



Certified Public Accountants, A.C.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY
Regular Audit
For the Year Ended December 31, 2018**

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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Twinsburg Township
1790 Enterprise Pkwy
Twinsburg, OH 44087

We have reviewed the *Independent Auditor's Report* of Twinsburg Township, Summit County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Twinsburg Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 2, 2019

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**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

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INDEPENDENT AUDITOR'S REPORT

May 8, 2019

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, 2018.

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 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, 2018, 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, receipts and disbursements by fund type, and related notes of Twinsburg Township, Summit County as of December 31, 2018, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2019, 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
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, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 296,972	\$ 1,649,200	\$ -	\$ 1,946,172
Licenses, Permits and Fees	85,217	-	-	85,217
Fines and Forfeitures	5,293	-	-	5,293
Intergovernmental	2,643,653	556,375	1,565,753	4,765,781
Special Assessments	3,519	-	-	3,519
Earnings on Investments	15,053	474	-	15,527
Miscellaneous	44,282	-	4,554	48,836
<i>Total Cash Receipts</i>	<u>3,093,989</u>	<u>2,206,049</u>	<u>1,570,307</u>	<u>6,870,345</u>
Cash Disbursements				
Current:				
General Government	1,384,933	-	-	1,384,933
Public Safety	-	1,499,395	-	1,499,395
Public Works	205,350	495,228	3,387,287	4,087,865
Conservation-Recreation	148,755	-	-	148,755
Other	7,050	-	-	7,050
Capital Outlay	532,786	295,474	-	828,260
Debt Service:				
Principal Retirement	631,800	-	-	631,800
Interest and Fiscal Charges	40,570	-	-	40,570
<i>Total Cash Disbursements</i>	<u>2,951,244</u>	<u>2,290,097</u>	<u>3,387,287</u>	<u>8,628,628</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	142,745	(84,048)	(1,816,980)	(1,758,283)
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	1,931,083	1,931,083
Sale of Capital Assets	468,501	63,250	-	531,751
Transfers In	-	250,000	218,756	468,756
Transfers Out	(468,756)	-	-	(468,756)
Advances In	130,635	-	130,636	261,271
Advances Out	(130,635)	-	(130,636)	(261,271)
Other Financing Uses	(11,353)	-	-	(11,353)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,608)</u>	<u>313,250</u>	<u>2,149,839</u>	<u>2,451,481</u>
<i>Net Change in Fund Cash Balances</i>	131,137	229,202	332,859	693,198
<i>Fund Cash Balances, January 1</i>	<u>786,754</u>	<u>3,231,389</u>	<u>-</u>	<u>4,018,143</u>
Fund Cash Balances, December 31				
Restricted	-	3,460,591	332,859	3,793,450
Assigned	917,891	-	-	917,891
<i>Fund Cash Balances, December 31</i>	<u>\$ 917,891</u>	<u>\$ 3,460,591</u>	<u>\$ 332,859</u>	<u>\$ 4,711,341</u>

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

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting 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 and recycling collection, police protection, 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.

Joint Ventures, Public Entity Risk Pools and Related Organizations

The Township participates in a public entity risk pool, a joint venture and is associated with a related organization. Notes 6, 12, and 13 to the financial statements provide additional information for these entities.

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:

The Township is the appointing authority for the Twinsburg Township 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.

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.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 Funds:

2031 Road and Bridge Fund - This fund receives money from two special tax levies and is used for constructing, maintaining, and repairing Township roads and bridges.

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.

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:

4403 Marwell #3 Fund - This fund receives money from grants and other debt proceeds and is used to pay for services provided by outside contractors on the Marwell Estates Allotment Road Reconstruction Project Phase 3.

4406 Hadden Fund - This fund receives money from intergovernmental sources and is used to pay for services provided by outside contractors on the Hadden Road Reconstruction Project.

4409 Marwell #4 Fund - This fund receives money from grants and other debt proceeds and is used to pay for services provided by outside contractors on the Marwell Estates Allotment Road Reconstruction Project Phase 4.

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.

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.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 2018 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.

Capital Assets

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

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.

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.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,457,807	\$ 3,562,490	\$ 104,683
Special Revenue	2,520,235	2,519,299	(936)
Capital Projects	6,430,000	3,720,146	(2,709,854)
Total	<u>\$ 12,408,042</u>	<u>\$ 9,801,935</u>	<u>\$ (2,606,107)</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,806,273	\$ 3,607,670	\$ 198,603
Special Revenue	2,467,785	2,360,169	107,616
Capital Projects	4,881,784	4,881,784	-
Total	<u>\$ 11,155,842</u>	<u>\$ 10,849,623</u>	<u>\$ 306,219</u>

Note 4 – 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 and investments at December 31 was as follows:

	2018
Demand deposits	<u>\$3,556,195</u>
Certificates of deposit	903,146
Manuscript Bonds	<u>252,000</u>
Total deposits and investments	<u><u>\$4,711,341</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2017, the most recent information at the time the footnotes were prepared, 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, 2017, the most recent information at the time the footnotes were prepared.

