



Dave Yost • Auditor of State

**TWIN TOWNSHIP
DARKE COUNTY**

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DARKE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Twin Township
Darke County
104 West South Street
Arcanum, Ohio 45304

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Twin Township, Darke County, Ohio (the Township), as of the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2C describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Twin Township, Darke County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Cemetery and Fire District Funds for the years then ended in accordance with the accounting basis described in Note 2C.

Accounting Basis

We draw attention to Note 2C of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2012, the Township adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2014, 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.

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 20, 2014

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**TWIN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

Highlights

Key highlights for 2013 are as follows:

- Net position of governmental activities decreased \$20,000 from the prior year. The fund most affected by the decrease in net position was the General Fund, which realized the greatest decrease in 2013 due to the reduction of local Government Funding and inheritance tax revenues. The decrease in 2013 was due to the disbursements for general government exceeding general fund revenues.
- The Township's general receipts are primarily property taxes. Property tax receipts represent 42 percent of the total cash received for governmental activities during the year. Property tax receipts for 2013 changed very little compared to 2012 as development within the Township has slowed and property values have leveled off with the state of the economy.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**TWIN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2013, within the limitations of the cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, we divide the Township into two types of activities:

Governmental activities: Most of the Township's basic services are reported here, including fire, streets and cemetery. State grants and entitlements and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity: The Township does not have business-type activity.

Reporting the Township's Most Significant Funds

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.

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.

Cemetery Fund- This fund receives fees and cemetery lot sales revenues and is used for maintenance and upkeep of the Township's cemetery.

**TWIN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Fire District Fund – This fund receive levy taxes for the fire protection contract with the Village of Arcanum.

3 Fiduciary Funds

Fiduciary funds include a private purpose trust fund. The private purpose trust fund is for the benefit of the Cena Gordon Estate.

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2013 compared to 2012 on a cash basis:

**(Table 1)
Net Position**

	Governmental Activities	
	2013	2012
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,195,595	\$1,215,595
Total Assets	<u>1,195,595</u>	<u>1,215,595</u>
Net Position:		
Restricted for:		
Other Purposes	775,141	768,366
Unrestricted	420,454	447,229
Total Net Position	<u>\$1,195,595</u>	<u>\$1,215,595</u>

As mentioned previously, net position of governmental activities decreased \$20,000 during 2013. The primary reasons contributing to the decrease in cash balances are as follows:

- Reduction of Local Government Funds
- Reduction of Estate Tax
- Steady General Governmental expenses in an environment of revenue reductions.

Table 2 reflects the changes in net position in 2013.

**(Table 2)
Changes in Net Position**

	Governmental Activities 2013	Governmental Activities 2012	Difference
	Receipts:		
Program Receipts:			
Charges for Services and Sales	\$28,324	\$29,075	(\$751)
Operating Grants and Contributions	107,908	107,629	279
Total Program Receipts	<u>136,232</u>	<u>136,704</u>	<u>(472)</u>
General Receipts:			
Property and Other Local Taxes	112,435	112,000	435
Grants and Entitlements Not Restricted	16,256	22,983	(6,727)
Interest	1,293	925	368
Miscellaneous	2,809	965	1,844
Total General Receipts	<u>132,793</u>	<u>136,873</u>	<u>(4,080)</u>
Total Receipts	<u>269,025</u>	<u>273,577</u>	<u>(4,552)</u>

(Continued)

**TWIN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

**(Table 2)
Changes in Net Position
(Continued)**

	Governmental Activities 2013	Governmental Activities 2012	Difference
Disbursements:			
General Government	64,777	82,237	(17,460)
Public Safety	31,132	30,990	142
Health	51,166	51,060	106
Public Works	140,803	142,841	(2,038)
Capital Outlay	1,147		1,147
Total Disbursements	<u>289,025</u>	<u>307,128</u>	<u>(18,103)</u>
Increase (Decrease) in Net Position	(20,000)	(33,551)	13,551
Net Position, January 1	1,215,595	1,249,146	(33,551)
Net Position, December 31	<u>\$1,195,595</u>	<u>\$1,215,595</u>	<u>(\$20,000)</u>

Program receipts represent 51 percent of total receipts and are primarily comprised of restricted receipts such as motor vehicle license and gas tax money, zoning permits and cemetery fees.

General receipts represent 49 percent of the Township's total receipts, and of this amount, 85 percent are local taxes. State grants and entitlements make up the balance of the Township's general receipts (12 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the fiscal officer, county health district costs, as well as payroll.

Public Safety is the cost of contracted fire protection; Health is the cemetery department; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. A major program disbursement for governmental activities is for general government costs, which accounts for 22 percent of all governmental disbursements. Public works (road work) also represents a significant cost, about 49 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**TWIN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2013	Net Cost of Services 2013	Total Cost Of Services 2012	Net Cost of Services 2012
General Government	\$64,777	(\$63,639)	\$82,237	(\$81,037)
Public Safety	31,132	(26,862)	30,990	(25,461)
Health	51,166	(35,532)	51,060	(34,647)
Public Works	140,803	(25,613)	142,841	(29,279)
Capital Outlay	1,147	(1,147)		
Total Expenses	<u>\$289,025</u>	<u>(\$152,793)</u>	<u>\$307,128</u>	<u>(\$170,424)</u>

The dependence upon property tax receipts is apparent as 39 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$269,025 and disbursements of \$289,025. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$26,775 as the result of a reduction in Local Government Funds over 2012 and increasing general government costs.

The General Fund is in a deficit spending situation. It is the recommendation of the trustees and fiscal officer that a reduction in disbursements is preferable to requesting additional funds from the taxpayers. Although a formal plan to cut costs has not been implemented in 2014 the administration will continue to be very conservative and looking at ways to cut costs. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant, if local government funds continue to decrease, and if the down-turn of the economy continues.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Final budgeted receipts were the same as the original budgeted receipts. Actual receipts were over the budgeted amount due to conservative budgeting for local government fund revenue. The difference between final budgeted receipts and actual receipts was \$12,307.

Final disbursements were budgeted at \$217,757 while actual disbursements were \$75,322. Appropriations were not reduced since receipts were better than expected. The Township budgeted \$77,000 for capital outlay. This was an attempt to set funds aside for possible future construction of a Township building. There are no plans at this time to construct this building but funds are budgeted each year. This explains a large amount of the reported variance of \$142,435. The result is the decrease in fund balance of \$26,935 for 2013.

Capital Assets and Debt Administration

Capital Assets

The Township currently tracks of its capital assets through the UAN software for insurance purposes. Capital assets are not reported.

**TWIN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Debt

At December 31, 2013, the Township had no debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Expenditures continue to increase faster than revenues. Thus the current budget reflects a continued conservative spending approach.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah L. Dynes, Fiscal Officer, Twin Township, 14 Sierra Lane., Arcanum, Ohio 45304.

TWIN TOWNSHIP
DARKE COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,195,595
Total Assets	<u>\$1,195,595</u>
Net Position:	
Restricted for:	
Other Purposes	775,141
Unrestricted	420,454
Total Net Position	<u>\$1,195,595</u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Current:				
General Government	\$64,777	\$1,138		(\$63,639)
Public Safety	31,132		4,270	(26,862)
Public Works	140,803	11,552	103,638	(25,613)
Health	51,166	15,634		(35,532)
Capital Outlay	1,147			(1,147)
Total Governmental Activities	<u>\$289,025</u>	<u>\$28,324</u>	<u>\$107,908</u>	<u>(152,793)</u>
General Receipts:				
Property Taxes				112,435
Grants and Entitlements not Restricted to Specific Programs				16,256
Earnings on Investments				1,293
Miscellaneous				2,809
Total General Receipts				<u>132,793</u>
Change in Net Position				(20,000)
Net Position Beginning of Year				<u>1,215,595</u>
Net Position End of Year				<u><u>\$1,195,595</u></u>

See accompanying notes to the basic financial statements.

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**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Gasoline Tax	Road and Bridge
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$420,454	\$349,265	\$221,662
Total Assets	420,454	349,265	221,662
 Fund Balances:			
Restricted		349,265	221,662
Unassigned	420,454		
	\$420,454	\$349,265	\$221,662

See accompanying notes to the basic financial statements.

Cemetery	Fire District	Other Governmental Funds	Total Governmental Funds
\$12,687	\$94,706	\$96,821	\$1,195,595
12,687	94,706	96,821	1,195,595
12,687	94,706	96,821	775,141
\$12,687	\$94,706	\$96,821	420,454
\$12,687	\$94,706	\$96,821	\$1,195,595

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>
Receipts:				
Property and Other Local Taxes	\$30,638		\$49,760	
Licenses, Permits and Fees				10,834
Intergovernmental	16,256	85,434	9,693	
Earnings on Investments	634	526		
Miscellaneous	859	1,940		4,802
Total Receipts	<u>48,387</u>	<u>87,900</u>	<u>59,453</u>	<u>15,636</u>
Disbursements:				
Current:				
General Government	51,693	9,529	1,429	
Public Safety				
Public Works	328	85,267	35,186	
Health	21,993			29,173
Capital Outlay	1,148			
Total Disbursements	<u>75,162</u>	<u>94,796</u>	<u>36,615</u>	<u>29,173</u>
Excess of Receipts Over (Under) Disbursements	<u>(26,775)</u>	<u>(6,896)</u>	<u>22,838</u>	<u>(13,537)</u>
Fund Balances Beginning of Year	<u>447,229</u>	<u>356,161</u>	<u>198,824</u>	<u>26,224</u>
Fund Balances End of Year	<u>\$420,454</u>	<u>\$349,265</u>	<u>\$221,662</u>	<u>\$12,687</u>

See accompanying notes to the basic financial statements.

Fire District	Other Governmental Funds	Total Governmental Funds
\$32,037	\$11,552	\$123,987
	1,138	11,972
4,270	8,511	124,164
	133	1,293
	8	7,609
<u>36,307</u>	<u>21,342</u>	<u>269,025</u>
	2,125	64,776
31,132		31,132
	20,022	140,803
		51,166
		1,148
<u>31,132</u>	<u>22,147</u>	<u>289,025</u>
<u>5,175</u>	<u>(805)</u>	<u>(20,000)</u>
<u>89,531</u>	<u>97,626</u>	<u>1,215,595</u>
<u>\$94,706</u>	<u>\$96,821</u>	<u>\$1,195,595</u>

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Receipts:				
Property and Other Local Taxes	\$30,500	\$30,500	\$30,638	\$138
Intergovernmental	5,000	5,000	16,256	11,256
Earnings on Investments	380	380	634	254
Miscellaneous	200	200	859	659
Total Receipts	<u>36,080</u>	<u>36,080</u>	<u>48,387</u>	<u>12,307</u>
Disbursements:				
Current:				
General Government	89,077	94,077	51,853	42,224
Public Safety	1,000	1,000		1,000
Public Works	3,000	3,000	328	2,672
Health	37,680	42,680	21,993	20,687
Capital Outlay	77,000	77,000	1,148	75,852
Total Disbursements	<u>207,757</u>	<u>217,757</u>	<u>75,322</u>	<u>142,435</u>
Excess of Receipts Over (Under) Disbursements	<u>(171,677)</u>	<u>(181,677)</u>	<u>(26,935)</u>	<u>154,742</u>
Other Financing Sources (Uses):				
Transfers Out	(5,000)			
Other Financing Uses	<u>(10,000)</u>	<u>(5,000)</u>		<u>5,000</u>
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>(5,000)</u>		<u>5,000</u>
Net Change in Fund Balance	(186,677)	(186,677)	(26,935)	159,742
Unencumbered Fund Balance Beginning of Year	447,229	447,229	447,229	
Prior Year Encumbrances Appropriated				
Unencumbered Fund Balance End of Year	<u>\$260,552</u>	<u>\$260,552</u>	<u>\$420,294</u>	<u>\$159,742</u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$73,900	\$73,187	\$85,434	\$12,247
Earnings on Investments	300	300	526	226
Miscellaneous			1,940	1,940
Total Receipts	<u>74,200</u>	<u>73,487</u>	<u>87,900</u>	<u>14,413</u>
Disbursements:				
Current:				
General Government	16,100	18,100	9,529	8,571
Public Works	142,140	140,140	85,845	54,295
Capital Outlay	10,000	10,000		10,000
Total Disbursements	<u>168,240</u>	<u>168,240</u>	<u>95,374</u>	<u>72,866</u>
Excess of Receipts Over (Under) Disbursements	<u>(94,040)</u>	<u>(94,753)</u>	<u>(7,474)</u>	<u>87,279</u>
Unencumbered Fund Balance Beginning of Year	356,161	356,161	356,161	
Prior Year Encumbrances Appropriated				
Unencumbered Fund Balance End of Year	<u>\$262,121</u>	<u>\$261,408</u>	<u>\$348,687</u>	<u>\$87,279</u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$49,730	\$49,730	\$49,760	\$30
Intergovernmental	8,000	8,000	9,693	1,693
Total Receipts	<u>57,730</u>	<u>57,730</u>	<u>59,453</u>	<u>1,723</u>
Disbursements:				
Current:				
General Government	14,200	14,200	1,429	12,771
Public Works	74,600	74,600	35,186	39,414
Capital Outlay	50,000	50,000		50,000
Total Disbursements	<u>138,800</u>	<u>138,800</u>	<u>36,615</u>	<u>102,185</u>
Excess of Receipts Over (Under) Disbursements	<u>(81,070)</u>	<u>(81,070)</u>	<u>22,838</u>	<u>103,908</u>
Unencumbered Fund Balance Beginning of Year	198,824	198,824	198,824	
Prior Year Encumbrances Appropriated				
Unencumbered Fund Balance End of Year	<u>\$117,754</u>	<u>\$117,754</u>	<u>\$221,662</u>	<u>\$103,908</u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Licenses, Permits and Fees	\$10,000	\$10,000	\$10,834	\$834
Miscellaneous	1,300	1,300	4,802	3,502
Total Receipts	<u>11,300</u>	<u>11,300</u>	<u>15,636</u>	<u>4,336</u>
Disbursements:				
Current:				
Health	32,142	32,142	29,173	2,969
Capital Outlay	1,500	1,500		1,500
Total Disbursements	<u>33,642</u>	<u>33,642</u>	<u>29,173</u>	<u>4,469</u>
Excess of Receipts Over (Under) Disbursements	<u>(22,342)</u>	<u>(22,342)</u>	<u>(13,537)</u>	<u>8,805</u>
Unencumbered Fund Balance Beginning of Year	26,224	26,224	26,224	
Prior Year Encumbrances Appropriated				
Unencumbered Fund Balance End of Year	<u>\$3,882</u>	<u>\$3,882</u>	<u>\$12,687</u>	<u>\$8,805</u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$32,030	\$32,030	\$32,037	\$7
Intergovernmental	5,000	4,277	4,270	(7)
Total Receipts	<u>37,030</u>	<u>36,307</u>	<u>36,307</u>	
Disbursements:				
Current:				
Public Safety	31,230	31,230	31,132	98
Total Disbursements	<u>31,230</u>	<u>31,230</u>	<u>31,132</u>	98
Excess of Receipts Over (Under) Disbursements	<u>5,800</u>	<u>5,077</u>	<u>5,175</u>	98
Unencumbered Fund Balance Beginning of Year	89,531	89,531	89,531	
Prior Year Encumbrances Appropriated				
Unencumbered Fund Balance End of Year	<u><u>\$95,331</u></u>	<u><u>\$94,608</u></u>	<u><u>\$94,706</u></u>	<u><u>\$98</u></u>

