



Dave Yost • Auditor of State



**POLAND TOWNSHIP  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/16 .....	3
Combined Statement Of Receipts, Disbursements and Changes In Fund Balances (Cash Basis) Fiduciary Fund Types for The Year Ended December 31, 2016 .....	4
Notes to the Financial Statements FYE 12/31/16 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/15 .....	11
Combined Statement Of Receipts, Disbursements and Changes In Fund Balances (Cash Basis) All Proprietary And Fiduciary Fund Types for The Year Ended December 31, 2015 .....	12
Notes to the Financial Statements FYE 12/31/15.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings.....	21
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	23

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Poland Township  
Mahoning County  
3339 Dobbins Road  
Poland, Ohio 44514

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 Poland Township, Mahoning County, (the Township) as of and for the years ended December 31, 2016 and 2015.

### ***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.

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

As described in Note 2 of the financial statements, the Township 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 Township as of December 31, 2016 and 2015, 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 Poland Township, Mahoning County as of December 31, 2016 and 2015, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 27, 2017

**POLAND TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$519,622	\$898,304	\$1,417,926
Charges for Services	60,412		60,412
Licenses, Permits and Fees	468,519	90,918	559,437
Fines and Forfeitures	5,473		5,473
Intergovernmental	145,119	294,933	440,052
Special Assessments		79,914	79,914
Earnings on Investments	980	34	1,014
Miscellaneous	17,729	16,430	34,159
	<b>1,217,854</b>	<b>1,380,533</b>	<b>2,598,387</b>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
General Government	647,508	27,962	675,470
Public Safety	268,407	1,026,267	1,294,674
Public Works		671,158	671,158
Health		2,916	2,916
Conservation-Recreation		17,521	17,521
Other		1,959	1,959
Capital Outlay		293,869	293,869
	<b>915,915</b>	<b>2,041,652</b>	<b>2,957,567</b>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<b>301,939</b>	<b>(661,119)</b>	<b>(359,180)</b>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		221,100	221,100
Transfers Out	(221,100)		(221,100)
Other Financing Sources		89,037	89,037
Other Financing Uses	(19,500)		(19,500)
	<b>(240,600)</b>	<b>310,137</b>	<b>69,537</b>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	<b>61,339</b>	<b>(350,982)</b>	<b>(289,643)</b>
<i>Fund Cash Balances, January 1</i>	<b>677,658</b>	<b>1,502,091</b>	<b>2,179,749</b>
<b>Fund Cash Balances, December 31</b>			
Restricted		1,151,109	1,151,109
Assigned	315,397		315,397
Unassigned (Deficit)	423,600		423,600
	<b>\$738,997</b>	<b>\$1,151,109</b>	<b>\$1,890,106</b>
<i>Fund Cash Balances, December 31</i>			

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

POLAND TOWNSHIP  
MAHONING COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Fiduciary Fund Types</u>
	<u>Private Purpose Trust</u>
<i>Fund Cash Balances, January 1</i>	<u>2,061</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,061</u></u>

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



**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Poland Township, Mahoning County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and police protection.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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 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.

***Police District Fund*** This fund receives local tax money from fines, forfeitures and fees to pay for police protection for the Township.

***Internal Service Fund*** This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

***Health Reimbursement Fund*** – This fund accounts for the Board's contribution to health reimbursements for each employee.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the cemetery lots.

The Township had no agency funds.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***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. Unencumbered appropriations lapse at year-end.

***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 approve estimated resources.

***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 2016 budgetary activity appears in Note 3.

***Capital Assets***

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

***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.

***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:

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

***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.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**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.

**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.

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,286,011	\$1,217,854	(\$68,157)
Special Revenue	1,770,134	1,690,670	(79,464)
Total	\$3,056,145	\$2,908,524	(\$147,621)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,603,680	\$1,156,515	\$447,165
Special Revenue	2,524,550	2,041,652	482,898
Total	\$4,128,230	\$3,198,167	\$930,063

**Note 4 – 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:

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

	2016
Demand deposits	\$16,855
Total deposits	16,855
Certificates of deposit	1,873,812
U.S. Savings Bonds	1,500
Total investments	1,875,312
Total deposits and investments	\$1,892,167

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments**

The Federal Reserve holds the Township's U.S. Savings Bonds in book-entry form in the name of the Township. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**Note 5 – Property Taxes**

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.

