Case No. MS-2012-00-0042 Court Order dated July 26, 2012, a transitional period began on January 1, 2014 and ended on January 1, 2016, during which the Township gradually became the appointing authority for the Twin-Keystone Water District (the "Water District"), which is a statutorily created subdivision of the state. The purpose of the Water District is to provide a public water supply to the Water District, which includes all land in the Township, along with additional areas annexed to adjacent communities since inception of the Water District in 1966. This related organization is considered a separate reporting entity by the Township's management. Accordingly, the related organization has not been included in these financial statements.

Note 12 – Transfers

During 2016, the following transfers were made:

	Transfers In	Transfers Out
General	$ 4,204	$ -
Special Revenue - LIFELINE Fund	-	4,204
Total	$ 4,204	$ 4,204

During 2016, the Township transferred the remaining balance of the Special Revenue LIFELINE Fund to the General Fund in order to eliminate the fund in 2016. The LIFELINE fund was eliminated due to the fund no longer receiving property tax distributions from Summit County. These transfers were approved and determined to be in compliance with Ohio Revised Code.

Perry & Associates
Certified Public Accountants, A.C.

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

May 17, 2017

Twinsburg Township
Summit County
1790 Enterprise Parkway
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 the cash balances, receipts, and disbursements by fund type of **Twinsburg Township**, Summit County, (the Township) as of and for the year ended December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated May 17, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio