



**PALMYRA TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Palmyra Township
Portage County
10090 Scotts Corners Road
Diamond, Ohio 44412

To the Board of Trustees:

We have audited the accompanying financial statements of Palmyra Township, Portage County (the Township), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

February 19, 2002

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$38,706	\$93,573		\$132,279
Intergovernmental	71,725	70,496		142,221
Licenses, Permits, and Fees	9,734	5,450		15,184
Earnings on Investments	7,434	849		8,283
Other Revenue	<u>30,646</u>	<u>3,491</u>		<u>34,137</u>
 Total Cash Receipts	 <u>158,245</u>	 <u>173,859</u>		 <u>332,104</u>
Cash Disbursements:				
Current:				
General Government	91,580	26,397		117,977
Public Safety	6,025			6,025
Public Works	10,422	141,687		152,109
Health	9,539	6,010		15,549
Capital Outlay	<u>15,012</u>	<u>3,148</u>		<u>18,160</u>
 Total Cash Disbursements	 <u>132,578</u>	 <u>177,242</u>		 <u>309,820</u>
 Total Receipts Over/(Under) Disbursements	 <u>25,667</u>	 <u>(3,383)</u>		 <u>22,284</u>
Other Financing Receipts/(Disbursements):				
Other Sources	<u>1,567</u>			<u>1,567</u>
 Total Other Financing Receipts/(Disbursements)	 <u>1,567</u>			 <u>1,567</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 27,234	 (3,383)		 23,851
 Fund Cash Balances, January 1	 <u>304,025</u>	 <u>223,333</u>	 <u>3,521</u>	 <u>530,879</u>
 Fund Cash Balances, December 31	 <u>\$331,259</u>	 <u>\$219,950</u>	 <u>\$3,521</u>	 <u>\$554,730</u>
 Reserve for Encumbrances, December 31	 <u> </u>	 <u> </u>	 <u> </u>	 <u> </u>

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

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Non-Expendable Trust
Operating Cash Receipts:	
Interest	\$1,166
Operating Cash Disbursements:	
Supplies and materials	<u>494</u>
Net receipts over disbursements	672
Fund cash balance, January 1	<u>25,956</u>
Fund cash balance, December 31	<u><u>\$26,628</u></u>
Reserve for encumbrances, December 31	<u><u> </u></u>

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

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$31,358	\$85,302		\$116,660
Intergovernmental	78,956	68,098		147,054
Licenses, Permits, and Fees	6,644	4,515		11,159
Earnings on Investments	6,650	1,358		8,008
Other Revenue	<u>19,905</u>	<u>3,194</u>		<u>23,099</u>
Total Cash Receipts	<u>143,513</u>	<u>162,467</u>		<u>305,980</u>
Cash Disbursements:				
Current:				
General Government	80,352	33,559		113,911
Public Safety	5,198			5,198
Public Works	9,341	103,235		112,576
Health	557	9,829		10,386
Capital Outlay	<u>13,626</u>	<u>3,173</u>	617	<u>17,416</u>
Total Cash Disbursements	<u>109,074</u>	<u>149,796</u>	<u>617</u>	<u>259,487</u>
Total Receipts Over/(Under) Disbursements	<u>34,439</u>	<u>12,671</u>	<u>(617)</u>	<u>46,493</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets			3,447	3,447
Other Sources	<u>1,150</u>			<u>1,150</u>
Total Other Financing Receipts/(Disbursements)	<u>1,150</u>		<u>3,447</u>	<u>4,597</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	35,589	12,671	2,830	51,090
Fund Cash Balances, January 1	<u>268,436</u>	<u>210,662</u>	<u>691</u>	<u>479,789</u>
Fund Cash Balances, December 31	<u>\$304,025</u>	<u>\$223,333</u>	<u>\$3,521</u>	<u>\$530,879</u>
Reserve for Encumbrances, December 31	<u>\$14,587</u>	<u>\$60,000</u>		<u>\$74,587</u>

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

PALMYRA TOWNSHIP
PORTAGE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Non-Expendable Trust</u>
Operating Cash Receipts:	
Interest	\$1,212
Operating Cash Disbursements:	
Supplies and materials	<u>33</u>
Net receipts over disbursements	1,179
Fund cash balance, January 1	<u>24,777</u>
Fund cash balance, December 31	<u><u>\$25,956</u></u>
Reserve for encumbrances, December 31	<u><u> </u></u>

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

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Palmyra Township, Portage County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

1986 Fire Levy Fund - This fund receives fire levy money to pay for fire protection.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects fund:

Permanent Improvement Fund - The Township uses this fund to account for major capital projects.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Non-expendable Cemetery Bequest Fund - This fund is used to account for donations where only the interest is available for the Cemetery upkeep and the principal must remain intact.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$558,227	\$533,704
Certificates of deposit	23,131	23,131
Total deposits	\$581,358	\$556,835

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

Fund Type	2001 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$137,542	\$159,812	\$22,270
Special Revenue	174,169	173,859	(310)
Capital Projects	0	0	0
Fiduciary	1,254	1,166	(88)
Total	\$312,965	\$334,837	\$21,872

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$425,800	\$132,578	\$293,222
Special Revenue	320,000	177,242	142,758
Capital Projects	3,520	0	3,520
Fiduciary	3,650	494	3,156
Total	<u>\$752,970</u>	<u>\$310,314</u>	<u>\$442,656</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$126,379	\$144,663	\$18,284
Special Revenue	163,140	162,467	(673)
Capital Projects	0	0	0
Fiduciary	1,218	1,212	(6)
Total	<u>\$290,737</u>	<u>\$308,342</u>	<u>\$17,605</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$364,800	\$123,661	\$241,139
Special Revenue	361,969	209,796	152,173
Capital Projects	690	617	73
Fiduciary	2,800	33	2,767
Total	<u>\$730,259</u>	<u>\$334,107</u>	<u>\$396,152</u>

4. PROPERTY TAX

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

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

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

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the Plan) an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

9. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

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

Palmyra Township
Portage County
10090 Scotts Corners Road
Diamond, Ohio 44412

To the Board of Trustees:

We have audited the accompanying financial statements of Palmyra Township, Portage County (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 19, 2002.

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

Jim Petro
Auditor of State

February 19, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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PALMYRA TOWNSHIP

PORTAGE 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
MARCH 26, 2002**