See accompanying notes to the basic financial statements.

TWIN TOWNSHIP
DARKE COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2013

	<u>Private Purpose Trust</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$615
Total Assets	<u>615</u>
Net Position:	
Held in Trust for Cemetery Bequest:	
Non-expendable	600
Expendable	<u>15</u>
Total Net Position	<u><u>\$615</u></u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Private Purpose Trust</u>
Additions:	
Earnings on Investments	\$1
Total Additions	<u>1</u>
Deductions:	
Payments in Accordance with Trust Agreements	
Other	
Total Deductions	<u> </u>
Change in Net Position	1
Net Position Beginning of Year	<u>614</u>
Net Position End of Year	<u><u>\$615</u></u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

Highlights

Key highlights for 2012 are as follows:

- Net position of governmental activities decreased \$33,551, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest increase in 2011 due to a large inheritance tax received in 2011. The decrease in 2012 was due to the reduction of Local Government Funding reductions and disbursements for general government exceeding general fund revenues.
- The Township's general receipts are primarily property taxes. Property tax receipts represent 41 percent of the total cash received for governmental activities during the year. Property tax receipts for 2012 changed very little compared to 2011 as development within the Township has slowed and property values have leveled off with the state of the economy.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**TWIN TOWNSHIP
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2012, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the Township into two types of activities:

Governmental activities: Most of the Township's basic services are reported here, including fire, streets and cemetery. State grants and entitlements and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity: The Township does not have business-type activity.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

**TWIN TOWNSHIP
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2012 compared to 2011 on a cash basis:

**(Table 1)
Net Position**

	Governmental Activities	
	2012	2011
Assets:		
Cash and Cash Equivalents	\$1,215,595	\$1,249,146
Total Assets	<u>1,215,595</u>	<u>1,249,146</u>
Net Position:		
Restricted for:		
Other Purposes	768,366	732,951
Unrestricted	447,229	516,195
Total Net Position	<u>\$1,215,595</u>	<u>\$1,249,146</u>

As mentioned previously, net assets of governmental activities decreased \$33,551 during 2012. The primary reasons contributing to the decrease in cash balances are as follows:

- Reduction of Local Government Funds by 26%
- Reduction of Estate Tax in 2012
- Steady General Governmental expenses in an environment of revenue reductions.

