



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**POLAND TOWNSHIP
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Poland Township
Mahoning County
3339 Dobbins Road
Poland, Ohio 44514

To the Board of Trustees:

We have audited the accompanying financial statements of Poland Township, Mahoning County, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 28, 2001

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POLAND TOWNSHIP
MAHONING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fudiciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Nonexpendable Trust Fund	
Cash Receipts:						
Local Taxes	\$423,598	\$732,159				\$1,155,757
Intergovernmental	324,723	242,903		\$45,000		612,626
Special Assessments		44,672				44,672
Licenses, Permits, and Fees		50,756				50,756
Fines, Forfeitures, and Penalties	10,820	100				10,920
Earnings on Investments	72,583	2,483			\$60	75,126
Other Revenue	344,801	16,125				360,926
Total Cash Receipts	1,176,525	1,089,198		45,000	60	2,310,783
Cash Disbursements:						
Current:						
General Government	251,965	55,986				307,951
Public Safety	270,375	503,478				773,853
Public Works	219,266	464,731				683,997
Health	1,700	6,255				7,955
Miscellaneous		28,514				28,514
Debt Service:						
Redemption of Principal			80,000			80,000
Interest and Fiscal Charges			7,360			7,360
Capital Outlay		55,362		45,000		100,362
Total Cash Disbursements	743,306	1,114,326	87,360	45,000		1,989,992
Total Receipts Over/(Under) Disbursements	433,219	(25,128)	(87,360)		60	320,791
Other Financing Receipts/(Disbursements):						
Transfers-In		140,000	87,360			227,360
Advances-In	200,000	206,952				406,952
Transfers-Out	(227,360)					(227,360)
Advances-Out	(206,952)	(200,000)				(406,952)
Other Sources	70,035	797				70,832
Total Other Financing Receipts/(Disbursements)	(164,277)	147,749	87,360			70,832
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	268,942	122,621			60	391,623
Fund Cash Balances, January 1, 2000	1,104,830	182,030			1,685	1,288,545
Fund Cash Balances, December 31, 2000	\$1,373,772	\$304,651			\$1,745	\$1,680,168
Reserve for Encumbrances, December 31, 2000	\$31,183	\$30,483		\$15,000		\$76,666

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

**POLAND TOWNSHIP
MAHONING COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Nonexpendable Trust Fund	
Cash Receipts:					
Local Taxes	\$363,859	\$682,690			\$1,046,549
Intergovernmental	283,251	222,871			506,122
Special Assessments		50,595			50,595
Licenses, Permits, and Fees		54,656			54,656
Fines, Forfeitures, and Penalties	13,156	300			13,456
Earnings on Investments	43,176	1,662		60	44,898
Other Revenue	337,368	2,750			340,118
Total Cash Receipts	1,040,810	1,015,524		60	2,056,394
Cash Disbursements:					
Current:					
General Government	192,861	74,858			267,719
Public Safety	239,756	506,038			745,794
Public Works	189,316	434,317			623,633
Health	2,985	5,037		49	8,071
Miscellaneous		12,585			12,585
Debt Service:					
Redemption of Principal			80,000		80,000
Interest and Fiscal Charges			11,040		11,040
Capital Outlay	76,502				76,502
Total Cash Disbursements	701,420	1,032,835	91,040	49	1,825,344
Total Receipts Over/(Under) Disbursements	339,390	(17,311)	(91,040)	11	231,050
Other Financing Receipts/(Disbursements):					
Transfers-In		26,000	91,040		117,040
Advances-In	190,000	185,000			375,000
Transfers-Out	(117,040)				(117,040)
Advances-Out	(185,000)	(190,000)			(375,000)
Other Sources	71,190	994			72,184
Total Other Financing Receipts/(Disbursements)	(40,850)	21,994	91,040		72,184
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	298,540	4,683		11	303,234
Restated Fund Cash Balances, January 1, 1999— See Note 8	806,290	177,347		1,674	985,311
Fund Cash Balances, December 31, 1999	\$1,104,830	\$182,030		\$1,685	\$1,288,545
Reserve for Encumbrances, December 31, 1999		\$6,955			\$6,955

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Poland Township, Mahoning County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, police protection, fire protection, street lighting, and zoning.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

U.S. Savings Bonds are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Police District Fund - This fund receives property tax as well as a special police levy which the Township began receiving in 1997 for the general operation of the police department.

3. Debt Service Fund

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

4. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Warning Sirens Fund - This fund was established to account for monies received for the purpose of installing emergency sirens for the benefit of Township residents.

5. Nonexpendable Trust Fund

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following significant Nonexpendable Trust Fund:

Brown Reed Stokes Fund - This fund was established to account for monies received by the Township for cemetery maintenance.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$1,678,668</u>	<u>\$1,287,045</u>
Total deposits	1,678,668	1,287,045
U.S. Savings Bonds	<u>1,500</u>	<u>1,500</u>
Total investments	<u>1,500</u>	<u>1,500</u>
Total deposits and investments	<u><u>\$1,680,168</u></u>	<u><u>\$1,288,545</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Savings Bonds are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,039,398	\$1,246,560	\$207,162
Special Revenue	1,255,429	1,229,995	(25,434)
Debt Service	87,360	87,360	0
Capital Projects	60,000	45,000	(15,000)
Expendable Trust	60	60	0
Total	<u>\$2,442,247</u>	<u>\$2,608,975</u>	<u>\$166,728</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,168,227	\$1,001,849	\$166,378
Special Revenue	1,249,908	1,144,809	105,099
Debt Service	87,380	87,360	20
Capital Projects	60,000	60,000	0
Expendable Trust	125	0	125
Total	<u>\$2,565,640</u>	<u>\$2,294,018</u>	<u>\$271,622</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$927,082	\$1,112,000	\$184,918
Special Revenue	1,081,551	1,042,518	(39,033)
Debt Service	94,720	91,040	(3,680)
Expendable Trust	60	60	0
Total	<u>\$2,103,413</u>	<u>\$2,245,618</u>	<u>\$142,205</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,358,023	\$818,460	\$539,563
Special Revenue	1,149,387	1,039,790	109,597
Debt Service	94,720	91,040	3,680
Expendable Trust	150	49	101
Total	<u>\$2,602,280</u>	<u>\$1,949,339</u>	<u>\$652,941</u>

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Notes	80,000	4.6%

The General Obligation Notes consist of building construction issues for the Administration and Police Building. This note is a direct obligation of the Township for which its full faith, credit, and resources are pledged and is payable from "tipping fees" received from Browning Ferris for the Township being a "host community" for dumping garbage.

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

Year ending December 31:	General Obligation Notes
2001	83,680

6. RETIREMENT SYSTEMS

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% of participant's gross salaries in 2000. The Township has paid all contributions required through December 31, 2000.

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

8. RESTATEMENT OF FUND BALANCE

For the year commencing January 1, 1999, the Clerk had to correct a posting error made during 1998. This correction required adjustments to be recorded to the January 1, 1999 beginning fund balances.

<u>Fund Type</u>	<u>Previously Stated Balance at 12/31/98</u>	<u>Adjustment</u>	<u>Restated Balance at 1/1/99</u>
General	\$805,080	\$1,210	\$806,290
Special Revenue	178,557	(1,210)	177,347



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

Poland Township
Mahoning County
3339 Dobbins Road
Poland, Ohio 44514

To the Board of Trustees:

We have audited the accompanying financial statements of Poland Township, Mahoning County, (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 28, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 28, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

March 28, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JUNE 28, 2001**