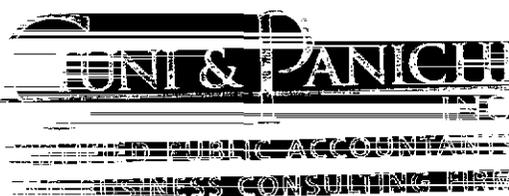


**City Of Twinsburg, Ohio**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 1999**



# **City Of Twinsburg, Ohio**

## **FINANCIAL STATEMENTS**

**DECEMBER 31, 1999**

**CITY OF TWINSBURG, OHIO**

FOR THE YEAR ENDED DECEMBER 31, 1999

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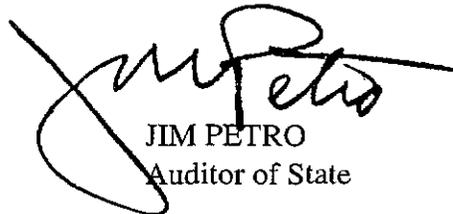
STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398

Honorable Mayor and Members of the Legislative Body  
City of Twinsburg  
Twinsburg, Ohio

We have reviewed the Independent Auditor's Report of the City of Twinsburg, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 1999 through December 31, 1999. 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. The City of Twinsburg is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

June 2, 2000

*Creating economic value through  
knowledge, innovation, commitment, and service*

**CIUNI & PANICHI**  
INC.  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of  
the Legislative Body  
City of Twinsburg  
Twinsburg, Ohio

We have audited the accompanying general-purpose financial statements of the City of Twinsburg, Ohio as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Twinsburg's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Twinsburg, Ohio, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2000 on our consideration of City of Twinsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Ciuni & Panichi Inc.*

Cleveland, Ohio  
March 23, 2000

# CITY OF TWINSBURG, OHIO

## COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS AND OTHER DEBITS</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,911,481	\$ 815,012	\$ 52,777	\$ 7,317,753
Receivable:				
Taxes	953,259	284,367	-	953,259
Accounts	43,673	-	-	-
Interest	169,302	-	-	1,081
Intergovernmental	88,562	46,230	-	-
Special Assessments	-	-	-	-
Material and Supplies Inventory	41,142	-	-	-
Fixed Assets (Net of Accumulated Depreciation)	-	-	-	-
<u>Other Debits</u>				
Amount Available in the Debt Service Fund	-	-	-	-
Amount to be Provided From General Governmental Resources	-	-	-	-
Amount to be Provided From Special Assessments	-	-	-	-
Total Assets and Other Debits	\$ <u>5,207,419</u>	\$ <u>1,145,609</u>	\$ <u>52,777</u>	\$ <u>8,272,093</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Proprietary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Enterprise			
\$ 3,298,887	\$ -	\$ -	\$ 15,395,910
-	-	-	2,190,885
495,309	-	-	538,982
-	-	-	170,383
-	-	-	134,792
366,000	-	-	366,000
30,591	-	-	71,733
65,655,365	17,927,996	-	83,583,361
-	-	52,777	52,777
-	-	325,542	325,542
-	-	505,223	505,223
<u>\$ 69,846,152</u>	<u>\$ 17,927,996</u>	<u>\$ 883,542</u>	<u>\$ 103,335,588</u>

Continued

**CITY OF TWINSBURG, OHIO**

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
(CONTINUED)

**DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b><u>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 314,523	\$ 6,979	\$ -	\$ 267,241
Accrued Wages	119,239	106,777	-	-
Accrued Compensated Absences	99,700	100,288	-	-
Due to Other Governments	176,609	-	-	-
Deferred Revenue	-	284,367	-	-
Accrued Pension	133,474	187,593	-	-
Accrued Interest Payable	-	-	-	-
Notes Payable	-	-	-	-
Special Assessments Bonds Payable	-	-	-	-
Total Liabilities	<u>843,545</u>	<u>686,004</u>	<u>-</u>	<u>267,241</u>
<b><u>Fund Equity and Other Credits</u></b>				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings:				
Unreserved (Deficit)	-	-	-	-
Fund Balance:				
Reserve for Encumbrances	286,647	7,305	-	2,477,332
Reserve for Inventory	41,142	-	-	-
Undesignated (Deficit)	<u>4,036,085</u>	<u>452,300</u>	<u>52,777</u>	<u>5,527,520</u>
Total Fund Equity and Other Credits	<u>4,363,874</u>	<u>459,605</u>	<u>52,777</u>	<u>8,004,852</u>
Total Liabilities, Fund Equity and Other Credits	\$ <u>5,207,419</u>	\$ <u>1,145,609</u>	\$ <u>52,777</u>	\$ <u>8,272,093</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Proprietary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Enterprise			
\$ 140,253	\$ -	\$ -	\$ 728,996
67,447	-	-	293,463
106,173	-	325,542	631,703
-	-	-	176,609
366,000	-	-	650,367
70,657	-	-	391,724
6,612	-	-	6,612
2,573,000	-	-	2,573,000
<u>320,000</u>	<u>-</u>	<u>558,000</u>	<u>878,000</u>
<u>3,650,142</u>	<u>-</u>	<u>883,542</u>	<u>6,330,474</u>
-	17,927,996	-	17,927,996
84,444,317	-	-	84,444,317
(18,248,307)	-	-	(18,248,307)
-	-	-	2,771,284
-	-	-	41,142
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,068,682</u>
<u>66,196,010</u>	<u>17,927,996</u>	<u>-</u>	<u>97,005,114</u>
\$ <u>69,846,152</u>	\$ <u>17,927,996</u>	\$ <u>883,542</u>	\$ <u>103,335,588</u>