Table 2 reflects the changes in net assets in 2012.

**(Table 2)
Changes in Net Position**

	Governmental Activities 2012	Governmental Activities 2011	Difference
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$29,075	\$25,037	\$4,038
Operating Grants and Contributions	107,629	108,356	(727)
Total Program Receipts	<u>136,704</u>	<u>133,393</u>	3,311
General Receipts:			
Property and Other Local Taxes	112,000	108,256	3,744
Grants and Entitlements Not Restricted	22,983	289,502	(266,519)
Interest	925	557	368
Miscellaneous	965		965
Total General Receipts	<u>136,873</u>	<u>398,315</u>	<u>(261,442)</u>
Total Receipts	<u>273,577</u>	<u>531,708</u>	<u>(258,131)</u>

(Continued)

**TWIN TOWNSHIP
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

**(Table 2)
Changes in Net Position
(Continued)**

	Governmental Activities 2012	Governmental Activities 2011	Difference
Disbursements:			
General Government	82,237	75,765	6,472
Public Safety	30,990	31,407	(417)
Health	51,060	49,763	1,297
Public Works	142,841	62,760	80,081
Total Disbursements	<u>307,128</u>	<u>219,695</u>	<u>87,433</u>
Increase (Decrease) in Net Position	(33,551)	312,013	(345,564)
Net Position, January 1	<u>1,249,146</u>	<u>937,133</u>	<u>312,013</u>
Net Position, December 31	<u><u>\$1,215,595</u></u>	<u><u>\$1,249,146</u></u>	<u><u>(\$33,551)</u></u>

Program receipts represent 50 percent of total receipts and are primarily comprised of restricted receipts such as motor vehicle license and gas tax money, zoning permits and cemetery fees.

General receipts represent 50 percent of the Township's total receipts, and of this amount, 82 percent are local taxes. State grants and entitlements make up the balance of the Township's general receipts (17 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the fiscal officer, county health district costs, as well payroll. These costs were 60% of General Fund unrestricted receipts.

Public Safety is the cost of contracted fire protection; Health is the cemetery department; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. A major program disbursement for governmental activities is for general government costs, which account for 27 percent of all governmental disbursements. Public works (road work) also represents a significant cost, about 47 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**TWIN TOWNSHIP
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

(Table 3)
Governmental Activities

	Total Cost Of Services 2012	Net Cost of Services 2012	Total Cost Of Services 2011	Net Cost of Services 2011
General Government	\$82,237	(\$81,037)	\$75,765	(\$74,720)
Public Safety	30,990	(25,461)	31,407	(25,675)
Health	51,060	(34,647)	49,763	(37,448)
Public Works	142,841	(29,279)	62,760	51,541
Total Expenses	<u>\$307,128</u>	<u>(\$170,424)</u>	<u>\$219,695</u>	<u>(\$86,302)</u>

The dependence upon property tax receipts is apparent as over 36 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$273,577 and disbursements of \$307,128. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$68,966 as the result of a reduction in inheritance tax over 2011 and increasing general government costs.

The General Fund is in a deficit spending situation. It is the recommendation of the trustees and fiscal officer that a reduction in disbursements is preferable to requesting additional funds from the taxpayers. Although a formal plan to cut costs has not been implemented in 2013 the administration will continue to be very conservative and looking at ways to cut costs. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant, if local government funds continue to decrease, and if the down-turn of the economy continues.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Final budgeted receipts were the same as the original budgeted receipts. Actual receipts were over the budgeted amount due to conservative budgeting for property taxes and local government fund revenue. The difference between final budgeted receipts and actual receipts was \$10,996.

Final disbursements were budgeted at \$241,342 while actual disbursements were \$123,957. Appropriations were not reduced since receipts were better than expected. The Township budgeted \$71,770 for capital outlay. This was meant as setting funds aside for possible future construction of a Township building. There are no plans at this time to construct this building but funds are budgeted each year. This explains a large amount of the reported variance of \$117,385. The result is the decrease in fund balance of \$68,966 for 2012.

