



**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Twinsburg Township
9833 Ravenna Road
Twinsburg, Ohio 44087

To the Board of Trustees:

We have audited the accompanying financial statements of Twinsburg Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 10, 2001

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**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency Fund	
Cash Receipts:					
Local Taxes	\$191,812	\$859,600	\$0	\$0	\$1,051,412
Intergovernmental	158,515	81,330	261,304	231,560	732,709
Special Assessments	0	0	718	0	718
Licenses, Permits, and Fees	0	58,396	0	0	58,396
Fines, Forfeitures, and Penalties	8,370	0	0	0	8,370
Earnings on Investments	64,024	1,451	0	0	65,475
Other	33,319	28,401	0	0	61,720
Total Cash Receipts	456,040	1,029,178	262,022	231,560	1,978,800
Cash Disbursements:					
Current:					
General Government	267,915	54,090	0	0	322,005
Public Safety	0	972,131	0	0	972,131
Public Works	16,226	305,477	888	0	322,591
Health	18,618	0	0	0	18,618
Purchased Services	0	0	0	228,978	228,978
Conservation - Recreation	38,452	0	0	0	38,452
Miscellaneous	5,000	0	0	0	5,000
Capital Outlay	33,093	21,701	261,304	0	316,098
Total Cash Disbursements	379,304	1,353,399	262,192	228,978	2,223,873
Total Cash Receipts Over/(Under) Cash Disbursements	76,736	(324,221)	(170)	2,582	(245,073)
Other Financing Receipts/(Disbursements):					
Transfers-In	0	16,000	0	0	16,000
Transfers-Out	(16,000)	0	0	0	(16,000)
Other Sources	15,050	0	0	0	15,050
Total Other Financing Receipts/(Disbursements)	(950)	16,000	0	0	15,050
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	75,786	(308,221)	(170)	2,582	(230,023)
Fund Cash Balances, January 1	174,603	1,083,149	1,187	0	1,258,939
Fund Cash Balances, December 31	\$250,389	\$774,928	\$1,017	\$2,582	\$1,028,916
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$196,730	\$938,660	\$0	\$1,135,390
Intergovernmental	169,243	82,566	53,967	305,776
Special Assessments	0	0	1,908	1,908
Licenses, Permits, and Fees	0	47,586	0	47,586
Fines, Forfeitures, and Penalties	8,969	0	0	8,969
Earnings on Investments	45,579	2,230	0	47,809
Other	81,110	81,008	0	162,118
	<u>501,631</u>	<u>1,152,050</u>	<u>55,875</u>	<u>1,709,556</u>
Total Cash Receipts				
	<u>501,631</u>	<u>1,152,050</u>	<u>55,875</u>	<u>1,709,556</u>
Cash Disbursements:				
Current:				
General Government	322,923	113,920	0	436,843
Public Safety	0	699,195	0	699,195
Public Works	16,226	263,313	1,592	281,131
Health	38,403	0	0	38,403
Capital Outlay	31,062	2,042	53,967	87,071
	<u>408,614</u>	<u>1,078,470</u>	<u>55,559</u>	<u>1,542,643</u>
Total Cash Disbursements				
	<u>408,614</u>	<u>1,078,470</u>	<u>55,559</u>	<u>1,542,643</u>
Total Cash Receipts Over Cash Disbursements	<u>93,017</u>	<u>73,580</u>	<u>316</u>	<u>166,913</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	2,544	59,825	0	62,369
Advances-In	46,433	95,074	0	141,507
Transfers-Out	(59,825)	(2,544)	0	(62,369)
Advances-Out	(26,433)	(115,074)	0	(141,507)
Other Sources	24,755	0	0	24,755
	<u>(12,526)</u>	<u>37,281</u>	<u>0</u>	<u>24,755</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(12,526)</u>	<u>37,281</u>	<u>0</u>	<u>24,755</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	80,491	110,861	316	191,668
Fund Cash Balances, January 1	94,112	972,288	871	1,067,271
Fund Cash Balances, December 31	<u>\$174,603</u>	<u>\$1,083,149</u>	<u>\$1,187</u>	<u>\$1,258,939</u>
Reserves for Encumbrances, December 31	<u>\$8,040</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,040</u>