# CITY OF TWINSBURG, OHIO

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>
<b><u>Revenues</u></b>		
Property Taxes	\$ -	\$ 297,900
Municipal Income Tax	9,012,937	-
Other Local Taxes	313,399	-
Intergovernmental	718,405	728,192
Charges for Services	604,517	107,138
Licenses and Permits	585,275	175,593
Fines and forfeitures	72,744	9,000
Special Assessments	-	-
Investment Income	934,661	-
Reimbursements Received	163,468	-
Miscellaneous Income	<u>254,638</u>	<u>27,070</u>
Total Revenues	<u>12,660,044</u>	<u>1,344,893</u>
<b><u>Expenditures</u></b>		
Current Operations and Maintenance:		
Security of Persons and Property	4,615,597	938,210
Public Health	162,940	-
Leisure Time Activities	1,405,492	75,151
Community Development	1,366,271	24,800
Basic Utility Service	-	-
Transportation	2,949,053	1,762,643
General Government	2,359,414	-
Capital Outlay	-	129,574
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>12,858,767</u>	<u>2,930,378</u>
Excess of Revenues Over (Under) Expenditures	<u>(198,723)</u>	<u>(1,585,485)</u>
<b><u>Other Financing Sources (Uses)</u></b>		
Operating Transfers - In	-	300,018
Operating Transfers - Out	<u>(695,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(695,000)</u>	<u>300,018</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(893,723)	(1,285,467)
Fund Balance at Beginning of Year, as Restated	5,294,497	1,745,072
Decrease in Reserve for Inventory	<u>(36,900)</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>4,363,874</u>	\$ <u>459,605</u>

The Accompanying Notes are an Integral Part of These Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 297,900
-	9,012,937	18,025,874
-	-	313,399
-	-	1,446,597
-	451,752	1,163,407
-	-	760,868
-	-	81,744
176,960	-	176,960
-	2,267	936,928
-	-	163,468
-	<u>321,647</u>	<u>603,355</u>
<u>176,960</u>	<u>9,788,603</u>	<u>23,970,500</u>
-	-	5,553,807
-	-	162,940
-	-	1,480,643
-	-	1,391,071
-	1,878,436	1,878,436
-	1,751,671	6,463,367
-	776,153	3,135,567
-	2,033,011	2,162,585
128,000	-	128,000
<u>48,960</u>	-	<u>48,960</u>
<u>176,960</u>	<u>6,439,271</u>	<u>22,405,376</u>
-	<u>3,349,332</u>	<u>1,565,124</u>
-	-	300,018
-	-	(695,000)
-	-	(394,982)
-	3,349,332	1,170,142
52,777	4,655,520	11,747,866
-	-	(36,900)
<u>\$ 52,777</u>	<u>\$ 8,004,852</u>	<u>\$ 12,881,108</u>

# CITY OF TWINSBURG, OHIO

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 1999

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Revenues</b>			
Municipal Income Taxes	\$ 8,500,000	\$ 8,903,002	\$ 403,002
Other Local Taxes	306,533	309,902	3,369
Intergovernmental	735,908	743,996	8,088
Charges for Services	597,945	604,517	6,572
Licenses and Permits	625,277	585,275	(40,002)
Fines and Forfeitures	71,954	72,744	790
Investment Income	792,726	801,439	8,713
Reimbursements Received	308,956	247,644	(61,312)
Miscellaneous Income	168,736	163,468	(5,268)
Total Revenue	<u>12,108,035</u>	<u>12,431,987</u>	<u>323,952</u>
<b>Expenditures</b>			
Current Operations and Maintenance:			
Security of Persons and Property	4,801,745	4,680,713	121,032
Public Health	162,948	162,947	1
Leisure Time Activities	1,420,115	1,384,409	35,706
Community Development	1,835,902	1,571,418	264,484
Transportation	3,054,015	2,923,142	130,873
General Government	2,706,435	2,377,259	329,176
Total Expenditures	<u>13,981,160</u>	<u>13,099,888</u>	<u>881,272</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,873,125)</u>	<u>(667,901)</u>	<u>1,205,224</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers - Out	<u>(606,955)</u>	<u>(695,000)</u>	<u>(88,045)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,480,080)</u>	<u>(1,362,901)</u>	<u>1,117,179</u>
Outstanding Encumbrance at Year End	313,176	313,176	-
Fund Balance at Beginning of Year	<u>4,961,206</u>	<u>4,961,206</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>2,794,302</u>	\$ <u>3,911,481</u>	\$ <u>1,117,179</u>

Continued

The Accompanying Notes are an Integral Part of These Financial Statements

**CITY OF TWINSBURG, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL  
GOVERNMENTAL FUND TYPES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>			
Property Taxes	\$ 296,100	\$ 297,899	\$ 1,799
Intergovernmental	741,969	732,991	(8,978)
Charges for Services	254,201	107,138	(147,063)
Licenses and Permits	164,620	175,593	10,973
Fines and forfeitures	350	1,500	1,150
Miscellaneous Income	<u>16,468</u>	<u>14,591</u>	<u>(1,877)</u>
Total Revenue	<u>1,473,708</u>	<u>1,329,712</u>	<u>(143,996)</u>
<b><u>Expenditures</u></b>			
Current Operations and Maintenance:			
Security of Persons and Property	796,455	781,099	15,356
Leisure Time Activities	257,350	75,581	181,769
Community Development	55,979	48,569	7,410
Transportation	1,814,600	1,755,663	58,937
Capital Outlay	<u>173,834</u>	<u>116,550</u>	<u>57,284</u>
Total Expenditures	<u>3,098,218</u>	<u>2,777,462</u>	<u>320,756</u>
Excess of Revenues Over (Under) Expenditures	(1,624,510)	(1,447,750)	176,760
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers - In	<u>275,000</u>	<u>300,018</u>	<u>25,018</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,349,510)	(1,147,732)	201,778
Outstanding Encumbrances at End of Year	7,305	7,305	-
Fund Balance at Beginning of Year	<u>1,955,439</u>	<u>1,955,439</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>613,234</u>	\$ <u>815,012</u>	\$ <u>201,778</u>

