

**PALMYRA TOWNSHIP  
PORTAGE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2015-2014**





# Dave Yost • Auditor of State

Board of Trustees  
Palmyra Township  
3956 State Route 225  
Diamond, Ohio 44412

We have reviewed the *Independent Auditor's Report* of Palmyra Township, Portage County, prepared by Escott & Company, LLC, for the audit period January 1, 2014 through December 31, 2015. 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.

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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 9, 2016

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# Escott & Company

CERTIFIED PUBLIC ACCOUNTANTS

Richard J. Tinker, CPA  
Al Stefanov, CPA  
James A. Tinker, CPA

## INDEPENDENT AUDITOR'S REPORT

Palmyra Township  
Portage County  
3956 State Route 225  
Diamond, Ohio 44412

To the Board of Trustees:

### *Report on the Financial Statements*

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

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

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

### *Auditor's Responsibility*

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

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

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

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

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*Escott & Company LLC*

**Escott and Company**  
Kent, Ohio

March 22, 2016



**PALMYRA Township**

Portage County, Ohio

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2015

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$46,916	\$182,860			\$229,776
Charges for Services		73,933			73,933
Licenses, Permits and Fees	1,030	10,413			11,443
Intergovernmental	44,995	175,747			220,742
Earnings on Investments	263	62		452	777
Miscellaneous	35,509	33,601	1,600		70,710
<i>Total Cash Receipts</i>	<u>128,713</u>	<u>476,616</u>	<u>1,600</u>	<u>452</u>	<u>607,381</u>
<b>Cash Disbursements</b>					
Current:					
General Government	99,388	47,846			147,234
Public Safety		224,591			224,591
Public Works	13,185	121,759			134,944
Health	11,898	13,478		148	25,524
Conservation-Recreation	7,224				7,224
Capital Outlay	5,311	99,164			104,475
<i>Total Cash Disbursements</i>	<u>137,006</u>	<u>506,838</u>	<u>0</u>	<u>148</u>	<u>643,992</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,293)</u>	<u>(30,222)</u>	<u>1,600</u>	<u>304</u>	<u>(36,611)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(8,293)</u>	<u>(30,222)</u>	<u>1,600</u>	<u>304</u>	<u>(36,611)</u>
<i>Fund Cash Balances, January 1</i>	<u>205,786</u>	<u>533,291</u>	<u>41,386</u>	<u>27,949</u>	<u>808,412</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	23,131	23,131
Restricted	0	445,728	41,386	5,122	492,236
Committed	5,350	57,341	1,600	0	64,291
Assigned	7,708	0	0	0	7,708
Unassigned (Deficit)	184,435	0	0	0	184,435
<i>Fund Cash Balances, December 31</i>	<u>\$197,493</u>	<u>\$503,069</u>	<u>\$42,986</u>	<u>\$28,253</u>	<u>\$771,801</u>

**PALMYRA Township**  
Portage County, Ohio  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2014

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$47,297	\$184,348			\$231,645
Charges for Services		62,232			62,232
Licenses, Permits and Fees	765	7,507			8,272
Intergovernmental	35,046	129,790			164,836
Earnings on Investments	233	68		669	970
Miscellaneous	94,993	21,596	399		116,988
<i>Total Cash Receipts</i>	<u>178,334</u>	<u>405,541</u>	<u>399</u>	<u>669</u>	<u>584,943</u>
<b>Cash Disbursements</b>					
Current:					
General Government	105,731	30,770			136,501
Public Safety		225,204			225,204
Public Works	12,749	113,112			125,861
Health	19,914	3,440		138	23,492
Conservation-Recreation	4,222				4,222
Capital Outlay	5,973	2,780			8,753
<i>Total Cash Disbursements</i>	<u>148,589</u>	<u>375,306</u>	<u>0</u>	<u>138</u>	<u>524,033</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,745</u>	<u>30,235</u>	<u>399</u>	<u>531</u>	<u>60,910</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			37,967		37,967
Transfers Out	(37,967)				(37,967)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(37,967)</u>	<u>0</u>	<u>37,967</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(8,222)</u>	<u>30,235</u>	<u>38,366</u>	<u>531</u>	<u>60,910</u>
<i>Fund Cash Balances, January 1</i>	<u>214,008</u>	<u>503,056</u>	<u>3,020</u>	<u>27,418</u>	<u>747,502</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	23,131	23,131
Restricted	0	483,742	41,386	4,818	529,946
Committed	9,028	49,549	0	0	58,577
Assigned	21,595	0	0	0	21,595
Unassigned (Deficit)	175,163	0	0	0	175,163
<i>Fund Cash Balances, December 31</i>	<u>\$205,786</u>	<u>\$533,291</u>	<u>\$41,386</u>	<u>\$27,949</u>	<u>\$808,412</u>

**PALMYRA TOWNSHIP  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF 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, park and cemetery maintenance and emergency medical services. The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 6 to the financial statements provides additional information for this entity.