Capital Assets and Debt Administration

Capital Assets

The Township currently tracks its capital assets through the UAN software for insurance purposes. Capital assets are not reported.

**TWIN TOWNSHIP
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

Debt

At December 31, 2012, the Township had no debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Expenditures continue to increase faster than revenues. Thus the current budget reflects a continued conservative spending approach.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah L. Dynes, Fiscal Officer, Twin Township, 14 Sierra Lane., Arcanum, Ohio 45304.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,215,595
Total Assets	<u>\$1,215,595</u>
Net Position:	
Restricted for:	
Other Purposes	768,366
Unrestricted	447,229
Total Net Position	<u>\$1,215,595</u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Current:				
General Government	\$82,237	\$1,200		(\$81,037)
Public Safety	30,990		\$5,529	(25,461)
Public Works	142,841	11,462	102,100	(29,279)
Health	51,060	16,413		(34,647)
Total Governmental Activities	\$307,128	\$29,075	\$107,629	(170,424)
General Receipts:				
Property Taxes				112,000
Grants and Entitlements not Restricted to Specific Programs				22,983
Earnings on Investments				925
Miscellaneous				965
Total General Receipts				136,873
Change in Net Position				(33,551)
Net Position Beginning of Year				1,249,146
Net Position End of Year				\$1,215,595

See accompanying notes to the basic financial statements.

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**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Gasoline Tax
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$447,229	\$356,161
Total Assets	447,229	356,161
 Fund Balances:		
Restricted		356,161
Unassigned	447,229	
	\$447,229	\$356,161

See accompanying notes to the basic financial statements.

Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
\$198,824	\$89,531	\$123,850	\$1,215,595
198,824	89,531	123,850	1,215,595
198,824	89,531	123,850	768,366
\$198,824	\$89,531	\$123,850	447,229
\$198,824	\$89,531	\$123,850	\$1,215,595

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Gasoline Tax	Road and Bridge
Receipts:			
Property and Other Local Taxes	\$30,620		\$49,659
Licenses, Permits and Fees			
Intergovernmental	22,982	85,085	8,410
Earnings on Investments	474	359	
Miscellaneous	200	18	
Total Receipts	54,276	85,462	58,069
Disbursements:			
Current:			
General Government	79,658	418	
Public Safety			
Public Works		74,442	53,299
Health	44,299		
Total Disbursements	123,957	74,860	53,299
Excess of Receipts Over (Under) Disbursements	(69,681)	10,602	4,770
Other Financing Sources (Uses):			
Other Financing Sources	715		
Total Other Financing Sources (Uses)	715		
Net Change in Fund Balances	(68,966)	10,602	4,770
Fund Balances Beginning of Year	516,195	345,559	194,054
Fund Balances End of Year	\$447,229	\$356,161	\$198,824

See accompanying notes to the basic financial statements.

Fire District	Other Governmental Funds	Total Governmental Funds
\$31,721	\$11,462	\$123,462
	11,613	11,613
5,529	8,606	130,612
	92	925
	6,032	6,250
<u>37,250</u>	<u>37,805</u>	<u>272,862</u>
	2,161	82,237
30,990		30,990
	15,100	142,841
	6,761	51,060
<u>30,990</u>	<u>24,022</u>	<u>307,128</u>
<u>6,260</u>	<u>13,783</u>	<u>(34,266)</u>
		715
		<u>715</u>
6,260	13,783	(33,551)
<u>83,271</u>	<u>110,067</u>	<u>1,249,146</u>
<u>\$89,531</u>	<u>\$123,850</u>	<u>\$1,215,595</u>

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$28,516	\$28,516	\$30,620	\$2,104
Intergovernmental	14,514	14,514	22,982	8,468
Earnings on Investments	250	250	474	224
Miscellaneous			200	200
Total Receipts	<u>43,280</u>	<u>43,280</u>	<u>54,276</u>	<u>10,996</u>
Disbursements:				
Current:				
General Government	109,877	115,107	79,658	35,449
Public Safety	500	500		500
Public Works	3,000	3,000		3,000
Health	50,965	50,965	44,299	6,666
Capital Outlay	72,000	71,770		71,770
Total Disbursements	<u>236,342</u>	<u>241,342</u>	<u>123,957</u>	<u>117,385</u>
Excess of Receipts Over (Under) Disbursements	<u>(193,062)</u>	<u>(198,062)</u>	<u>(69,681)</u>	<u>128,381</u>
Other Financing Sources (Uses):				
Transfers Out	(10,000)	(5,000)		5,000
Other Financing Sources			715	715
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(5,000)</u>	<u>715</u>	<u>5,715</u>
Net Change in Fund Balance	(203,062)	(203,062)	(68,966)	134,096
Unencumbered Fund Balance Beginning of Year	516,195	516,195	516,195	
Prior Year Encumbrances Appropriated				
Unencumbered Fund Balance End of Year	<u>\$313,133</u>	<u>\$313,133</u>	<u>\$447,229</u>	<u>\$134,096</u>

