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PERRY & Associates

Certified Public Accountants, A.C.

TWINSBURG TOWNSHIP
SUMMIT COUNTY
Regular Audit
For the Year Ended December 31, 2015

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TWINSBURG TOWNSHIP
SUMMIT COUNTY

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INDEPENDENT AUDITOR'S REPORT

May 27, 2016

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, 2015.

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.

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

As described in Note 1B 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.

The effects on the financial statements of these variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 the Township as of December 31, 2015, 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 cash balances of Twinsburg Township, Summit County as of December 31, 2015, and its 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(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2016 on our consideration of 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 and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

TWINSBURG TOWNSHIP
SUMMIT COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	$ 252,202	$ 1,139,057	$ -	$ 1,391,259
Licenses, Permits and Fees	111,379	-	-	111,379
Fines and Forfeitures	7,477	-	-	7,477
Intergovernmental	2,427,212	643,124	782,339	3,852,675
Special Assessments	5,706	-	-	5,706
Earnings on Investments	14,746	329	-	15,075
Miscellaneous	150,978	2,869	-	153,847
Total Cash Receipts	2,969,700	1,785,379	782,339	5,537,418
Cash Disbursements				
Current:				
General Government	1,066,147	-	-	1,066,147
Public Safety	-	1,512,831	-	1,512,831
Public Works	-	627,086	1,329,084	1,956,170
Conservation-Recreation	129,415	-	21,831	151,246
Other	6,250	-	-	6,250
Capital Outlay	478,614	206,847	-	685,461
Debt Service:				
Interest and Fiscal Charges	140,185	-	-	140,185
Total Cash Disbursements	1,820,611	2,346,764	1,350,915	5,518,290
Excess of Receipts Over (Under) Disbursements	1,149,089	(561,385)	(568,576)	19,128
Other Financing Receipts (Disbursements)				
Sale of Bonds	630,000	-	-	630,000
Transfers In	-	825,000	550,745	1,375,745
Transfers Out	(1,375,745)	-	-	(1,375,745)
Advances In	4,000	-	4,000	8,000
Advances Out	(4,000)	-	(4,000)	(8,000)
Other Financing Sources	8,781	-	-	8,781
Other Financing Uses	(1,158)	-	-	(1,158)
Total Other Financing Receipts (Disbursements)	(738,122)	825,000	550,745	637,623
Net Change in Fund Cash Balances	410,967	263,615	(17,831)	656,751
Fund Cash Balances, January 1	1,018,529	3,194,390	17,831	4,230,750
Fund Cash Balances, December 31				
Restricted	-	3,416,741	-	3,416,741
Committed	-	41,264	-	41,264
Assigned	1,113,266	-	-	1,113,266
Unassigned	316,230	-	-	316,230
Fund Cash Balances, December 31	$ 1,429,496	$ 3,458,005	$ -	$ 4,887,501

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 (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Agency Fund
Operating Cash Receipts	
Miscellaneous	$ -
Total Operating Cash Receipts	-
Operating Cash Disbursements	
Purchased Services	1,265
Total Operating Cash Disbursements	1,265
Net Change in Fund Cash Balance	(1,265)
Fund Cash Balance, January 1	7,080
Fund Cash Balance, December 31	$ 5,815

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

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 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.

The Township participates in a joint venture, a public entity risk pool and is associated with a related organization. Notes 8, 11-12 to the financial statements provide additional information for these entities.

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:

The Township will gradually become the appointing authority for the Twin-Keystone Water District (the "Water District"), which is a statutorily created subdivision of the state.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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. Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Funds:

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.

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

3. Capital Project Funds

These funds account for and report financial recourses 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.

4. Fiduciary Fund (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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

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:

1. Nonspendable

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

2. 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.

3. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance (Continued)

4. 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.