Continued

**CITY OF TWINSBURG, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL  
GOVERNMENTAL FUND TYPES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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	<u>Debt Service Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
<u>Revenues</u>			
Special Assessments	\$ <u>149,904</u>	\$ <u>176,960</u>	\$ <u>27,056</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	128,000	128,000	-
Interest and Fiscal Charges	<u>52,110</u>	<u>48,960</u>	<u>3,150</u>
Total Expenditures	<u>180,110</u>	<u>176,960</u>	<u>3,150</u>
Excess of Revenues Over (Under) Expenditures	(30,206)	-	30,206
Fund Balance at Beginning of Year	<u>52,777</u>	<u>52,777</u>	-
Fund Balance at End of Year	\$ <u>22,571</u>	\$ <u>52,777</u>	\$ <u>30,206</u>

Continued

**CITY OF TWINSBURG, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL  
GOVERNMENTAL FUND TYPES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Capital Projects Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Municipal Income Taxes	\$ 8,500,000	\$ 8,903,002	\$ 403,002
Charges for Services	609,187	470,842	(138,345)
Investment Income	12,655	8,651	(4,004)
Reimbursement Received	<u>302,556</u>	<u>302,557</u>	<u>1</u>
Total Revenue	<u>9,424,398</u>	<u>9,685,052</u>	<u>260,654</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Basic Utility Services	1,875,000	1,693,241	181,759
Transportation	7,789,937	2,317,801	5,472,136
General Government	570,581	776,153	(205,572)
Capital Outlay	<u>4,700,090</u>	<u>5,891,267</u>	<u>(1,191,177)</u>
Total Expenditures	<u>14,935,608</u>	<u>10,678,462</u>	<u>4,257,146</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,511,210)</u>	<u>(993,410)</u>	<u>4,517,800</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - Out	<u>(74,353)</u>	<u>-</u>	<u>74,353</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,585,563)	(993,410)	4,592,153
Outstanding Encumbrances at Year End	2,493,961	2,493,961	-
Fund Balance at Beginning of Year, as Restated	<u>5,817,202</u>	<u>5,817,202</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>2,725,600</u>	\$ <u>7,317,753</u>	\$ <u>4,592,153</u>

# CITY OF TWINSBURG, OHIO

## COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY – ALL PROPRIETARY FUND TYPES

**FOR THE YEAR ENDED DECEMBER 31, 1999**

---

	<u>Enterprise</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 3,827,950
Miscellaneous Income	<u>144,709</u>
Total Operating Revenues	<u>3,972,659</u>
<u>Operating Expenses</u>	
Personal Services	2,254,512
Materials and Supplies Inventory	364,798
Contractual Services	854,823
Depreciation	2,029,362
Capital Outlay	<u>1,194,123</u>
Total Operating Expenses	<u>6,697,618</u>
Operating Loss	(2,724,959)
<u>Non-Operating Revenues (Expenses)</u>	
Investment Income	8,168
Interest and Fiscal Charges	(158,137)
Special Assessments	<u>206,699</u>
Total Non-Operating Revenues (Expenses)	<u>56,730</u>
Loss Before Operating Transfers	(2,668,229)
Operating Transfers – In	<u>394,982</u>
Net Loss	(2,273,247)
Retained Earnings at Beginning of Year	<u>(15,975,060)</u>
Retained Earnings at End of Year	<u>(18,248,307)</u>
Contributed Capital at Beginning of Year	71,470,505
Contributions	<u>12,973,812</u>
Contributed Capital at End of Year	<u>84,444,317</u>
Total Fund Equity at End of Year	\$ <u>66,196,010</u>

The Accompanying Notes are an Integral Part of These Financial Statements

# CITY OF TWINSBURG, OHIO

## COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL PROPRIETARY FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ 4,047,479	\$ 3,810,434	\$ (237,045)
Special Assessments	175,096	206,699	31,603
Investment Income	8,747	8,558	(189)
Reimbursement	143,373	140,026	(3,347)
Other	<u>4,375</u>	<u>4,457</u>	<u>82</u>
Total Revenue	<u>4,379,070</u>	<u>4,170,174</u>	<u>(208,896)</u>
<u>Expenses</u>			
Personal Services	2,305,724	2,201,601	104,123
Travel and Education	10,100	3,620	6,480
Contractual Services	1,027,472	855,672	171,800
Supplies and Materials	428,718	366,103	62,615
Capital Outlay	2,271,063	1,335,293	935,770
Debt Service:			
Principal Retirement	206,000	206,000	-
Interest and Fiscal Charges	<u>153,633</u>	<u>153,633</u>	<u>-</u>
Total Expenses	<u>6,402,710</u>	<u>5,121,922</u>	<u>1,280,788</u>
Excess of Revenues Over (Under) Expenses	<u>(2,023,640)</u>	<u>(951,748)</u>	<u>1,071,892</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	250,000	394,982	144,982
Operating Transfers - Out	<u>(975,000)</u>	<u>-</u>	<u>975,000</u>
Total Other Financing Sources (Uses)	<u>(725,000)</u>	<u>394,982</u>	<u>1,119,982</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(2,748,640)	(556,766)	2,191,874
Outstanding Encumbrances at Year End	185,316	185,316	-
Fund Balance at Beginning of Year	<u>3,670,337</u>	<u>3,670,337</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>1,107,013</u>	\$ <u>3,298,887</u>	\$ <u>2,191,874</u>