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

**B. BASIS OF ACCOUNTING**

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. DEPOSITS AND INVESTMENTS**

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

**D. FUND ACCOUNTING**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**PALMYRA TOWNSHIP**  
**PORTAGE COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2014 and 2015**  
(Continued)

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

**2. Special Revenue Funds**

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

**3. Capital Project Funds**

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

**Cemetery Chapel Building Fund** – The Township receives donations from residents and other interested parties for the construction of a Cemetery Chapel. The Township has also transferred funds from the General Fund to help fund this project.

**4. Permanent Fund**

These funds account for and report recourse that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The Township had the following significant Permanent Fund:

**Cemetery Bequest Fund** – This fund utilizes the interest revenue for the upkeep and maintenance of the cemeteries. 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 recourses. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**PALMYRA TOWNSHIP  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2015  
(Continued)**

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

**2. Estimated Recourses**

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

**3. Encumbrances**

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

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

**F. FUND BALANCE**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**PALMYRA TOWNSHIP  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2015  
(Continued)**

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

**5. Unassigned**

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

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

**G. PROPERTY, PLANT AND EQUIPMENT**

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

**H. ACCUMULATED LEAVE**

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

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

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

	2015	2014
Demand Deposits	\$748,636	\$785,281
Certificate of Deposits	\$23,165	\$23,131
Total Deposits and Investments	\$771,801	\$808,412

**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, 2015 and 2014 follows:

**PALMYRA TOWNSHIP  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2015  
(Continued)**

**3. BUDGETARY ACTIVITY (CONTINUED)**

2015 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 123,261	\$ 128,713	\$ 5,452
Special Revenue	452,115	476,616	24,501
Capital Projects	10,000	1,600	(8,400)
Permanent	605	452	(153)
			-
Total	\$ 585,981	\$ 607,381	\$ 21,400

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$236,528	\$138,138	\$98,390
Special Revenue	741,338	506,706	234,632
Capital Projects	51,386		51,386
Permanent	650	148	502
Total	<u>\$1,029,902</u>	<u>\$644,992</u>	<u>\$384,910</u>

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$158,244	\$178,334	\$20,090
Special Revenue	384,862	405,541	20,679
Capital Projects	42,967	38,366	(4,601)
Permanent	610	669	59
Total	<u>\$586,683</u>	<u>\$622,910</u>	<u>\$36,227</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$278,178	\$187,749	\$90,429
Special Revenue	641,450	375,306	266,144
Capital Projects			0
Permanent	1,000	138	862
Total	<u>\$920,628</u>	<u>\$563,193</u>	<u>\$357,435</u>

**PALMYRA TOWNSHIP**  
**PORTAGE COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2014 and 2015**  
(Continued)

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEMS**

The Township's full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed between 10.75% and 12.25% of their wages. For 2015 and 2014 the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**6. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, injuries to employees, and public official's liability.

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. (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 American Public Entity Excess Pool (APEEP), which is also administered by YORK. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.



**PALMYRA TOWNSHIP  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2015  
(Continued)**

**6. RISK MANAGEMENT (CONTINUED)**

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. A December 31, 2014, OTARMA retained \$350,000 casualty claims and \$250,000 for property claims.

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

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, 2014 and 2013:

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

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.3 million and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 million and \$7.5 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Government's share of these unpaid claims collectible in future years is approximately \$23,222.

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 financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
11,813	11,611

**PALMYRA TOWNSHIP  
PORTAGE COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2014 and 2015  
(Continued)**

**6. RISK MANAGEMENT (CONTINUED)**

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 (via certified mail) 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 OTARMA. Also upon withdrawal, payments for all casualty claims and claim expense become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



# Escott & Company

CERTIFIED PUBLIC ACCOUNTANTS

Richard J. Tinker, CPA

Al Stefanov, CPA

James A. Tinker, CPA

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

Palmyra Township  
Portage County  
3956 State Route 225  
Diamond, Ohio 44412

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 Palmyra Township, Portage County, (the Township) as of and for the year ended December 31, 2015 and 2014 and the related notes to the financial statements and have issued our report thereon dated March 22, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### *Internal Control Over Financial Reporting*

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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.

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Trusted Business Advisors Since 1936



***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.

*Escott & Company LLC*

**Escott and Company**  
Kent, Ohio

March 22, 2016



# Dave Yost • 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  
JUNE 21, 2016**