



**PALMYRA TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Palmyra Township
Portage County
10090 Scotts Corners Road
Diamond, Ohio 42200

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, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2000 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.

This report is intended solely for the information and use of the management, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 12, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$31,347	\$85,990		\$117,337
Intergovernmental	100,131	70,648		170,779
Licenses, Permits, and Fees	9,192	5,219		14,411
Earnings on Investments	6,862	1,006		7,868
Other Revenue	18,935	6,201		25,136
	<u>166,467</u>	<u>169,064</u>		<u>335,531</u>
Total Cash Receipts				
	<u>166,467</u>	<u>169,064</u>		<u>335,531</u>
Cash Disbursements:				
Current:				
General Government	75,565	167,817		243,382
Public Safety	3,563			3,563
Public Works	8,222	54,932		63,154
Health	425	10,708		11,133
Capital Outlay		4,094		4,094
	<u>87,775</u>	<u>237,551</u>		<u>325,326</u>
Total Cash Disbursements				
	<u>87,775</u>	<u>237,551</u>		<u>325,326</u>
Total Receipts Over/(Under) Disbursements	<u>78,692</u>	<u>(68,487)</u>		<u>10,205</u>
Other Financing Receipts:				
Other Sources	6,855			6,855
	<u>6,855</u>			<u>6,855</u>
Total Other Financing Receipts				
	<u>6,855</u>			<u>6,855</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>85,547</u>	<u>(68,487)</u>		<u>17,060</u>
Fund Cash Balances, January 1	<u>182,888</u>	<u>279,149</u>	<u>691</u>	<u>462,728</u>
Fund Cash Balances, December 31	<u>\$268,435</u>	<u>\$210,662</u>	<u>\$691</u>	<u>\$479,788</u>
Reserve for Encumbrances, December 31	<u>\$30,000</u>	<u>\$8,073</u>		<u>\$38,073</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$1,188
Total Operating Cash Receipts	1,188
Operating Cash Disbursements:	
Supplies and Materials	256
Total Operating Cash Disbursements	256
Operating Income	932
 Fund Cash Balances, January 1	23,845
Fund Cash Balances, December 31	\$24,777

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash Receipts:				
Local Taxes	\$29,845	\$80,219		\$110,064
Intergovernmental	74,184	68,263		142,447
Licenses, Permits, and Fees	9,567	8,034		17,601
Earnings on Investments	7,692	1,110		8,802
Other Revenue	10,347	6,819		17,166
	<u>131,635</u>	<u>164,445</u>		<u>296,080</u>
Cash Disbursements:				
Current:				
General Government	77,003	21,664		98,667
Public Safety	3,592			3,592
Public Works	9,418	55,079		64,497
Health	4,343	7,956		12,299
Capital Outlay		13,920	2,602	16,522
	<u>94,356</u>	<u>98,619</u>	<u>2,602</u>	<u>195,577</u>
Total Receipts Over/(Under) Disbursements	<u>37,279</u>	<u>65,826</u>	<u>(2,602)</u>	<u>100,503</u>
Other Financing Receipts:				
Other Sources	8,130			8,130
	<u>8,130</u>			<u>8,130</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	45,409	65,826	(2,602)	108,633
Fund Cash Balances, January 1	<u>137,479</u>	<u>213,323</u>	<u>3,293</u>	<u>354,095</u>
Fund Cash Balances, December 31	<u>\$182,888</u>	<u>\$279,149</u>	<u>\$691</u>	<u>\$462,728</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$1,246
Total Operating Cash Receipts	1,246
Operating Cash Disbursements:	
Supplies and Materials	2,543
Total Operating Cash Disbursements	2,543
Operating Loss	(1,297)
Fund Cash Balances, January 1	25,142
Fund Cash Balances, December 31	\$23,845

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 general governmental services and fire protection 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

The Township uses a local bank to manage its cash investment. Investments are limited to checking account and certificates of deposit.

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 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.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fiduciary Funds (Non-Expendable Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity.

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 canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	1999	1998
Demand deposits	\$481,434	\$463,442
Certificates of deposit	23,131	23,131
Total deposits	\$504,565	\$486,573

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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 ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$115,435	\$173,322	\$57,887
Special Revenue	154,028	169,064	15,036
Capital Projects	0	0	0
Fiduciary	1,182	1,188	6
Total	<u>\$270,645</u>	<u>\$343,574</u>	<u>\$72,929</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$297,987	\$117,775	\$180,212
Special Revenue	425,833	245,624	180,209
Capital Projects	691	0	691
Fiduciary	1,450	256	1,194
Total	<u>\$725,961</u>	<u>\$363,655</u>	<u>\$362,306</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,074	\$139,765	\$37,691
Special Revenue	149,289	164,445	15,156
Capital Projects	0	0	0
Fiduciary	1,339	1,246	(93)
Total	<u>\$252,702</u>	<u>\$305,456</u>	<u>\$52,754</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$239,060	\$94,356	\$144,704
Special Revenue	353,400	98,619	254,781
Capital Projects	3,293	2,602	691
Fiduciary	3,300	2,543	757
Total	<u>\$599,053</u>	<u>\$198,120</u>	<u>\$400,933</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX

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

5. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. The plans provide 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 1999 and 1998, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management. The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

**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 42200

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, 1999 and 1998, and have issued our report thereon dated April 12, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 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 April 12, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

April 12, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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 25, 2000**