The Accompanying Notes are an Integral Part of These Financial Statements

# CITY OF TWINSBURG, OHIO

## COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise</u>
<u>Cash Flows From Operating Activities</u>	
Cash Received from Customers	\$ 3,954,917
Cash Payments for Personal Services	(2,201,601)
Cash Payments for Travel and Education	(3,620)
Cash Payments for Contractual Services	(1,945,307)
Cash Payments to Vendors for Supplies and Materials	<u>(365,140)</u>
Net Cash Used in Operating Activities	<u>(560,751)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Principal Paid on Debt Maturities	(206,000)
Acquisition of Capital Assets	(61,305)
Interest Paid on Debt	<u>(153,633)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(420,938)</u>
<u>Cash Flows From Investing Activities</u>	
Interest Received	<u>8,558</u>
<u>Cash Flows From Non-Capital Financing Activities</u>	
Operating Transfers - In	394,982
Special Assessments	<u>206,699</u>
Net Cash Provided by Non-Capital Financing Activities	<u>601,681</u>
Net Decrease in Cash and Cash Equivalents	(371,450)
Cash and Cash Equivalents at Beginning of Year	<u>3,670,337</u>
Cash and Cash Equivalents at End of Year	\$ <u>3,298,887</u>

Continued

### Noncash Investing, Capital and Financing Activities

In 1999, the Enterprise Fund acquired fixed assets of \$12,973,812 via governmental contributions.

The Accompanying Notes are an Integral Part of These Financial Statements

**CITY OF TWINSBURG, OHIO**

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
(CONTINUED)

**FOR THE YEAR ENDED DECEMBER 31, 1999**

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Reconciliation of Operating Loss to Net Cash From Operating Activities

Operating Loss	\$ (2,724,959)
Adjustment to Reconcile Operating Loss to Net Cash From Operating Activities:	
Depreciation	2,029,362
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(17,743)
Increase in Material and Supplies Inventory	(342)
Increase in Accounts Payable	103,640
Increase in Accrued Pension	22,089
Increase in Accrued Wages and Benefits	20,890
Increase in Compensated Absences	<u>6,312</u>
Net Cash Used in Operating Activities	\$ <u>(560,751)</u>

The Accompanying Notes are an Integral Part of These Financial Statements

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 1999

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Twinsburg have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### A. THE REPORTING ENTITY

The City of Twinsburg is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council form of government, was adopted November 3, 1981.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based on this criterion there are no component units, the City is the primary government.

The City of Twinsburg is divided into various departments and financial management and control systems. The City departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department, a waste water treatment system, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process and therefore is included as a part of the reportable entity.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### B. BASIS OF PRESENTATION – FUND ACCOUNTING

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

#### GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City's governmental fund types:

##### GENERAL FUND

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Twinsburg and/or the general laws of Ohio.

##### SPECIAL REVENUE FUNDS

The special revenue funds are used to account for revenues derived from specific taxes, grants, or other sources (other than amounts relating to major capital projects) whose use is restricted. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

##### DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

##### CAPITAL PROJECTS FUNDS

The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

#### PROPRIETARY FUNDS

The proprietary fund is used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following is the City's proprietary fund type:

#### ENTERPRISE FUND

The enterprise fund is used to account for the City's sewer, fitness center, and the golf course operations. It is financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

#### FIDUCIARY FUNDS

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City has no trust funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

#### ACCOUNT GROUPS

To make a clear distinction between fixed assets related to a specific fund and those of general government, and between long term liabilities related to specific funds and those of a general nature, the following account groups are used:

#### GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is used to account for fixed assets other than those accounted for in the proprietary funds. These assets do not represent financial resources available for expenditure.

#### GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The general long-term obligations account group is used to account for all unmatured long-term obligations of the City that are not a specific liability of the proprietary funds.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for reporting purposes by the governmental fund types and agency funds. Under this method of accounting, the City recognizes revenue when it becomes both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 31 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term and special assessment obligations are recognized when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues accrued at the end of the year included income taxes withheld by employers, interest on investments, intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance), fines and forfeitures, and reimbursements due from federally funded projects for which corresponding expenditures have been made.

Other revenues, including licenses, permits, certain charges for services, income taxes other than those withheld by employers, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The accrual basis of accounting is used for reporting purposes by the proprietary funds. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Unbilled service charges are recognized as revenue at year end.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### C. BASIS OF ACCOUNTING (CONTINUED)

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized. Special assessment installments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999 and delinquent property taxes, whose availability is indeterminate and which are not intended to finance the current year, have also been recorded as deferred revenue as further described in Note 5.

### D. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reported in the combined financial statements:

#### TAX BUDGET

A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year. All funds, except Agency funds, are legally required to be budgeted.

#### ESTIMATED RESOURCES

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1 the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if money from a new revenue source is received or if actual receipts exceed current estimates. The amounts set forth in the financial statements represent estimates from the final amended certificate issued for 1999.