See accompanying notes to the basic financial statements

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE -BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$74,000	\$74,000	\$85,085	\$11,085
Earnings on Investments	200	200	359	159
Miscellaneous			18	18
Total Receipts	<u>74,200</u>	<u>74,200</u>	<u>85,462</u>	<u>11,262</u>
Disbursements				
Current:				
General Government	16,345	16,145	418	15,727
Public Works	120,200	120,400	74,442	45,958
Total Disbursements	<u>136,545</u>	<u>136,545</u>	<u>74,860</u>	<u>61,685</u>
Excess of Receipts Over (Under) Disbursements	<u>(62,345)</u>	<u>(62,345)</u>	10,602	<u>72,947</u>
Unencumbered Fund Balance Beginning of Year	345,559	345,559	345,559	
Prior Year Encumbrances Appropriated				
Unencumbered Fund Balance End of Year	<u>\$283,214</u>	<u>\$283,214</u>	<u>\$356,161</u>	<u>\$72,947</u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u></u>
Receipts:				
Property and Other Local Taxes	\$45,709	\$45,709	\$49,659	\$3,950
Intergovernmental	8,000	8,000	8,410	410
Total Receipts	<u>53,709</u>	<u>53,709</u>	<u>58,069</u>	<u>4,360</u>
Disbursements:				
Current:				
General Government	4,000	4,000		4,000
Public Works	73,000	73,000	53,299	19,701
Capital Outlay	50,000	50,000		50,000
Total Disbursements	<u>127,000</u>	<u>127,000</u>	<u>53,299</u>	<u>73,701</u>
Excess of Receipts Over (Under) Disbursements	<u>(73,291)</u>	<u>(73,291)</u>	<u>4,770</u>	<u>78,061</u>
Unencumbered Fund Balance Beginning of Year	194,054	194,054	194,054	
Prior Year Encumbrances Appropriated				
Unencumbered Fund Balance End of Year	<u>\$120,763</u>	<u>\$120,763</u>	<u>\$198,824</u>	<u>\$78,061</u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$31,650	\$31,650	\$31,721	\$71
Intergovernmental	5,400	5,400	5,529	129
Total Receipts	<u>37,050</u>	<u>37,050</u>	<u>37,250</u>	<u>200</u>
Disbursements:				
Current:				
Public Safety	31,059	31,059	30,990	69
Total Disbursements	<u>31,059</u>	<u>31,059</u>	<u>30,990</u>	<u>69</u>
Excess of Receipts Over (Under) Disbursements	<u>5,991</u>	<u>5,991</u>	<u>6,260</u>	<u>269</u>
Unencumbered Fund Balance Beginning of Year	83,271	83,271	83,271	
Prior Year Encumbrances Appropriated	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unencumbered Fund Balance End of Year	<u><u>\$89,262</u></u>	<u><u>\$89,262</u></u>	<u><u>\$89,531</u></u>	<u><u>\$269</u></u>

See accompanying notes to the basic financial statements.

TWIN TOWNSHIP
DARKE COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2012

	<u>Private Purpose Trust</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$614
Total Assets	<u>614</u>
Net Position:	
Held in Trust for Cemetery Bequest:	
Nonexpendable	600
Expendable	14
Total Net Position	<u><u>\$614</u></u>

See accompanying notes to the basic financial statements.

**TWIN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Private Purpose Trust</u>
Additions:	
Contributions	
Earnings on Investments	
Total Additions	<u> </u>
Deductions:	
Payments in Accordance with Trust Agreements	
Other	
Total Deductions	<u> </u>
Change in Net Position	
Net Position Beginning of Year	<u> \$614</u>
Net Position End of Year	<u> \$614</u>

See accompanying notes to the basic financial statements.

