

PALMYRA TOWNSHIP

PORTAGE COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2009 and 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Palmyra Township
10100 Williams Road
Diamond, Ohio 44412

We have reviewed the *Report of Independent Accountants* of Palmyra Township, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Palmyra Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 21, 2010

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PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2009 and 2008

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REPORT OF INDEPENDENT ACCOUNTANTS

Palmyra Township
Portage County
9634 Tallmadge Road
Diamond, Ohio 44412

To the Board of Trustees:

We have audited the accompanying financial statements of Palmyra Township, Portage County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' Government Auditing Standards. Those standards require that we plan and perform the audit to reasonably assure 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Palmyra Township, Portage County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2010, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
March 26, 2010

**PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2009**

	<u>Governmental Fund Types</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Receipts:				
Local Taxes	\$ 51,200	\$ 186,120	-	\$ 237,320
Charges for Services	-	80,599	-	80,599
Intergovernmental	74,292	186,980	-	261,272
Licenses, Permits and Fees	1,040	6,701	-	7,741
Earnings on Investments	3,417	1,192	\$ 660	5,269
Other Revenue	79,352	25,136	-	104,488
Total Receipts	209,301	486,728	660	696,689
Disbursements:				
Current:				
General Government	101,946	27,871	-	129,817
Public Safety	34,257	247,634	-	281,891
Public Works	10,605	106,284	-	116,889
Health	11,794	13,274	-	25,068
Conservation/Recreation	3,880	-	-	3,880
Capital Outlay	43,200	6,540	-	49,740
Total Disbursements	205,682	401,603	-	607,285
Receipts Over/(Under) Disbursements	3,619	85,125	660	89,404
Fund Balance, January 1, 2009	154,760	336,357	25,345	516,462
Fund Balance, December 31, 2009	\$ 158,379	\$ 421,482	\$ 26,005	\$ 605,866

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

PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Fiduciary</u> <u>Fund Types</u> <u>Agency Fund</u>
Non-Operating Cash Receipts/(Disbursements):	
Miscellaneous Expenditures	<u>(7,329)</u>
Net Receipts Over Disbursements	(7,329)
Fund Balance, January 1	<u>7,329</u>
Fund Balance, December 31	<u><u>\$ -</u></u>

See accompanying Notes to the Financial Statements.

**PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2008**

	<u>Governmental Fund Types</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Receipts:				
Local Taxes	\$ 50,994	\$ 185,372	-	\$ 236,366
Charges for Services	-	52,912	-	52,912
Intergovernmental	74,050	167,444	-	241,494
Licenses, Permits and Fees	12,310	8,357	-	20,667
Earnings on Investments	3,762	1,549	\$ 1,016	6,327
Other Revenue	24,557	5,360	-	29,917
Total Receipts	165,673	420,994	1,016	587,683
Disbursements:				
Current:				
General Government	131,983	31,440	-	163,423
Public Safety	-	213,273	-	213,273
Public Works	8,807	188,166	-	196,973
Health	16,695	3,479	908	21,082
Conservation/Recreation	42	-	-	42
Capital Outlay	2,655	20,953	-	23,608
Total Disbursements	160,182	457,311	908	618,401
Receipts Over/(Under) Disbursements	5,491	(36,317)	108	(30,718)
Fund Cash Balance, January 1, 2008	149,269	372,674	25,237	547,180
Fund Balance, December 31, 2008	\$ 154,760	\$ 336,357	\$ 25,345	\$ 516,462

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

PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Fiduciary</u> <u>Fund Types</u> <u>Agency Fund</u>
Non-Operating Cash Receipts/(Disbursements):	
Miscellaneous Receipts	<u>7,329</u>
Net Receipts Over Disbursements	7,329
Fund Balance, January 1	<u>-</u>
Fund Balance, December 31	<u><u>\$ 7,329</u></u>

See accompanying Notes to the Financial Statements.

**PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Palmyra Township, Portage County (the Township) is a body corporate and politic established for the purpose of exercising 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 and a publicly-elected Fiscal Officer. The Township provides road and bridge maintenance, fire protection, cemetery maintenance and emergency medical services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following 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.)

