



Dave Yost • Auditor of State



TWIN TOWNSHIP  
ROSS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2015 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) -- All Governmental Fund Types - For the Year Ended December 31, 2014 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Twin Township  
Ross County  
P.O. Box 577  
Bourneville, Ohio 45617

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Twin Township, Ross County, (the Township) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Twin Township, Ross County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 10, 2016

**TWIN TOWNSHIP  
ROSS COUNTY**

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

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$65,214	\$132,987	\$59,421	\$0	\$257,622
Charges for Services	390	27,616	0	0	28,006
Licenses, Permits and Fees	0	24,399	0	0	24,399
Intergovernmental	32,851	122,087	0	0	154,938
Special Assessments	0	11,264	0	0	11,264
Earnings on Investments	164	8	0	3	175
Miscellaneous	854	17,317	0	0	18,171
<i>Total Cash Receipts</i>	<u>99,473</u>	<u>335,678</u>	<u>59,421</u>	<u>3</u>	<u>494,575</u>
<b>Cash Disbursements</b>					
Current:					
General Government	82,426	2,097	0	0	84,523
Public Safety	406	72,029	0	0	72,435
Public Works	25,837	174,719	0	0	200,556
Health	0	24,509	0	0	24,509
Capital Outlay	35,130	47,486	0	0	82,616
Debt Service:					
Principal Retirement	0	0	47,389	0	47,389
Interest and Fiscal Charges	0	0	12,032	0	12,032
<i>Total Cash Disbursements</i>	<u>143,799</u>	<u>320,840</u>	<u>59,421</u>	<u>0</u>	<u>524,060</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,326)</u>	<u>14,838</u>	<u>0</u>	<u>3</u>	<u>(29,485)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	0	5,000	0	0	5,000
Transfers Out	(5,000)	0	0	0	(5,000)
Advances In	30,000	30,000	0	0	60,000
Advances Out	(30,000)	(30,000)	0	0	(60,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(49,326)</u>	<u>19,838</u>	<u>0</u>	<u>3</u>	<u>(29,485)</u>
<i>Fund Cash Balances, January 1</i>	<u>295,064</u>	<u>65,201</u>	<u>0</u>	<u>8,472</u>	<u>368,737</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	85,039	0	8,475	93,514
Unassigned (Deficit)	245,738	0	0	0	245,738
<i>Fund Cash Balances, December 31</i>	<u>\$245,738</u>	<u>\$85,039</u>	<u>\$0</u>	<u>\$8,475</u>	<u>\$339,252</u>

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

**TWIN TOWNSHIP  
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$65,189	\$156,580	\$35,657	\$0	\$0	\$257,426
Charges for Services	420	25,837	0	0	0	26,257
Licenses, Permits and Fees	360	23,400	0	0	0	23,760
Intergovernmental	20,313	119,385	0	39,550	0	179,248
Special Assessments	0	10,188	0	0	0	10,188
Earnings on Investments	170	8	0	0	12	190
Miscellaneous	14,262	23,892	0	0	0	38,154
<i>Total Cash Receipts</i>	<u>100,714</u>	<u>359,290</u>	<u>35,657</u>	<u>39,550</u>	<u>12</u>	<u>535,223</u>
<b>Cash Disbursements</b>						
Current:						
General Government	95,320	3,849	0	0	0	99,169
Public Safety	0	77,771	0	0	0	77,771
Public Works	25,958	191,280	0	0	0	217,238
Health	0	26,062	0	0	0	26,062
Capital Outlay	0	32,869	0	39,550	0	72,419
Debt Service:						
Principal Retirement	0	0	29,606	0	0	29,606
Interest and Fiscal Charges	0	0	6,051	0	0	6,051
<i>Total Cash Disbursements</i>	<u>121,278</u>	<u>331,831</u>	<u>35,657</u>	<u>39,550</u>	<u>0</u>	<u>528,316</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,564)</u>	<u>27,459</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>6,907</u>
<b>Other Financing Receipts (Disbursements)</b>						
Advances In	82,174	60,810	21,364	0	0	164,348
Advances Out	(82,174)	(60,810)	(21,364)	0	0	(164,348)
<i>Net Change in Fund Cash Balances</i>	<u>(20,564)</u>	<u>27,459</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>6,907</u>
<i>Fund Cash Balances, January 1</i>	<u>315,628</u>	<u>37,742</u>	<u>0</u>	<u>0</u>	<u>8,460</u>	<u>361,830</u>
<b>Fund Cash Balances, December 31</b>						
Nonspendable	0	0	0	0	7,945	7,945
Restricted	0	65,201	0	0	527	65,728
Unassigned (Deficit)	295,064	0	0	0	0	295,064
<i>Fund Cash Balances, December 31</i>	<u>\$295,064</u>	<u>\$65,201</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,472</u>	<u>\$368,737</u>

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

**TWIN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Twin Township, Ross County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio Townships for insurance coverage. Note 7 to the financial statements provide additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

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

Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**TWIN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Special Levy Fire Fund – This fund receives property tax monies and other State grants to provide fire protection for the residents of the Township.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

General Bond (Note) Retirement – This fund receives real estate tax money for retirement of debt for a fire truck, a fire tanker, and a garage for township equipment.