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%; full-time police officers contributed 13%, of their wages during the year. The Township contributed an amount equaling 14% of participants' gross salaries. The Township contributed 18.1% for full-time police officers. The Township has paid all contributions required through December 31, 2016.

***Social Security***

One of the Township's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**This page intentionally left blank.**

**POLAND TOWNSHIP  
MAHONING COUNTY**

**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	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$512,673	\$885,655		\$1,398,328
Charges for Services	4,602			4,602
Licenses, Permits and Fees	441,720	136,065		577,785
Fines and Forfeitures	12,058			12,058
Intergovernmental	147,581	288,434	\$166,752	602,767
Special Assessments		83,577		83,577
Earnings on Investments	848	123		971
Miscellaneous	25,843	30,555		56,398
<i>Total Cash Receipts</i>	<u>1,145,325</u>	<u>1,424,409</u>	<u>166,752</u>	<u>2,736,486</u>
<b>Cash Disbursements</b>				
Current:				
General Government	563,334	31,871		595,205
Public Safety	513,987	736,667		1,250,654
Public Works		740,134		740,134
Health		874		874
Conservation-Recreation		944		944
Other		1,669		1,669
Capital Outlay			166,752	166,752
<i>Total Cash Disbursements</i>	<u>1,077,321</u>	<u>1,512,159</u>	<u>166,752</u>	<u>2,756,232</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>68,004</u>	<u>(87,750)</u>	<u>0</u>	<u>(19,746)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets		5,000		5,000
Transfers In		529,000		529,000
Transfers Out	(529,000)			(529,000)
Advances In	279,000	120,000		399,000
Advances Out	(120,000)	(279,000)		(399,000)
Other Financing Sources		75,519		75,519
Other Financing Uses	(91,827)			(91,827)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(461,827)</u>	<u>450,519</u>	<u>0</u>	<u>(11,308)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(393,823)</u>	<u>362,769</u>	<u>0</u>	<u>(31,054)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,071,481</u>	<u>1,139,322</u>		<u>2,210,803</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	332,943	1,502,091		1,835,034
Unassigned (Deficit)	344,715			344,715
<i>Fund Cash Balances, December 31</i>	<u>\$677,658</u>	<u>\$1,502,091</u>	<u>\$0</u>	<u>\$2,179,749</u>

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

**POLAND TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Internal Service	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Disbursements</b>			
Employee Fringe Benefits	\$75,313		\$75,313
<i>Total Operating Cash Disbursements</i>	75,313	0	75,313
<i>Operating Income (Loss)</i>	(75,313)	0	(75,313)
<i>Net Change in Fund Cash Balances</i>	(75,313)	0	(75,313)
<i>Fund Cash Balances, January 1</i>	75,313	2,061	77,374
<i>Fund Cash Balances, December 31</i>	\$0	\$2,061	\$2,061

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



**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Poland Township, Mahoning County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and police protection.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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 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.

***Police District Fund*** This fund receives local tax money from fines, forfeitures and fees to pay for police protection for the Township.

***Internal Service Fund*** This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

***Health Reimbursement Fund*** – This fund accounts for the Board's contribution to health reimbursements for each employee.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the cemetery lots.

The Township had no agency funds.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***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. Unencumbered appropriations lapse at year-end.