#### ANNUAL ESTIMATE

The Mayor, with the assistance of the Finance Director, is required by charter to submit to Council, on or before December 1 of each fiscal year, an estimate of the revenues and expenditures of each fund of the City for the next succeeding fiscal year. The annual estimate serves as the basis for appropriations (the appropriated budget) in each fund.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### D. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

#### APPROPRIATIONS

An appropriation ordinance (the appropriated budget) to control the level of expenditures for all funds must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the Official Amended Certificate of Estimated Resources. Supplemental appropriations may be adopted by Council action. Amounts shown in the financial statements represent the appropriated budgeted amounts and all supplemental appropriations. Several supplemental appropriation measures were legally enacted during 1999 by Council.

#### BUDGETED LEVEL OF EXPENDITURE

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, except capital project funds, council appropriations are made to personal services, travel and education, contractual services, supplies and materials, capital outlay, debt principal and interest payments, and transfer accounts for each department. Capital Project Funds are appropriated by department or project. The appropriations set by Council must remain fixed unless amended by Council ordinance. More detailed appropriations set by Council must remain fixed unless amended by Council ordinance. More detailed appropriation allocations may be made by the Finance Director as long as the allocations are within Council's appropriated amount.

#### ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds, and as a note disclosure for proprietary funds.

#### LAPSING OF APPROPRIATIONS

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and is reappropriated.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### E. POOLED CASH AND INVESTMENTS

The City pools individual cash balances in a bank account and short-term cash equivalents for investment purposes. These balances are stated at cost or amortized cost.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments with original maturities of three months or less are considered to be cash equivalents.

### POLICIES AND PRACTICES

Interest allocation is determined by the Ohio Constitution, state statutes, and local ordinances adopted under City Charter. Under these provisions, City funds required to receive interest allocations are 1) those which receive proceeds from the sale of notes and/or bonds and 2) those which receive distributions of state gasoline tax and motor vehicles license fees (street maintenance and state highway special revenue funds). All remaining interest is allocated to the general fund.

### F. INVENTORY OF SUPPLIES

Inventory is valued at cost on a first-in, first-out basis. At December 31, 1999 the General and Enterprise Funds maintained the only significant inventory. The costs of governmental fund type inventories are recorded as expenditures in the fund when purchased. The reserve for inventory indicates that a portion of the fund balance is not available for future expenditures. For proprietary funds, inventory is expended when consumed.

### G. FIXED ASSETS

The fixed asset values were initially determined at December 31, 1988, by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair value on the date donated.

### GENERAL FIXED ASSETS

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost in the general fixed asset account group.

CITY OF TWINSBURG, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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G. FIXED ASSETS (CONTINUED)

GENERAL FIXED ASSETS (CONTINUED)

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the government. In addition, intangible assets such as software and licenses are not capitalized.

PROPRIETARY FUND FIXED ASSETS

Fixed assets associated with sewer enterprise fund activities are accounted for in that fund. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. The assets of the sewer enterprise fund are depreciated on the following basis:

	<u>Years</u>
Buildings	7 - 45
Machinery and Equipment	6 - 40
Vehicles	5 - 7
Sewer Lines	40

CAPITALIZATION OF INTEREST

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999, net interest costs incurred on construction projects were not material.

H. COMPENSATED ABSENCES

In conformity with GASB Statement No. 16, the City accrues vacation and compensatory time benefits as earned by its employees if the leave is attributable to past service and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the City accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at December 31, 1999. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### H. COMPENSATED ABSENCES (CONTINUED)

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Accumulated vacation leave must be taken within three months after year end or be forfeited unless approved by the Mayor or Council by motion.

Sick leave is earned at the rate of ten hours per month for full-time employees and 4.6 hours per eighty hours worked by part-time employees. Each employee with the City is paid for up to 180 days or a maximum of 1,440 hours, upon retirement from the City, and 30 years of service for Public Employees Retirement System (PERS) employees and 15 years of service for retiring police and fire employees.

For governmental funds, the City provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using available expendable resources, and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid.

In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

### I. LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt retirement fund has been split among the appropriate funds and account group. Debt Service Fund resources used to pay both principal and interest have also been allocated accordingly.

### J. CONTRIBUTED CAPITAL

Contributed capital represents donations by developers, contributions made by the City and assets whose construction was financed by special assessments. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### J. CONTRIBUTED CAPITAL (CONTINUED)

Prior to 1988, the City had not prepared its financial statements in accordance with generally accepted accounting principles. Therefore, the exact amount of contributed capital pertaining to years prior to 1988 cannot be determined. It has been the policy of the City to construct and acquire capital assets used in operations of the sewer fund with resources of the capital projects funds or through donations by developers. These assets are recorded as contributed capital in the accompanying combined financial statements.

### K. RESERVES OF FUND EQUITY

Reserves of fund equity in governmental funds indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbrances and inventory of supplies and materials.

### L. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

*Nonrecurring and nonroutine transfers of equity between funds, capital contributions to the Enterprise fund, the subsequent return of all or part of such contributions, and the transfer of residual balances of discontinued funds or projects to the General fund, Capital Projects fund, or Debt Service funds (when financed with debt proceeds) are classified as residual equity transfers.*

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

### M. INTERGOVERNMENTAL REVENUES

In governmental funds, federal grants awarded on a non-reimbursement basis and federal entitlements are recorded as *intergovernmental receivables and revenues* when measurable and available. Federal reimbursable-type grants are recorded as *intergovernmental receivables and revenues* when the related liabilities are incurred.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### N. MEMORANDUM ONLY – TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS

Total columns on the Combined Financial Statements are captioned “(Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### O. FINANCIAL REPORTING AND ACCOUNTING FOR PROPRIETARY FUNDS

Under the guidelines of GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting”, the City has elected not to apply Financing Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities. The adoption of this approach to accounting for proprietary activities by the City required no change from prior years.

### NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

#### A. FUND EQUITY DEFICIT

The Enterprise Fund had a deficit retained earnings at December 31, 1999, of \$18,248,307 as a result of accumulated operating losses and the issuance of new debt. The deficit will be eliminated as rates are increased and debt is paid down.

#### B. EXCESS OF APPROPRIATIONS OVER CERTIFICATE OF ESTIMATED RESOURCES

The Twinsburg Fitness Center Enterprise Fund had an excess of appropriations over Certificate of Estimated Resources at December 31, 1999, of \$84,387.

### NOTE 3 – DEPOSITS AND INVESTMENTS

The City’s Charter specifies that investments of the City will adhere to State statutes. Under these statutes, the Finance Director is responsible for selecting depositories and investing funds. The City, by statute, is to limit deposits and investments of City funds to insured demand deposit accounts, certificates of deposit, United States treasury bills, or obligations of other United States governmental agencies for which the principal and interest is guaranteed by the United States government, and repurchase agreements.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

### NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Protection of City cash and investments is provided by the various federal deposit insurance corporations as well as qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110% of public funds deposited. At least quarterly the City determines that the collateral has a market value adequate to cover the deposits. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end, the carrying amount of the City's deposits was \$6,431,570 and the bank balance was \$7,514,844. Of the bank balance:

1. \$300,000 was covered by the federal depository insurance, by collateral held by the City or by collateral held by a qualified third party trustee in the name of the City.
2. \$7,214,844 was uninsured and uncollateralized as defined by the GASB because the collateral pledged by the financial institutions or their trust departments or agents is not in the City's name.

The City's investments are detailed below and are categorized to give an indication of the level of risk assumed by the City at year end. The City's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

<u>Description</u>	<u>Risk Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
State Treasurer's Investment			
Pool (STAROhio) *	\$ -	\$ 4,104,340	\$ 4,104,340
Repurchase Agreements	<u>4,860,000</u>	<u>4,860,000</u>	<u>4,860,000</u>
* Noncategorized	\$ <u>4,860,000</u>	\$ <u>8,964,340</u>	\$ <u>8,964,340</u>

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### NOTE 4 – INCOME TAX

The City levies and collects an income tax of 2.0% on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The City, by ordinance, allocates income tax revenues and expenditures for collecting, administering, and enforcing the tax to the general and capital projects funds. Income tax revenue for 1999 on a GAAP basis was \$18,025,874. The actual cash collected in 1999 was \$17,806,004.

### NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the state statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1993. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Twinsburg. The County Auditor periodically remits to the City its portion of the taxes collected.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

### NOTE 5 - PROPERTY TAXES (CONTINUED)

The full tax rate for all City operations for the year ended December 31, 1999, was \$6.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Category	<u>Assessed Value</u>
Real Estate	\$ 363,940,620
Public Utility	13,818,480
Tangible Personal	<u>120,525,901</u>
Total	\$ <u>498,285,001</u>

### NOTE 6 - FIXED ASSETS

#### A. GENERAL FIXED ASSETS

Changes in general fixed assets during 1999 were as follows:

	<u>Balances</u> <u>1-1-99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>12-31-99</u>
Land	\$ 1,637,331	\$ -	\$ 19,090	\$ 1,618,241
Land Improvements	1,160,122	-	-	1,160,122
Buildings	5,222,806	291,836	234,265	5,280,377
Machinery and Equipment	6,230,219	225,125	-	6,455,344
Vehicles	<u>2,939,407</u>	<u>189,205</u>	<u>222,768</u>	<u>2,905,844</u>
Subtotal	17,189,885	706,166	476,123	17,419,928
Construction in Progress	<u>14,007,020</u>	<u>-</u>	<u>13,498,952</u>	<u>508,068</u>
	\$ <u>31,196,905</u>	\$ <u>706,166</u>	\$ <u>13,975,075</u>	\$ <u>17,927,996</u>

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### NOTE 6 – FIXED ASSETS (CONTINUED)

#### B. ENTERPRISE FUND FIXED ASSETS

A summary of proprietary fund type property, plant and equipment at December 31, 1999 were as follows:

	<u>Balances</u> <u>12-31-99</u>
Land	\$ 2,733,767
Buildings	23,938,779
Machinery and Equipment	1,498,708
Vehicles	148,700
Sewer Lines	<u>59,664,732</u>
	87,984,686
Less:	
Accumulated Depreciation	<u>(22,329,321)</u>
Fixed Assets Net of Accumulated Depreciation	\$ <u>65,655,365</u>

### NOTE 7 – DEFINED BENEFIT PENSION PLANS

#### A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City of Twinsburg contributes to the Public Employees Retirement System of Ohio (“System”), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. The System provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. The System issues a stand alone financial report. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. The contribution rates are determined actuarially. The City’s contributions to the System for the years ended December 31, 1999, 1998, and 1997 were \$490,507, \$411,116, and \$362,660, respectively, equal to the required contributions for each year.

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

#### B. OHIO POLICE AND FIRE PENSION FUND

The City of Twinsburg contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent to their annual covered salary, while employers are required to contribute, 19.5 percent and 24 percent, respectively for police officers and firefighters. The City of Twinsburg contributions to OP&F for the years ending December 31, 1999, 1998, and 1997 were \$600,319, \$519,584, and \$472,062, respectively, equal required contributions for each year.

