



OHIO AUDITOR OF STATE  
**KEITH FABER**





**POLAND TOWNSHIP  
MAHONING COUNTY  
DECEMBER 31, 2018**

**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 12/31/18 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Fiduciary Fund FYE 12/31/18 .....	4
Notes to the Financial Statements FYE 12/31/18 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/17 .....	11
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Proprietary and Fiduciary Fund Types FYE 12/31/17 .....	12
Notes to the Financial Statements FYE 12/31/17 .....	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
Schedule of Prior Audit Findings.....	25

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## 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, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

### ***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 such 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, 2018 and 2017, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Poland Township, Mahoning County as of December 31, 2018 and 2017, 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 March 26, 2020, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

March 26, 2020

**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, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$548,983	\$888,614		\$1,437,597
Charges for Services	16,806			16,806
Licenses, Permits and Fees	452,315	39,603		491,918
Fines and Forfeitures	6,698			6,698
Intergovernmental	285,666	335,609	59,652	680,927
Special Assessments		86,300		86,300
Earnings on Investments	16,837	429		17,266
Miscellaneous	195,974	36,069		232,043
<i>Total Cash Receipts</i>	<u>1,523,279</u>	<u>1,386,624</u>	<u>59,652</u>	<u>2,969,555</u>
<b>Cash Disbursements</b>				
Current:				
General Government	613,971	34,154		648,125
Public Safety	331,537	935,647		1,267,184
Public Works		932,596		932,596
Health		7,191		7,191
Conservation-Recreation		5,257		5,257
Other		164		164
Capital Outlay	145,021	92,638	59,652	297,311
Debt Service:				
Principal Retirement		25,172		25,172
Interest and Fiscal Charges		1,800		1,800
<i>Total Cash Disbursements</i>	<u>1,090,529</u>	<u>2,034,619</u>	<u>59,652</u>	<u>3,184,800</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>432,750</u>	<u>(647,995)</u>	<u>0</u>	<u>(215,245)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		275,000		275,000
Transfers Out	(275,000)			(275,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(275,000)</u>	<u>275,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	157,750	(372,995)	0	(215,245)
<i>Fund Cash Balances, January 1</i>	<u>606,481</u>	<u>1,181,261</u>	<u>0</u>	<u>1,787,742</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		808,266		808,266
Assigned	263,995			263,995
Unassigned (Deficit)	500,236			500,236
<i>Fund Cash Balances, December 31</i>	<u>\$764,231</u>	<u>\$808,266</u>	<u>\$0</u>	<u>\$1,572,497</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)  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<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, 2018*

---

**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.

***Capital Project Fund*** This fund accounts for and reports 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:

***Public Works Commission Project Fund*** The public works commission project fund accounts for and reports State OPWC grant money restricted for the purpose of improving Township infrastructure.

***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, 2018*

---

***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 2018 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, 2018*

**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, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,230,795	\$1,523,279	\$292,484
Special Revenue	2,196,445	1,721,276	(475,169)
Total	\$3,427,240	\$3,244,555	(\$182,685)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,868,073	\$1,381,063	\$487,010
Special Revenue	2,635,855	2,130,951	504,904
Total	\$4,503,928	\$3,512,014	\$991,914

**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:

	2018
Demand deposits	\$434,787
Total deposits	434,787
Repurchase Agreement	1,138,271
U.S. Savings Bonds	1,500
Total investments	1,139,771
Total deposits and investments	\$1,574,558

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township 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 - Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
International Truck Note	\$51,554	2.5%
Total	\$51,554	

The Township issued the Vehicle Acquisition Note to finance the purchase of a 2016 International Truck. Bi-annual payments are made to Home Savings and Loan Bank for a period of five years.

Amortization of the above debt, including interest, is scheduled as follows:

	International Truck Note
Year ending December 31:	
2019	\$26,973
2020	26,806
Total	\$53,779

**Note 6 – 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 7 - 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, it material.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

**Note 8 - 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.

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, 2018.