***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 approve estimated resources.

***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 2015 budgetary activity appears in Note 3.

***Capital Assets***

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

***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.

***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:

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

***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.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

**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.

**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.

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,083,600	\$1,145,325	\$61,725
Special Revenue	\$1,978,905	\$2,033,928	\$55,023
Capital Projects	0	166,752	166,752
Total	\$3,062,505	\$3,346,005	\$283,500

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,816,200	\$1,698,148	\$118,052
Special Revenue	1,979,200	1,512,159	467,041
Capital Projects	0	166,752	(166,752)
Internal Service	212,701	137,388	75,313
Total	\$4,008,101	\$3,514,447	\$493,654

**Note 4 – 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:

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

	2015
Demand deposits	\$225,550
Total deposits	225,550
Certificates of deposit	1,954,760
U.S. Savings Bonds	1,500
Total investments	1,956,260
Total deposits and investments	\$2,181,810

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments**

The Federal Reserve holds the Township's U.S. Savings Bonds in book-entry form in the name of the Township. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**Note 5 – Property Taxes**

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.

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%; full-time police officers contributed 13%, of their wages during the year. The Township contributed an amount equaling 14% of participants' gross salaries. The Township contributed 18.1% for full-time police officers. The Township has paid all contributions required through December 31, 2015.

**Social Security**

One of the Township's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Poland Township  
Mahoning County  
3339 Dobbins Road  
Poland, Ohio 44514

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 cash balances, receipts, and disbursements by fund type of the Poland Township, Mahoning County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated December 27, 2017 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

***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*.

***Entity's Response to Findings***

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

***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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 27, 2017



**POLAND TOWNSHIP  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**1. Accurate Record of Accounts and Transactions**

<i>Finding Number</i>	2016-001
-----------------------	----------

SIGNIFICANT DEFICIENCY

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees, and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The lack of controls over the posting of financial transactions resulted in the following mispostings and can result in errors or irregularities that may go undetected and decreases the reliability of financial data throughout the year.

During 2016, Homestead and Rollback receipts were posted as taxes instead of intergovernmental receipts to the General Fund in the amount totaling \$116,393 instead of being split between the General Fund \$43,880, the Road & Bridge Fund \$32,105 and the Police District Fund \$40,408. The Township's financial statements have been adjusted to reflect these transactions.

During 2015, the Township was the beneficiary of Ohio Department of Transportation (ODOT) monies for a sidewalk project that was entered into in 2013. On behalf of the Township, ODOT paid \$166,752 directly to the vendors in 2015. The Township did not record the receipt and expenditure transactions relating to these ODOT on-behalf payments. The Township's financial statements have been adjusted to reflect these transactions.

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the Governmental Accounting Standards Board. In general, when a local government enters into an on-behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made. Per Auditor of State Bulletin 2002-004, the Township should record a receipt and expenditure transaction to account for any payments made on its behalf in the capital projects fund established for ODOT transactions.

The Fiscal Officer should reference applicable guidance from the Auditor of State, such as UAN manuals of the Ohio Township Manual when posting receipts and processing unusual transactions.

**Official's Response:**

**See Summary of Prior Audit Findings**

**This page intentionally left blank.**



# POLAND TOWNSHIP

3339 DOBBINS ROAD - POLAND, OHIO 44514-2330  
 TELEPHONE: (330) 757-0733 FAX: (330) 757-1152

## POLAND TOWNSHIP MAHONING COUNTY

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2016 AND 2015

Finding Number	Finding Summary	Status	Additional Information
2014-001	<b>Incorrect posting of receipts and transactions during both prior years.</b>	Partially corrected	See Below

The posting of the Homestead and Rollback receipts posted as taxes instead of intergovernmental receipts does not pose any risk to the township statements being misstated as the revenue was reported. It is a matter of line item classification on the face of the financial statements. The \$116,393 was reclassified from Taxes to Intergovernmental and had no effect on the overall reporting of the receipts received throughout the year. The posting to the General Fund as opposed to Road and Bridge and Police was inadvertent and overall does not affect the reliability of the statements as the General Fund is used to support the township when the other funds are not able to provide for their current needs. This is especially true of the Police Fund and Road and Bridge, on occasion.

The reporting for the ODOT money should be receipted as memo for revenue and expense in the year received for on behalf payments. This project was entered into prior to my taking office and I was unaware that money was paid on our behalf and to whom. I never received notification from ODOT as this was run through the county. I will ensure when on behalf payment are received they are properly recorded.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**POLAND TOWNSHIP**

**MAHONING 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  
JANUARY 30, 2018**