	<u>2017</u>
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 6 – Risk Management (Continued)

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Township's share of these unpaid claims collectible in future years is approximately \$16,000.

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>2018 Contributions to OTARMA</u>
\$35,316

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 2018, 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, 2018.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9 – 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. Both bond issuances were general obligation bonds. The 2012 Series was issued to pay a portion of the costs associated with acquiring and renovating a building to house service and other Township functions. The 2015 Series was issued to pay a portion of the costs associated with acquiring real estate for Township purposes. Manuscript debt payments are made from the General Fund. For the Manuscript Bond, Series 2012, the Township in 2017 pre-paid principal for 2018, 2019, and 2020, and the Township in 2018 pre-paid principal for 2021 and 2022. For Manuscript Bond, Series 2015, the Township in 2018 prepaid principal for 2019, 2020, and 2021. Manuscript debt outstanding at December 31, 2018 was as follows:

Debt	Balance Outstanding 1/1/2018	Additions	Deletions	Balance Outstanding 12/31/2018
Manuscript Bond, Series 2012	\$ 140,000	\$ -	\$ 140,000	\$ -
Manuscript Bond, Series 2015	504,000	-	252,000	252,000
Total	\$ 644,000	\$ -	\$ 392,000	\$ 252,000

Amortization of the above debt, including interest, is scheduled as follows:

Years	Principal	Interest	Principal and Interest
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	-	-	-
2022	63,000	3,780	66,780
2023	63,000	2,835	65,835
2024-2025	126,000	2,835	128,835
Total	\$ 252,000	\$ 9,450	\$ 261,450

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9 – Debt (Continued)

SIB Loan

In 2013, 2017, and 2018 the Township entered into agreements with Ohio Department of Transportation for State Infrastructure Bank (SIB) Loans in accordance with Ohio Revised Code Section 5531.09. The loan agreements were executed April 24, 2013, January 25, 2017, and April 26, 2018, respectively, with 10-year, 10-year, and 15-year terms, respectively, and interest rates of 3 percent each, with interest accrual to begin in the 13th month and semi-annual payments to begin in the 31st month, with final balances outstanding of \$1,172,017 (actual), \$2,137,871 (estimated maximum) and 1,629,480 (estimated maximum) each, with first semi-annual payments due on October 24, 2015, June 1, 2019, and September 2, 2020, respectively, and with last semiannual payments due on April 24, 2023, December 1, 2026, and March 1, 2033, respectively. SIB Loan balances outstanding at December 31, 2018 were as follows:

<u>Debt</u>	<u>Balance Outstanding 1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Outstanding 12/31/2018</u>
SIB, Series 2013	\$ 1,411,817	\$ -	\$ 239,800	\$ 1,172,017
SIB, Series 2017	440,961	1,114,117		1,555,078
SIB, Series 2018	-	816,966	-	816,966
Total	<u>\$ 1,852,778</u>	<u>\$ 1,931,083</u>	<u>\$ 239,800</u>	<u>\$ 3,544,061</u>

Principal and interest requirements (including estimated maximum final balances outstanding for those SIB loans that are not yet completely disbursed) to retire the above loans outstanding at December 31, 2018 are scheduled as follows:

<u>Years</u>	<u>Principal and Capitalized Interest</u>	<u>Interest</u>	<u>Principal and Interest</u>
2019	\$ 487,273	\$ 95,669	\$ 582,942
2020	553,708	105,384	659,092
2021	622,926	112,314	735,240
2022	641,754	93,486	735,240
2023	520,966	74,089	595,055
2024-2028	1,476,097	193,110	1,669,207
2029-2033	636,644	48,696	685,340
Total	<u>\$ 4,939,368</u>	<u>\$ 722,748</u>	<u>\$ 5,662,116</u>

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9 – Debt (Continued)

Leases

In July 2016, 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 \$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 \$197.75 beginning October 2017 and ending in September 2022.

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.

Note 10 – Construction and Contractual Commitments

The Township at December 31, 2018 had six potentially significant outstanding construction contract commitments, those being the Twinsburg Heights Allotment Road Construction Project Phases XI, XII, and XIII, along with the Marwell Estates Allotment Road Reconstruction Project Phases II, III, and IV.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – 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 13 – 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 December 31, 2016, during which the Township gradually became the appointing authority for the Twinsburg Township Water District, formerly known as 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. 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.



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Wheeling, WV 26003
304.232.1358

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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 8, 2019

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 governmental activities of **Twinsburg Township**, Summit County, (the Township) as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated May 8, 2019, 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 8, 2019.

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 report is not suitable for any other purpose.



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

OHIO AUDITOR OF STATE KEITH FABER



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
JULY 16, 2019**