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

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Twinsburg Township, Summit County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road maintenance and repair and recycling. The Township contracts with the City of Twinsburg to provide fire protection and emergency medical services. The Township has also contracted the Summit County Sheriff's Department for police protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments in repurchase agreements are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Police Levy Fund - This fund receives tax receipts for police protection of persons and property for residents of the Township.

Fire Levy Fund - This fund receives tax receipts for fire protection of the residents of the Township.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Emergency Medical Service Levy Fund - This fund receives tax receipts for emergency medical services provided to residents of the Township.

Community Development Block Grant Township Fund - This fund received Community Development Block Grant funds for the renovation of the township hall.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Funds:

Hadden Road Issue II Fund - This fund received State Issue II revenue to account for the payment of capital improvements for the Township.

Lighting Assessment Fund - This fund was financed with Ohio Edison Company to install street lighting on specific streets in the Twinsburg Heights subdivision. Ohio Edison is being repaid through a special assessment levied against the benefitting property owners.

4. Fiduciary Fund (Agency Fund)

This fund is used to account for resources restricted for which the Township is acting in an agency capacity. The Township had the following fiduciary fund:

Local Public Works Fund - This fund received revenue from the City of Twinsburg to account for a road construction project.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	(\$206,084)	(\$6,061)
Repurchase agreements	<u>1,235,000</u>	<u>1,265,000</u>
Total deposits and investments	<u><u>\$1,028,916</u></u>	<u><u>\$1,258,939</u></u>

Deposits: The negative demand deposit balance is covered by resources that are available by the overnight repurchase agreement. Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The Township has invested in repurchase agreements. These investments are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$567,280	\$471,090	(\$96,190)
Special Revenue	1,201,219	1,045,178	(156,041)
Capital Projects	525,839	262,304	(263,535)
Fiduciary	0	231,560	231,560
Total	<u>\$2,294,338</u>	<u>\$2,010,132</u>	<u>(\$284,206)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$733,842	\$395,304	\$338,538
Special Revenue	2,284,369	1,353,399	930,970
Capital Projects	527,027	262,192	264,835
Fiduciary	76,119	228,978	(152,859)
Total	<u>\$3,621,357</u>	<u>\$2,239,873</u>	<u>\$1,381,484</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$473,316	\$528,930	\$55,614
Special Revenue	1,080,470	1,211,875	131,405
Capital Projects	3,400	55,875	52,475
Total	<u>\$1,557,186</u>	<u>\$1,796,680</u>	<u>\$239,494</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$546,416	\$476,479	\$69,937
Special Revenue	2,082,577	1,081,014	1,001,563
Capital Projects	57,408	55,559	1,849
Total	<u>\$2,686,401</u>	<u>\$1,613,052</u>	<u>\$1,073,349</u>

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. NONCOMPLIANCE

Contrary to Ohio Rev. Code Section 5705.39, the Township had appropriations which exceeded estimated resources within certain funds.

Contrary to Ohio Rev. Code Section 5705.41 (D), the Township did not always certify its expenditures prior to entering into the commitment.

Contrary to Ohio Rev. Code Section 135.22, the Clerk did not attend the required continuing education courses; however, the Township continued to invest in repurchase agreements.