### NOTE 8 - POSTEMPLOYMENT BENEFITS

#### A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credits and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care in 1999.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$524 million as of December 31, 1999. The unaudited estimated net assets available for future OPEB payments were \$9,870 million. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062. The City of Twinsburg's actual contribution for 1999 which was used to fund postemployment benefits was \$220,334.

## CITY OF TWINSBURG, OHIO

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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#### NOTE 8 – POSTEMPLOYMENT BENEFITS (CONTINUED)

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

#### B. OHIO POLICE AND FIRE PENSION FUND

The Ohio Police and Fire Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered another Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care cost be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll, and the total firefighter employer contribution rate is 24 percent of covered payroll. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.5 percent and 7.0 percent of covered payroll in 1998 and 1999, respectively. The allocation is 7.25 percent in 2000. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998 (the latest information available) was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$100,859 for police and \$93,146 for firefighters. The Fund's total health care expenses for the year ending December 31, 1998 (the latest information available) were \$78,596,790.

#### NOTE 9 – COMPENSATED ABSENCES

Accumulated unpaid vacation is accrued when earned and is normally paid in the first three months of the subsequent calendar year. In accordance with the Codified Ordinances of the City, unused vacation pay cannot be carried over from year to year. Accordingly, all accrued vacation pay is considered to be a current liability. City employees are paid for earned, unused vacation leave at the time of the termination of their employment.

**CITY OF TWINSBURG, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 9 – COMPENSATED ABSENCES (CONTINUED)

Sick leave is earned at the rate of ten hours per month for full-time employees and 4.6 hours per eighty hours worked by part-time employees. Each employee with the City is paid for up to 180 days or a maximum of 1,440 hours, upon retirement from the City, and 30 years of service for PERS employees and 20 years of service for retiring police employees. Individuals leaving the employment of the City prior to retirement lose their accumulated sick leave.

At December 31, 1999 the current amount of unpaid compensated absences and the balance of the liability in the General Long-Term Obligations Account Group were \$199,988 and \$325,542, respectively. The liability for compensated absences in the proprietary fund at December 31, 1999 was \$106,173.

NOTE 10 – DEBT OBLIGATIONS

A. NOTE DEBT

Note debt activity for the year ended December 31, 1999 consisted of the following:

<u>GENERAL OBLIGATION NOTES</u>	<u>Balance December 31, 1998</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 1999</u>
4.75% 1997 Gleneagles Golf Course, due through 2000	\$ 2,609,000	\$ (70,000)	\$ 2,539,000
5.00% 1997 Gleneagles Equipment, due through 2005	<u>65,000</u>	<u>(31,000)</u>	<u>34,000</u>
Total General Obligations Notes	\$ <u>2,674,000</u>	\$ <u>(101,000)</u>	\$ <u>2,573,000</u>

**CITY OF TWINSBURG, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 10 - DEBT OBLIGATIONS (CONTINUED)

B. BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

Bonded debt and other long-term obligations payable activity for the year ended December 31, 1999 was as follows:

<u>SPECIAL ASSESSMENT BONDS</u>	<u>Balance December 31, 1998</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 1999</u>
6.24% 1991 Cannon/Case North/Darrow Water Improvement, due through 2011	\$ 425,000	\$ (105,000)	\$ 320,000
4.75% Case Parkway South, due through 2002	280,000	(70,000)	210,000
5.00% Creekside/Glenwood Improvement, due through 2013	255,000	(45,000)	210,000
6.00% Darrow/Chamberlin, due through 2015	<u>151,000</u>	<u>(13,000)</u>	<u>138,000</u>
Total Special Assessment Bonds	\$ <u>1,111,000</u>	\$ <u>(233,000)</u>	\$ <u>878,000</u>

C. OTHER LONG-TERM OBLIGATIONS

	<u>Balance December 31, 1998</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 1999</u>
Accrued Compensated Absences	\$ <u>271,711</u>	\$ <u>53,831</u>	\$ <u>325,542</u>
Total All Long-Term Obligations	\$ <u>4,056,711</u>	\$ <u>(280,169)</u>	\$ <u>3,776,542</u>

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 1999 were as follows:

<u>Year</u>	<u>General Obligation Notes</u>		<u>Special Assessment Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2000	\$ 107,000	\$ 122,302	\$ 243,000	\$ 48,805	\$ 521,107
2001	77,000	117,135	243,000	35,330	472,465
2002	80,000	113,478	108,000	21,745	323,223
2003	84,000	109,678	38,000	16,210	247,888
2004	88,000	105,688	38,000	14,000	245,688
2005-2009	2,137,000	101,508	130,000	42,250	2,410,758
2010-2014			75,000	10,490	85,490
2015			<u>3,000</u>	<u>180</u>	<u>3,180</u>
Totals	\$ <u>2,573,000</u>	\$ <u>669,789</u>	\$ <u>878,000</u>	\$ <u>189,010</u>	\$ <u>4,309,799</u>

**CITY OF TWINSBURG, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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NOTE 10 - DEBT OBLIGATIONS (CONTINUED)

C. OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefited from the project. Special assessment monies will be received in, and the debt will be retired through, the Special Assessment Bond Retirement Debt Service Fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

NOTE 11 - RISK MANAGEMENT

The City maintains comprehensive insurance coverage with private insurance carriers for real property, building contents, vehicle and general liability insurance, and police professional liability insurance.