**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, 2018.

**Note 9 – Postemployment Benefits**

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2018. OP&F contributes 0.5 percent 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, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$527,027	\$869,327		\$1,396,354
Charges for Services	45,979			45,979
Licenses, Permits and Fees	488,887	94,092		582,979
Fines and Forfeitures	8,255			8,255
Intergovernmental	137,586	338,280	76,269	552,135
Special Assessments		81,732		81,732
Earnings on Investments	1,178	9		1,187
Miscellaneous	44,794	49,201		93,995
<i>Total Cash Receipts</i>	<u>1,253,706</u>	<u>1,432,641</u>	<u>76,269</u>	<u>2,762,616</u>
<b>Cash Disbursements</b>				
Current:				
General Government	618,476	30,316		648,792
Public Safety	285,169	1,017,857		1,303,026
Public Works		675,217		675,217
Health		488		488
Conservation-Recreation		2,893		2,893
Other		1,746		1,746
Capital Outlay		127,000	76,269	203,269
Debt Service:				
Principal Retirement		24,556		24,556
Interest and Fiscal Charges		2,416		2,416
<i>Total Cash Disbursements</i>	<u>903,645</u>	<u>1,882,489</u>	<u>76,269</u>	<u>2,862,403</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>350,061</u>	<u>(449,848)</u>	<u>0</u>	<u>(99,787)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		600,000		600,000
Transfers Out	(600,000)			(600,000)
Advances In	120,000			120,000
Advances Out		(120,000)		(120,000)
Other Financing Uses	(2,577)			(2,577)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(482,577)</u>	<u>480,000</u>	<u>0</u>	<u>(2,577)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(132,516)</u>	<u>30,152</u>	<u>0</u>	<u>(102,364)</u>
<i>Fund Cash Balances, January 1</i>	<u>738,997</u>	<u>1,151,109</u>	<u>0</u>	<u>1,890,106</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		1,181,261		1,181,261
Assigned	606,481			606,481
<i>Fund Cash Balances, December 31</i>	<u>\$606,481</u>	<u>\$1,181,261</u>	<u>\$0</u>	<u>\$1,787,742</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)  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<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, 2017*

---

**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.

***Capital Project Fund*** This fund accounts for and reports 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:

***Public Works Commission Project Fund*** The public works commission project fund accounts for and reports State OPWC grant money restricted for the purpose of improving Township infrastructure.

***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, 2017*

---

***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 2017 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, 2017*

**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, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,225,863	\$1,253,706	\$27,843
Special Revenue	2,011,166	2,108,910	97,744
Total	\$3,237,029	\$3,362,616	\$125,587

  

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,561,460	\$1,511,205	\$50,255
Special Revenue	2,155,401	2,108,524	46,877
Total	\$3,716,861	\$3,619,729	\$97,132

**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:

	2017
Demand deposits	\$416,453
Total deposits	416,453
Repurchase Agreement	1,371,850
U.S. Savings Bonds	1,500
Total investments	1,373,350
Total deposits and investments	\$1,789,803

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township 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 - Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
International Truck Note	\$76,727	2.5%
Total	\$76,727	

The Township issued the Vehicle Acquisition Note to finance the purchase of a 2016 International Truck. Bi-annual payments are made to Home Savings and Loan Bank for a period of five years.

Amortization of the above debt, including interest, is scheduled as follows:

	International Truck Note
Year ending December 31:	
2018	\$26,973
2019	26,973
2020	26,806
Total	\$80,752

**Note 6 – 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.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 7 - 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 8 - 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.

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, 2017.

***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, 2017.

**Note 9 – Postemployment Benefits**

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Subsequent Event**

The Township issued a Road Improvement Tax Anticipation Bond in the amount of \$4,055,380 at 3.16% interest during February 2019 with payments to begin in April 2019.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## 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 Poland Township, Mahoning County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated March 26, 2020, 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 2018-001 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

March 26, 2020



POLAND TOWNSHIP  
MAHONING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018

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

1. Financial Reporting

FINDING NUMBER 2018-001

SIGNIFICANT DEFICIENCY

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

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 these transactions.