Contrary to Ohio Rev. Code Section 5705.10, the Township posted restricted funds into the General Fund.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

6. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries in 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- General liability

The Township also provides health insurance coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

Twinsburg Township
9833 Ravenna Road
Twinsburg, Ohio 44087

To the Board of Trustees:

We have audited the accompanying financial statements of Twinsburg Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 10, 2001. We conducted our audits 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 Township'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 2000-40977-001 through 2000-40977-005.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 10, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-40977-006.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 10, 2001.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 10, 2001

**TWINSBURG TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Noncompliance Citations

FINDING NUMBER 2000-40977-001

Finding for Recovery Repaid Under Audit

We noted the Board of Trustees increased the Township's estimated resources, certified by the County Budget Commission, during March 2000. This change in estimated resources made the elected officials in the Township eligible for salary increases pursuant to Ohio Rev. Code Sections 505.24 and 507.09. However, rather than modifying the salaries of the Clerk and Board of Trustees going forward, we noted those salaries were incorrectly increased retroactively to January 1, 2000. Additionally, for 1999, we noted an incorrect estimated resource base was used to calculate the salaries of Trustees Gregory Glover and Thomas Schmidt.

Att'y Gen. No. 99-015 states in pertinent part that:

"For the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate."

As a result of these errors, Janice Glover, Clerk; Gregory Glover, Trustee; Thomas Schmidt, Trustee; and Arthur Sigler, Trustee were overpaid in the amounts of \$241.48, \$332.15, \$332.15, and \$332.15, respectively during 2000. Additionally, throughout 1999 and during the tenure of both Janice Glover, Clerk and Betty Moore, former Clerk, both Gregory Glover and Thomas Schmidt were also individually overpaid \$600.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the following Twinsburg Township officials in their respective amounts and in favor of the Twinsburg Township General Fund, summarized as follows:

Janice Glover, Clerk, and the Ohio Township Association Risk Management Authority, her bonding company, jointly and severally, in the amount of \$241.48.

Arthur Sigler, Trustee; Janice Glover, Clerk; and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$332.15.

Gregory Glover, Trustee; Janice Glover, Clerk; and the Ohio Township Association Risk Management Authority; their bonding company, jointly and severally, in the amount of \$932.15. The amount is limited to \$600 for Betty Moore, former Clerk, and Homestead Insurance her bonding company.

Thomas Schmidt, Trustee; Janice Glover, Clerk; and the Ohio Township Association Risk Management Authority; their bonding company, jointly and severally, in the amount of \$932.15. The amount is limited to \$600 for Betty Moore, former Clerk, and Homestead Insurance her bonding company.

This matter will be referred to the Summit County Prosecutor and the Ohio Office of the Attorney General for whatever action is deemed appropriate.

Noncompliance Citations (Continued)

FINDING NUMBER 2000-40977-002

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 1999, total appropriations exceeded total estimated resources at year end as follows:

Fund	Estimated Resources	Appropriations	Variance
General Fund	\$518,916	\$546,416	\$27,500
Special Revenue Police Levy Fund	519,220	523,826	4,606
Special Revenue Fire Emergency Medical Service Levy Fund	702,015	833,400	131,385
Special Revenue CDBG Town Hall Renovations Fund	88,935	154,551	65,616
Capital Projects Hadden Road Issue II Fund	0	53,967	53,967

In addition, the Township did not always obtain certificates from the County Auditor that appropriations from each fund did not exceed the total Amended Official Estimate of Resources for certain appropriation and estimated resource amendments. The Board of Trustees should monitor appropriations versus estimated resources to help avoid overspending. In addition, the Clerk should obtain the required certificate from the County Auditor whenever appropriations and estimated resources are amended.

FINDING NUMBER 2000-40977-003

Ohio Rev. Code Section 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrance. Further, contracts and other orders for expenditures lacking prior certification should be null and void.

- a. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum both at the time of the contract or order and at the time of the certificate was appropriated and free of previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- b. If the amount involved is less than \$1,000, the Clerk may authorize it to be paid without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Noncompliance Citations (Continued)

Of the 2000 and 1999 expenditures, contracts and /or open purchase commitments tested, 61% and 38%, respectively were not certified by the Clerk until the time of payment. These commitments were not subsequently approved by the Board of Trustees within the aforementioned 30 day time period for the expenditures which exceeded \$1,000.

