



**POLK TOWNSHIP  
CRAWFORD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**POLK TOWNSHIP  
CRAWFORD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**THIS PAGE INTENTIONALLY LEFT BLANK**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Polk Township  
Crawford County  
5827 Monnett New Winchester Road  
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of Polk Township, Crawford County, Ohio (the Township) as of and for the years ended December 31, 2001, and December 31, 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 December 31, 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 25, 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 management, the Board of Trustees 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 25, 2002

**THIS PAGE INTENTIONALLY LEFT BLANK**

**POLK TOWNSHIP  
CRAWFORD 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**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>				
Local Taxes	\$38,147	\$215,509	\$0	\$253,656
Intergovernmental	52,117	84,610	0	136,727
Licenses, Permits, and Fees	2,219	0	0	2,219
Earnings on Investments	18,472	2,411	0	20,883
Other Receipts	14,178	1,500	0	15,678
 Total Cash Receipts	 125,133	 304,030	 0	 429,163
<b>Cash Disbursements:</b>				
Current:				
General Government	94,764	0	0	94,764
Public Safety	0	150,000	0	150,000
Public Works	18,792	167,548	0	186,340
Health	801	0	0	801
Capital Outlay	0	50,094	0	50,094
 Total Cash Disbursements	 114,357	 367,642	 0	 481,999
 Total Cash Receipts Over/(Under) Cash Disbursements	 10,776	 (63,612)	 0	 (52,836)
 Fund Cash Balances, January 1, 2001	 191,351	 276,271	 331	 467,953
 <b>Fund Cash Balances, December 31, 2001</b>	 <b>\$202,127</b>	 <b>\$212,659</b>	 <b>\$331</b>	 <b>\$415,117</b>
 Reserve for Encumbrances, December 31, 2001	 \$126	 \$90	 \$0	 \$216

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

**POLK TOWNSHIP  
CRAWFORD 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**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>				
Local Taxes	\$32,467	\$191,290	\$0	\$223,757
Intergovernmental	119,131	76,333	0	195,464
Licenses, Permits, and Fees	1,446	0	0	1,446
Earnings on Investments	23,947	3,499	0	27,446
Other Receipts	826	0	0	826
 Total Cash Receipts	 177,817	 271,122	 0	 448,939
<b>Cash Disbursements:</b>				
Current:				
General Government	76,989	0	0	76,989
Public Safety	0	60,000	0	60,000
Public Works	12,000	162,816	0	174,816
Health	83	0	0	83
Capital Outlay	21,500	20,564	0	42,064
 Total Cash Disbursements	 110,572	 243,380	 0	 353,952
 Total Cash Receipts Over Cash Disbursements	 67,245	 27,742	 0	 94,987
 Fund Cash Balances, January 1, 2000	 124,106	 248,529	 331	 372,966
 <b>Fund Cash Balances, December 31, 2000</b>	 <b>\$191,351</b>	 <b>\$276,271</b>	 <b>\$331</b>	 <b>\$467,953</b>
 Reserve for Encumbrances, December 31, 2000	 \$98	 \$76	 \$0	 \$174

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



**POLK TOWNSHIP  
CRAWFORD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Polk Township, Crawford 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 and cemetery maintenance. The Township contracts with the City of Galion to provide 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**

The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at shared values reported by the State Treasurer. Common stock and repurchase agreements are valued at cost.

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.

**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.

**POLK TOWNSHIP  
CRAWFORD COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire Levy Fund* - This fund receives property tax money to contract for fire protection services.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**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.

**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.

**POLK TOWNSHIP  
CRAWFORD COUNTY**

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

**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
Deposits	\$4,944	\$1,211
STAR Ohio	317,090	405,276
Repurchase Agreement	80,000	61,466
Common stock ( fair value was \$13,083 at December 31, 2001)	13,083	0
Total deposits and investments	\$415,117	\$467,953

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name. Equity securities are held in book entry form by a financial institution's trust department in the Township's name.

**3. BUDGETARY ACTIVITY**

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

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,378	\$125,133	\$59,755
Special Revenue	276,500	304,030	27,530
Total	\$341,878	\$429,163	\$87,285

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$203,253	\$114,483	\$88,770
Special Revenue	452,846	367,732	85,114
Total	\$656,099	\$482,215	\$173,884

**POLK TOWNSHIP  
CRAWFORD COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$114,492	\$177,817	\$63,325
Special Revenue	298,100	271,122	(26,978)
Total	\$412,592	\$448,939	\$36,347

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,691	\$110,670	\$29,021
Special Revenue	420,760	243,456	177,304
Total	\$560,451	\$354,126	\$206,325

**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 payments, 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.

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 employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This 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. 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.

**POLK TOWNSHIP  
CRAWFORD COUNTY**

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

**6. RISK MANAGEMENT**

**Risk Pool Membership**

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.

**THIS PAGE INTENTIONALLY LEFT BLANK**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

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

Polk Township  
Crawford County  
5827 Monnett New Winchester Road  
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of Polk Township, Crawford County, Ohio, (the Township), as of and for the years ended December 31, 2001, and December 31, 2000, and have issued our report thereon dated February 25, 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 25, 2002.

**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 25, 2002.

Polk Township  
Crawford County  
Report of Independent Accountants on Compliance and on Internal  
Control Required by *Government Auditing Standards*

This report is intended solely for the information and use of 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 25, 2002





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

**POLK TOWNSHIP**  
**CRAWFORD 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  
APRIL 2, 2002**