5. 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

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015
Demand deposits	$ 2,640,310
Certificates of deposit	1,203,006
Manuscript Bond	1,050,000
Total deposits and investments	$ 4,893,316

At December 31, 2015, the carrying amount of the Township's deposits was $3,843,316, and bank balance was $3,867,111. Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$ 3,815,087	$ 3,608,481	$ (206,606)
Special Revenue	2,639,271	2,610,379	(28,892)
Capital Projects	7,880,000	1,333,084	(6,546,916)
Fiduciary	10,000	-	(10,000)
Total	$ 14,344,358	$ 7,551,944	$ (6,792,414)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$ 4,637,566	$ 4,310,433	$ 327,133
Special Revenue	2,570,751	2,466,681	104,070
Capital Projects	1,900,665	1,562,225	338,440
Fiduciary	17,080	1,265	15,815
Total	$ 9,126,062	$ 8,340,604	$ 785,458

4. PROPERTY TAX

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.

5. 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. Manuscript debt outstanding at December 31, 2015 was as follows:

5. MANUSCRIPT DEBT (CONTINUED)

Debt	Balance Outstanding 1/1/2015	Additions	Deletions	Balance Outstanding 12/31/2015
Manuscript Bond, Series 2012	$ 420,000	$ -	$ -	$ 420,000
Manuscript Bond, Series 2015	-	630,000	-	630,000
Total	$ 420,000	$ 630,000	$ -	$ 1,050,000

Principal and interest requirements to retire the above bonds outstanding at December 31, 2015 are scheduled as follows:

Years	Principal	Interest	Principal and Interest
2016	$ 63,000	$ 10,185	$ 73,185
2017	133,000	14,805	147,805
2018	133,000	12,810	145,810
2019	133,000	10,815	143,815
2020	133,000	8,790	141,790
2021-2025	455,000	17,325	472,325
Total	$ 1,050,000	$ 74,730	$ 1,124,730

6. 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, 2015 was as follows:

Debt	Balance Outstanding 1/1/2015	Additions	Deletions	Balance Outstanding 12/31/2015
SIB, Series 2013	$ 1,980,988	$ -	$ 110,470	$ 1,870,518
Total	$ 1,980,988	$ -	$ 110,470	$ 1,870,518

Principal and interest requirements to retire the above loan outstanding at December 31, 2015 are scheduled as follows:

6. SIB LOAN (CONTINUED)

Years	Principal and Capitalized Interest	Interest	Principal and Interest
2016	$ 225,936	$ 54,434	$ 280,370
2017	232,765	47,605	280,370
2018	239,800	40,570	280,370
2019	247,048	33,322	280,370
2020	254,515	25,855	280,370
2021-2023	670,454	30,470	700,924
Total	$ 1,870,518	$232,256	$ 2,102,774

7. RETIREMENT SYSTEM

All Township full-time and part-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS in a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post-retirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2015, 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, 2015.

8. 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, 2015, 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.

8. 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, 2015 and 2014:

	2015	2014
Assets	$37,313,311	$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	$28,894,793	$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately $7.8 and $8.2 million of estimated incurred claims payable. The assets above also include approximately $7.7 and $7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, 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.

Contributions to OTARMA	
2015	2014
$32,333	$27,348

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.

9. CONTINGENT LIABILITIES

Management believes that there are no pending claims or lawsuits.

10. LEASES

In 2010, the Township entered into a five-year lease with American Security Alarms (aka Guardian Alarm Company), to lease an access management system for Township facilities. In accordance with the lease agreement, the Township made monthly payments of $263 to American Security

10. LEASES (Continued)

Alarms (aka Guardian Alarm Company) beginning March 2010 and ending February 2013. 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. In 2015, the Township has continued the lease on a month to month basis.

In 2011, the Township entered into a five-year lease with John Deere Financial, 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 to John Deere Financial in July 2011 and makes annual payments of $27,385 to John Deere Financial 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.

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 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 beginning September 2014 and ending September 2017.

11. 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.

12. 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 will end on December 31, 2015, during which the Township will gradually become 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.

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 27, 2016

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 State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Twinsburg Township**, Summit County, (the Township) as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated May 27, 2016, 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.

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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*.

We noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 27, 2016.

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