In addition, certain liabilities, contracts and open purchase commitments incurred prior to December 31, 2000, and December 31, 1999 and which were not encumbered were improperly charged against the 2001 and 2000 appropriations, respectively. These aggregated up to \$12,000 and \$7,000 in 2000 and 1999, respectively. Therefore, the unencumbered fund balances reported to the County Auditor for budgetary purposes were overstated.

FINDING NUMBER 2000-40977-004

Ohio Rev. Code Section 135.22 requires the Clerk to complete annual continuing education provided by the Treasurer of State. Without such training, the Clerk is limited to investments in interim deposits and STAR Ohio (interim deposits do not include repurchase agreements).

During 2000 and 1999, the Clerk did not attend and/or complete any annual continuing education programs provided by the Treasurer of State and still invested funds in repurchase agreements with ending balances of \$1,028,916 and \$1,258,939 in fiscal years 2000 and 1999, respectively. The Clerk should either attend continuing education programs or limit the Township's investment to those permitted by law without training. The Board of Trustees should monitor the Clerk to ensure the Clerk completes the annual continuing education programs as required by Ohio Rev. Code Section 135.22.

FINDING NUMBER 2000-40977-005

Ohio Rev. Code Section 5705.10 requires that monies paid into any fund be used only for the purposes for which such fund is established.

Revenue received from Homestead and Rollback was posted to the General Fund, even though the revenues were proceeds that were legally restricted to expenditures for specified uses. In the Fiscal Year 2000, \$23,116 was posted to the General Fund; however, the amount should have been divided to the following Special Revenue Funds: Road and Bridge Fund (\$2,736), Garbage/Waste Disposal Fund(\$1,671), Police Levy Fund (\$8,032), Fire Levy Fund (\$3,365), and the Fire/EMS Fund (\$7,312).

On April 27, 2001, the Twinsburg Township Clerk reversed the effects of the improper posting of revenue within the Township's ledgers and on the combined financial statements. We recommend that the Township properly post revenue in order to avoid illegally spending restricted funds.

Reportable Condition

FINDING NUMBER 2000-40977-006

During our testing we noted the following:

- Numerous instances in which receipts were posted to the correct fund but an incorrect function within the fund. These misclassification aggregated to approximately \$114,000 and \$307,000 in 1999 and 2000, respectively. Additionally, as reflected within Finding No. 005, \$23,116 was incorrectly recorded within the General Fund when the receipts should have been apportioned among certain Special Revenue Funds.
- There were 28 out of 60 instances in which expenditures were posted to the correct fund but an incorrect function within the fund.
- Although the Clerk attempted to reconcile the bank balance to the book balance for each month, those reconciliations were not always accurate and were not performed timely.
- Throughout the year several bank reconciliations contained large unsupported and undocumented reconciling items. The August 2000, June 2000, and May 1999 bank reconciliations had unsupported reconciling items ranging from approximately \$31,000 to \$241,000. Additionally, certain bank reconciliations contained outstanding reconciling items which exceeded up to approximately 6 months in age.
- The Township Trustees do not receive a comprehensive financial reporting package to help monitor the Township's financial activity. Rather, the Township Trustees were only regularly provided a list of Township expenditures for their review.

These issues could impair the Township Trustees ability to make informed financial related decisions. Additionally, these issues could also result in a misstatement of the Township's financial statements.

The Township should ensure all receipts and expenditures are posted to the correct fund and function. Additionally, the Township should reconcile each depository balance to the accounting records and all reconciling items should be identified and sufficiently supported with documentation. Finally, the Township should develop a comprehensive financial reporting package and provide that reporting package to the Board of Trustees on a monthly basis for their review and acceptance. The reporting package should include, but is not limited to: the bank reconciliation, budget versus actual comparisons, revenue ledger and expenditure journal.



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TWINSBURG TOWNSHIP

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 5, 2001**