The City continues to carry health insurance through Medical Mutual of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The operations of the Enterprise Funds are accounted for, financed and recorded in a manner similar to that of private enterprises whereby it is the City's intent that the costs of providing these goods or services be financed primarily through user charges.

Segment information for the Enterprise Funds is summarized as follows:

	<u>Sewer</u>	<u>Golf Course</u>	<u>Fitness Center</u>	<u>Total</u>
For the Year Ended December 31, 1999:				
Operating Revenues	\$ 2,293,373	\$ 1,136,382	\$ 542,904	\$ 3,972,659
Depreciation Expense	1,732,448	26,862	270,052	2,029,362
Operating Income (Loss)	(2,395,273)	226,304	(555,990)	(2,724,959)
Net Income (Loss)	(2,180,406)	68,167	(161,008)	(2,273,247)
Operating Transfers - In			394,982	394,982
As of December 31, 1999:				
Current Contributed Capital	973,812	-	12,000,000	12,973,812
Net Working Capital	3,593,251	125,857	80,537	3,799,645
Total Assets	55,004,502	2,996,002	11,845,648	69,846,152
Bonds Outstanding	320,000			320,000
Notes Outstanding		2,573,000		2,573,000
Total Fund Equity	54,234,500	115,861	11,845,649	66,196,010

# CITY OF TWINSBURG, OHIO

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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### NOTE 13 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statements of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – All Governmental Fund Types and the Statement of Revenues, Expenses, and Changes in Fund Balance – Budget and Actual – All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are identified as follows:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures/Expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental Funds, and note disclosure for Proprietary Funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the governmental funds and proprietary funds are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ (893,723)	\$ (1,285,467)	\$ -	\$ 3,349,332
Increase (Decrease) Due To:				
Revenue Accruals	(228,057)	(15,181)	-	(103,551)
Expenditure Accruals	72,055	160,221	-	(1,745,230)
Outstanding Encumbrances	<u>(313,176)</u>	<u>(7,305)</u>	<u>-</u>	<u>(2,493,961)</u>
Budget Basis	\$ <u>(1,362,901)</u>	\$ <u>(1,147,732)</u>	\$ <u>-</u>	\$ <u>(993,410)</u>

**CITY OF TWINSBURG, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

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NOTE 13 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

Excess Revenues Over (Under) Expenses,  
Advances and Transfers/Net Income (Loss)

	<u>Proprietary Fund Type</u> <u>Enterprise</u>
Net Loss	\$ (2,273,247)
Increase (Decrease) Due To:	
Revenue Accruals	(17,352)
Expenses Accruals	(110,213)
Outstanding Encumbrances	(185,316)
Depreciation Expense	<u>2,029,362</u>
Budget Basis Income	\$ <u>(556,766)</u>

NOTE 14 – CONTINGENCIES/PENDING LITIGATION

The City is currently involved in a variety of litigation. It is the opinion of the City's Law Director that the outcome of these could have a material effect on the City's financial position.

NOTE 15 – RESTATEMENT OF PRIOR YEAR'S FUND BALANCE

During 1998, the City deposited \$200,000 from the Capital Improvement Capital Projects Fund into a separate bank account to provide resources for home improvements within the City. There have been no improvements made since inception of the program, but the account continues to earn interest. Upon review of the prior year's fund balance, the account was not included. Therefore, the following restatement of the total Capital Project Funds fund balance was made:

	General Purpose Financial Statement, <u>GAAP Basis</u>	Budget vs. Actual, <u>Cash Basis</u>
Beginning Fund Balance, as Previously Reported	\$ 4,455,293	\$ 5,616,975
Adjustment for Cash Account	<u>200,227</u>	<u>200,227</u>
Restated Fund Balance	\$ <u>4,655,520</u>	\$ <u>5,817,202</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of  
the Legislative Body  
City of Twinsburg  
Twinsburg, Ohio

We have audited the financial statements of the City of Twinsburg, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated March 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Twinsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 99-1 and 99-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Twinsburg's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, which we have reported to management of the City of Twinsburg in a separate letter dated March 23, 2000.

This report is intended solely for the information and use of the City Council, management, and the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
March 23, 2000

# CITY OF TWINSBURG, OHIO

## SCHEDULE OF FINDINGS

DECEMBER 31, 1999

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### 1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes

### 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

99-01 Per ORC Section 5705.41 (B) and (D) no orders or contracts involving the expenditure of money is to be made unless there is attached a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriated fund free from any previous encumbrances.

During our review of expenditures, Ciuni & Panichi, Inc. noted several instances where purchase orders were issued after the City received the invoice.

99-02 Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Twinsburg Fitness Center Fund had appropriations that were greater than the Certificate of Estimated Resources by \$84,387.

### 3. OTHER FINDINGS

None.

**CITY OF TWINSBURG, OHIO**

SCHEDULE OF PRIOR AUDIT FINDINGS

**DECEMBER 31, 1999**

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There were no prior audit findings.

**CITY OF TWINSBURG  
10075 RAVENNA ROAD  
TWINSBURG, OHIO 44087  
(330) 425-7161**

**RESPONSE TO FINDINGS ASSOCIATED WITH  
AUDIT CONDUCTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
99-01	The City is in the process of implementing a centralized purchasing system to ensure expenditures are properly encumbered.	Not Applicable	Jo Anne Terry, Finance Director
99-02	The City will monitor appropriations to ensure that they do not exceed estimated resources.	Not Applicable	Jo Anne Terry, Finance Director



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

CITY OF TWINSBURG

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.

By: Susan Babbitt

Date: JUNE 13, 2000