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**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. REPORTING ENTITY

Twin Township, Darke County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of Arcanum for fire protection. Police protection is provided by the Darke County Sheriff's Department.

B. Public Entity Risk Pool

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position presents the cash and investment balances of the governmental-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

2. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds:

General - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gas Tax Fund - The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund - The road and bridge fund accounts for and reports property tax restricted for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Cemetery Fund - The cemetery fund accounts for and reports sale of cemetery lots and burials. This fund was major for 2013 only.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund - The fire district fund accounts for and reports property tax monies restricted for fire protection and a contract to provide for that protection.

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

2. Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund is a nonexpendable trust fund used to place flowers on a grave at Ithaca Cemetery for Memorial Day services. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township does not have any Agency funds or other trust funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

During 2013 and 2012, the Township invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013 and 2012.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 and 2012 was \$634 and \$474.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for road and bridge repair, cemetery maintenance, and fire protection. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

K. Fund Balance

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

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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.

Unassigned Un-assigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLE

For 2012, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, gasoline tax fund, road and bridge fund fire district fund, and cemetery fund (for 2013 only) is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The Township had encumbrances outstanding of \$160 in the General Fund and \$578 in the Gasoline Tax Fund at the end of fiscal year 2013.

5. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Investments

As of December 31, 2013 and 2012, the Township's only investment was STAR Ohio in the amount of \$511,387 and \$1,111,095, respectively. STAR Ohio is classified as an investment that matures in less than one year.

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township has no investment policy to address interest rate risk. The Township structures investments to meet cash requirements for ongoing operations, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds in short-term investments.

Credit Risk - STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. The Township's investment portfolio was composed entirely of STAR Ohio at December 31, 2013 and 2012.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2013, was \$3.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	\$70,962,240
Public Utility Personal Property	1,254,540
Total	<u>\$72,216,780</u>

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

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.

A. Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

B. 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, 2012 and 2011 (the latest information available):

	2012	2011
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Position	\$25,416,188	\$25,367,373

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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

Contributions to OTARMA	
2013	2012
\$3,145	\$2,921

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.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contributions plan in which members invest both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus an investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Township is 14% of covered payroll. The contribution rates are determined actuarially. The Township's required contributions to OPERS for the years ended

December 31, 2013, 2012, and 2011 were \$9,378, \$9,294, and \$9,294, respectively. The full amount has been contributed for 2013, 2012, and 2011.

9. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member- Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible Ohio Revised Code. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Township contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 4.0% during calendar year 2012 (most recent information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The rates stated above are the contractually required contribution rates for OPERS. The Township's actual contributions for the current year, which were used to fund postemployment benefits, for December 31, 2013, 2012, and 2011 were \$2,679, \$2,655, and \$2,655, respectively. The full amount has been contributed for all three years. The OPERS Board of Trustees adopted changes to the Health Care Plan on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

10. FUND BALANCES

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**TWIN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

10. FUND BALANCES (Continued)

2013							
Fund Balances	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Other Governmental	Total
Restricted for:							
Road and Bridge		\$349,265	\$221,662			\$93,261	\$664,188
Zoning						3,560	3,560
Fire Distirct					\$94,706		94,706
Cemetery				\$12,687			12,687
Total Restricted		349,265	221,662	12,687	94,706	96,821	775,141
Unassigned (Deficit)	\$420,454						420,454
Total Fund Balances	<u>\$420,454</u>	<u>\$349,265</u>	<u>\$221,662</u>	<u>\$12,687</u>	<u>\$94,706</u>	<u>\$96,821</u>	<u>\$1,195,595</u>

2012							
Fund Balances	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental	Total	
Restricted for:							
Road and Bridge		\$356,161	\$198,824		\$93,086	\$648,071	
Zoning					4,540	4,540	
Fire District				\$89,531		89,531	
Cemetery					26,224	26,224	
Total Restricted		356,161	198,824	89,531	123,850	768,366	
Unassigned (Deficit)	\$447,229					447,229	
Total Fund Balances	<u>\$447,229</u>	<u>\$356,161</u>	<u>\$198,824</u>	<u>\$89,531</u>	<u>\$123,850</u>	<u>\$1,215,595</u>	



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
Darke County
104 West South Street
Arcanum, Ohio 45304

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Township, Darke County, (the Township) as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 20, 2014, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles and the Township adopted provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

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 opinions 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 20, 2014



Dave Yost • Auditor of State

TWIN TOWNSHIP

DARKE 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 19, 2014**