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

C. CASH AND INVESTMENTS

Investments are included in the 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.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** – (continued)

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

- *Gasoline Tax Fund* – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.
- *Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.
- *1 Mill Fire Levy Fund* – This fund receives property taxes to provide fire protection.
- *2 Mill Fire Levy Fund* – This fund receives property taxes to provide fire protection.
- *Fire Rescue, Ambulance Fund* – This fund receives charges for services for ambulance runs.

Permanent Fund: This fund accounts for resources restricted by legally binding trust agreements. The Township had the following significant Permanent Fund:

- *Cemetery Bequest Fund* – This fund utilizes the interest revenue for the upkeep and maintenance of the cemetery. The principal must remain intact.

Agency Fund This fund is purely custodial in nature and is used to hold resources for individuals, organizations or other governments.

- *Fire Insurance Claim Fund* – This fund account for insurance proceeds to be held until required repairs to damaged property are made and approved by the Township.

E. **BUDGETARY PROCESS**

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The county budget commission approves the certificate of estimated resources.

**PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS - (continued)

1. Estimated Resources – (continued)

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2009 and 2008. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The Township's legal level of control is the fund, function and object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are cancelled at year-end.

F. PROPERTY, PLANT AND EQUIPMENT

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

**PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 CASH EQUIVALENTS

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 at December 31 was as follows:

	2009	2008
Demand Deposit	\$ 582,735	\$ 325,660
Certificate of Deposit	23,131	198,131
Total Deposits and Investments	\$ 605,866	\$ 523,791

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

Tangible personal property tax receipts received in the current year (other than public utility property) represent the collection of the previous year's taxes. Tangible personal property taxes received in the current year were levied after October 1 of the previous year, on the true values as of December 31 of the previous year. The tangible personal property tax has been phased out by the State of Ohio over a period of years. The rates for 2008 and 2009 were 6.25 percent and zero respectively.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

**PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 316,300	\$ 205,682	\$ 110,618
Special Revenue	677,416	401,603	275,813
Permanent	1,000	-	1,000

2008 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 312,000	\$ 160,182	\$ 151,818
Special Revenue	696,700	457,311	239,389
Permanent	1,000	908	92

2009 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 193,623	\$ 209,301	\$ 15,678
Special Revenue	440,335	486,728	46,393
Permanent	1,000	660	(340)

2008 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 168,716	\$ 165,673	\$ (3,043)
Special Revenue	400,367	420,994	20,627
Permanent	1,025	1,016	(9)

5. RETIREMENT SYSTEMS

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

5. RETIREMENT SYSTEMS – (continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2008, OPERS members contributed 10% of their salaries. The Township contributed an amount equal to 14% of participants' gross salaries. In 2009, OPERS member employees contributed 10% while the Township contributed 14%. The Township has paid all contributions required through December 31, 2009.

Full time members of the fire department are members of the Ohio Police and Fire Pension Fund (OP&F). OP&F is a state operated, cost sharing multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2009, OP&F members contributed 10% of their annual covered salary, while the Township contributed 24% for firefighters. The Township paid all required contributions through 2009.

6. 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**PALMYRA TOWNSHIP
PORTAGE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

6. RISK MANAGEMENT - (continued)

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, 2008 and 2007:

<u>Financial Position</u>	<u>2008</u>	<u>2007</u>
Assets	\$ 40,737,740	\$ 43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$ 27,755,922</u>	<u>\$ 29,852,866</u>

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also, upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

7. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Palmyra Township
Portage County
9634 Tallmadge Road
Diamond, Ohio 44412

To the Board of Trustees:

We have audited the financial statements of Palmyra Township, Portage County Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 26, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 grants agreements, noncompliance with which could directly and materially affect 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 or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.

March 26, 2010

**PALMYRA TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2009 and 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain
2007-001	Material Weakness-Failure to properly post receipts	Yes	Finding no longer valid



Mary Taylor, CPA
Auditor of State

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
MAY 6, 2010**