The following errors were noted in 2018:

- Permissive Motor Vehicle License Tax of \$34,789 was incorrectly posted to *Taxes* instead of *Intergovernmental* revenue in the Special Revenue Funds.
- Liquor Permit Fees of \$5,958 was incorrectly posted to *Licenses, Permits and Fees* (\$5,906) and *Miscellaneous* (\$52) instead of intergovernmental revenue in the General Fund.
- Principal and interest payments in the amount of \$25,173 and \$1,800, respectively, were posted in error to Public Works disbursements in the Special Revenue Funds. No debt note was presented in the notes to the financial statements.
- Revenue collected for franchise fees, finger printing fees, zoning permits, and other fees in the amount of \$176,646, was recorded as *Miscellaneous* revenue instead of *Licenses, Permits and Fees* in the General Fund.
- The Township was the beneficiary of Ohio Public Works Commission (OPWC) Issue II monies in the amount of \$59,652, which was paid directly to the vendors by OPWC. While the Township did record the receipt and expenditure transactions relating to these OPWC monies, the activity was recorded in the General Fund. An adjustment for this activity was made from the General Fund to the Capital Projects Fund and is reflected on the financial statements, as required by the above Audit Bulletins.

<u>2018</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<b>Revenues</b>			
Property Taxes	-	(34,789)	
License, Permits and Fees	176,646		
Intergovernmental	(59,652)	34,789	59,652
Miscellaneous	(176,646)		
<b>Expenditures</b>			
Public Works	-	(26,973)	
Capital Outlay	(59,652)		59,652
Debt - Principal	-	25,173	
Debt - Interest	-	1,800	

The following errors were noted in 2017:

- Permissive Motor Vehicle License Tax of \$41,305 was incorrectly posted to taxes instead of intergovernmental revenue in the Special Revenue Funds.
- Liquor Permit Fees of \$6,332 was incorrectly posted to License Permit and Fees (\$6,266) and Miscellaneous (\$66) instead of intergovernmental revenue in the General Fund
- Principal and interest payments in the amount of \$24,557 and \$2,416, respectively, were posted in error to Public Works in the Special Revenue Funds. No debt note was presented in the notes to the financial statements.
- The Township was the beneficiary of Ohio Public Works Commission (OPWC) Issue II monies in the amount of \$76,269 which was paid directly to the vendor by OPWC. While the Township did record the receipt and expenditure transactions relating to these OPWC on-behalf payments, the receipt was recorded in the special revenue funds (Road and Bridge Fund). An adjustment for this activity was made from the Special Revenue Funds to the Capital Projects Fund and is reflected on the financial statements, as required by the about Audit Bulletins.

<u>2017</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<b>Revenues</b>			
Property Taxes	-	(41,305)	
License, Permits and Fees	(6,266)		
Intergovernmental	6,332	41,305	76,269
Miscellaneous	(66)		
Other Financing Sources	-	(76,269)	
<b>Expenditures</b>			
Public Works	-	(26,973)	
Capital Outlay		(76,269)	76,269
Debt - Principal		24,557	
Debt - Interest		2,416	

The above adjustments are reflected on the financial statements.

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 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, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Incorrect posting of receipts and transactions during both prior years.	Not corrected	See Finding 2018-001 and see below.

The posting errors noted in the schedule of findings have no effect on the financial statements other than moving an amount from one revenue or expense line item to another. The townships statements are prepared on the cash basis, which means, if cash is correct at the end of the day, the statements are correct. By posting a revenue line item as taxes instead of intergovernmental receipts or vice versa, does not pose any risk to the township statements being misstated as the revenue or expense was in fact reported. It is a matter of line item classification on the face of the financial statements. All reclassifications had no effect on the overall reporting of the receipts and expenditures received or spent throughout the year.

The posting of OPWC revenue and expense to the General Fund and Special Revenue Funds as opposed to Capital Projects Fund had no overall effect on the reliability of the statements as these are on-behalf-payments, which means OPWC paid the contractor directly without the Township ever receiving those funds. The revenue and expenditures were recorded by the Township for the proper amounts.

**This page intentionally left blank.**

OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
MAY 5, 2020**