



**Auditor of State
Betty Montgomery**

**POLAND TOWNSHIP
MAHONING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Poland Township
Mahoning County
3339 Dobbins Road
Poland, OH 44514

To the Board of Trustees:

We have audited the accompanying financial statements of Poland Township, Mahoning County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002 and 2001, 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 August 29, 2003 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 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 29, 2003

**POLAND TOWNSHIP
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Local Taxes	\$436,645	\$768,045	\$0	\$0	\$1,204,690
Intergovernmental	575,354		110,902		686,256
Special Assessments		285,095			285,095
Licenses, Permits, and Fees		56,489			56,489
Fines, Forfeitures, and Penalties	22,378	327			22,705
Earnings on Investments	63,954	1,935			65,889
Other Revenue	526,276	21,743			548,019
Total Cash Receipts	1,624,607	1,133,634	110,902	0	2,869,143
Cash Disbursements:					
Current:					
General Government	426,932	45,542			472,474
Public Safety	454,870	512,237			967,107
Public Works	285,137	677,930			963,067
Health	3,700	2,902			6,602
Other		60,317			60,317
Capital Outlay	126,788		128,153		254,941
Total Cash Disbursements	1,297,427	1,298,928	128,153	0	2,724,508
Total Receipts Over/(Under) Disbursements	327,180	(165,294)	(17,251)	0	144,635
Other Financing Receipts and (Disbursements):					
Transfers-In	84	150,838	17,251		168,173
Advances-In	342,027	337,769			679,796
Transfers-Out	(168,089)	(84)	0	(1,806)	(169,979)
Advances-Out	(337,769)	(342,027)			(679,796)
Other Sources	82,618	370			82,988
Total Other Financing Receipts/(Disbursements)	(81,129)	146,866	17,251	(1,806)	81,182
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	246,051	(18,428)	0	(1,806)	225,817
Fund Cash Balances, January 1	1,574,186	381,260		1,806	1,957,252
Fund Cash Balances, December 31	\$1,820,237	\$362,832	\$0	\$0	\$2,183,069
Reserve for Encumbrances, December 31	\$7,974	\$350	\$0	\$0	\$8,324

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$60
Total Operating Cash Receipts	60
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	60
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	60
Transfers-In	1,806
Net Receipts Over/(Under) Disbursements	1,866
Fund Cash Balances, January 1	0
Fund Cash Balances, December 31	\$1,866
Reserve for Encumbrances, December 31	\$0

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 SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$452,142	\$737,436	\$0	\$0	\$0	\$1,189,578
Intergovernmental	495,015			100,695		595,710
Special Assessments		263,561				263,561
Licenses, Permits, and Fees		48,522				48,522
Fines, Forfeitures, and Penalties	17,083	125				17,208
Earnings on Investments	68,869	1,699			60	70,628
Other Revenue	393,432	5,375				398,807
Total Cash Receipts	1,426,541	1,056,718	0	100,695	60	2,584,014
Cash Disbursements:						
Current:						
General Government	307,027	50,583				357,610
Public Safety	355,740	514,031				869,771
Public Works	217,154	521,630				738,784
Health	3,700	6,911				10,611
Other		46,644				46,644
Debt Service:						
Redemption of Principal			80,000			80,000
Interest and Fiscal Charges			3,680			3,680
Capital Outlay	173,653			115,695		289,348
Total Cash Disbursements	1,057,274	1,139,799	83,680	115,695	0	2,396,448
Total Receipts Over/(Under) Disbursements	369,267	(83,081)	(83,680)	(15,000)	60	187,566
Other Financing Receipts and (Disbursements):						
Transfers-In	19,389	182,852	83,680	15,000		300,921
Advances-In	204,000	200,000				404,000
Transfers-Out	(281,532)	(19,389)	0	0	0	(300,921)
Advances-Out	(200,000)	(204,000)				(404,000)
Other Sources	89,290	230				89,520
Total Other Financing Receipts/(Disbursements)	(168,853)	159,693	83,680	15,000	0	89,520
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	200,414	76,612	0	0	60	277,086
Fund Cash Balances, January 1	1,373,772	304,648			1,746	1,680,166
Fund Cash Balances, December 31	\$1,574,186	\$381,260	\$0	\$0	\$1,806	\$1,957,252
Reserve for Encumbrances, December 31	\$86,599	\$95,160	\$0	\$80,700	\$0	\$262,459

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

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**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

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 road and bridge maintenance, cemetery maintenance, police protection, and fire protection.

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

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.

The Township has an interest bearing sweep checking account that invests in overnight repurchase agreements. Interest earned is recognized and recorded when received. U.S. Savings Bonds are valued at cost.

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.

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Police District Fund - This fund receives property tax money, 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 Funds

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

4. Capital Project Funds

These funds are 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 Funds:

Quarry Road Resurface Fund - The Township received a grant from Mahoning County in 2002 to resurface Quarry Road.

Tax Grant (Car Port/Salt Bin) Fund - The Township received a grant from Mahoning County in 2002 to construct a car port and salt bin for Township use.

Poland Village Blvd. Fund - The Township received a grant from Mahoning County in 2002 to resurface Poland Village Blvd.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary 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.

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 and 2001 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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:

	2002	2001
Demand deposits	(\$36,586)	(\$99,880)
Total deposits	(36,586)	(99,880)
U.S. Savings Bonds	1,500	1,500
Repurchase agreement	2,220,021	2,055,632
Total investments	2,221,521	2,057,132
Total deposits and investments	\$2,184,935	\$1,957,252

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (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.

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.

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,330,409	\$1,707,309	\$376,900
Special Revenue	1,248,582	1,284,842	36,260
Capital Projects	128,153	128,153	0
Fiduciary	60	1,866	1,806
Total	\$2,707,204	\$3,122,170	\$414,966

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,091,520	\$1,473,490	\$618,030
Special Revenue	1,333,057	1,299,362	33,695
Capital Projects	149,451	128,153	21,298
Fiduciary	1,850	1,806	44
Total	\$3,575,878	\$2,902,811	\$673,067

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,042,217	\$1,535,220	\$493,003
Special Revenue	1,206,569	1,239,800	33,231
Debt Service	83,860	83,680	(180)
Capital Projects	288,846	115,695	(173,151)
Fiduciary	60	60	0
Total	\$2,621,552	\$2,974,455	\$352,903

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,716,826	\$1,425,405	\$291,421
Special Revenue	1,399,030	1,254,348	144,682
Debt Service	83,880	83,680	200
Capital Projects	311,151	196,395	114,756
Fiduciary	125	0	125
Total	\$3,511,012	\$2,959,828	\$551,184

Contrary to Ohio law, appropriation authority exceeded estimated resources in 2002 in the CDBG – Waterline fund by \$51,500.

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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

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**Auditor of State
Betty Montgomery**

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

Poland Township
Mahoning County
3339 Dobbins Road
Poland, OH 44514

To the Board of Trustees:

We have audited the accompanying financial statements of Poland Township, Mahoning County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 29, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 29, 2003.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 29, 2003

**POLAND TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the Budget Commission. No appropriation measure shall become effective until the County Auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

Appropriations exceeded estimated receipts in the following fund:

2002:	Fund	Estimated Resources	Total Appropriations	Difference
	4304 CDBG – Waterline	\$14,500	\$66,000	\$(51,500)

This situation may lead to disbursements within said fund exceeding the actual resources available.

We recommend that management monitor their budgetary cycle throughout the year to ensure that appropriations do not exceed the amounts on the certificate of estimated resources and any amendments thereto and actual revenue received.



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

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
NOVEMBER 6, 2003**