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Public Works Commission Projects – This fund accounts for grants received from the State of Ohio to repair and maintain roads with the Township.

**5. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Rinehart Trust Fund– This fund was established to be used for cemetery maintenance.

**E. Budgetary Process**

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

**TWIN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

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

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**TWIN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<u>2015</u>	<u>2014</u>
Demand deposits	<u>\$339,252</u>	<u>\$368,737</u>
Total deposits	<u><u>\$339,252</u></u>	<u><u>\$368,737</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

**TWIN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,472	\$129,473	\$30,001
Special Revenue	340,676	370,678	30,002
Debt Service	59,421	59,421	0
Permanent	3	3	0
Total	\$499,572	\$559,575	\$60,003

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$205,000	\$178,799	\$26,201
Special Revenue	348,297	350,840	(2,543)
Debt Service	59,421	59,421	(0)
Permanent	200	0	200
Total	\$612,918	\$589,060	\$23,858

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,714	\$182,888	\$82,174
Special Revenue	359,907	420,100	60,193
Debt Service	35,657	57,021	21,364
Capital Projects	39,550	39,550	0
Permanent	12	12	0
Total	\$535,839	\$699,571	\$163,732

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$152,000	\$203,452	(\$51,452)
Special Revenue	356,293	392,641	(36,348)
Debt Service	35,657	57,021	(21,364)
Capital Projects	20,800	39,550	(18,750)
Permanent	100	0	100
Total	\$564,850	\$692,664	(\$127,814)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$51,452, the Road and Bridge fund by \$19,503, the Special Levy Fire fund by \$29,990, the General Note Bond Retirement fund by \$ 21,364 and the Public Works Commission Projects by \$18,750 for the year ended December 31, 2014.

**TWIN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Notes- Fire Truck	\$58,263	5%
Garage for Township Road Dept	\$25,600	3%
Fire Tanker for Fire Department	182,836	2.69
Total	\$266,699	
	FOOT	

The Township issued general obligation notes to finance the purchase of a new fire truck in 2008 for \$165,000.

In September 2013, the Township issued a tax anticipation note in the amount of \$64,000 to purchase a building for the road and bridge department.

In October 2014, the Township approved to lease/purchase a Fire Truck Tanker from Rosebauer South Dakota, LLC.

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

	General Obligation Notes-Fire Truck	Garage for Township Road Dept	Fire Tanker for Fire Department
Year ending December 31:			
2016	\$21,634	\$13,548	\$24,137
2017	21,634	13,173	24,137
2018	21,634		24,137
2019			24,137
2020			24,137
2021-2025			96,549
Total	\$64,902	\$26,721	\$217,236

**TWIN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available)

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	<u>\$26,467,923</u>	<u>\$27,057,831</u>

**TWIN TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b><u>Contributions to OTARMA</u></b>	
<b><u>2015</u></b>	<b><u>2014</u></b>
\$11,355	\$11,278

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



# Dave Yost • Auditor of State

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

Twin Township  
Ross County  
P.O. Box 577  
Bourneville, Ohio 45617

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Twin Township, Ross County, (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 10, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 10, 2016

**TWIN TOWNSHIP  
ROSS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Noncompliance**

Ohio Rev. Code 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. In 2014, the following funds had expenditures exceeding appropriations:

<b>Fund</b>	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
General	\$152,000	\$203,452	(\$51,452)
Road and Bridge	78,650	98,153	(19,503)
Special Levy – Fire	94,322	124,312	(29,990)
General Note Bond Retirement	35,657	57,021	(21,364)
Public Works Commission Projects	20,800	39,550	(18,750)

We recommend the Township monitor disbursements versus appropriations throughout the year. Additional appropriations should be added by resolution where revenue is available. If receipts do not allow for additional appropriations, disbursements should not be made from that fund. We further recommend the Board of Trustees not approve disbursements without supporting appropriations.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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# Dave Yost • Auditor of State

**TWIN TOWNSHIP**

**ASHTABULA 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  
MAY 24, 2016**