



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF POLAND
MAHONING COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Poland
Mahoning County
308 South Main Street
Poland, Ohio 44514

To the Village of Poland Council:

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 the Village of Poland, Mahoning County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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 Village'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 Village'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 Village 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 Village 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 Village as of December 31, 2019 and 2018, 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 the Village of Poland, Mahoning County as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 2, 2021

Village of Poland, Ohio
Mahoning County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$377,704	\$210,421			\$588,125
Intergovernmental	81,829	151,382	\$47,882		281,093
Special Assessments		822			822
Fines, Licenses and Permits	155,039	33,740			188,779
Earnings on Investments	24,698			\$22,999	47,697
Miscellaneous	20,567	7,394			27,961
<i>Total Cash Receipts</i>	<u>659,837</u>	<u>403,759</u>	<u>47,882</u>	<u>22,999</u>	<u>1,134,477</u>
Cash Disbursements					
Current:					
Security of Persons and Property	471,024	118,343			589,367
Public Health Services	17,000	15,000			32,000
Leisure Time Activities	6,901	4,811		21,363	33,075
Community Environment	11,507				11,507
Transportation	9,767	200,432	47,882		258,081
General Government	278,938	9,510			288,448
<i>Total Cash Disbursements</i>	<u>795,137</u>	<u>348,096</u>	<u>47,882</u>	<u>21,363</u>	<u>1,212,478</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(135,300)</u>	<u>55,663</u>	<u>0</u>	<u>1,636</u>	<u>(78,001)</u>
Other Financing Receipts (Disbursements)					
Transfers In		7,643			7,643
Transfers Out	(7,643)				(7,643)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(7,643)</u>	<u>7,643</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(142,943)</u>	<u>63,306</u>	<u>0</u>	<u>1,636</u>	<u>(78,001)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,185,814</u>	<u>202,518</u>	<u>0</u>	<u>7,196</u>	<u>1,395,528</u>
Fund Cash Balances, December 31					
Restricted		265,824		8,832	274,656
Assigned	439,931				439,931
Unassigned (Deficit)	602,940				602,940
<i>Fund Cash Balances, December 31</i>	<u>\$1,042,871</u>	<u>\$265,824</u>	<u>\$0</u>	<u>\$8,832</u>	<u>\$1,317,527</u>

See accompanying notes to the basic financial statements

Village of Poland, Ohio
Mahoning County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2019

	Fiduciary Fund Types
	Agency
Operating Cash Receipts	
Fines, Licenses and Permits	\$140,452
<i>Total Operating Cash Receipts</i>	140,452
Operating Cash Disbursements	
Other	140,452
<i>Total Operating Cash Disbursements</i>	140,452
<i>Operating Income (Loss)</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	14,890
<i>Fund Cash Balances, December 31</i>	\$14,890

See accompanying notes to the basic financial statements

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Poland, Mahoning County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government and police services. The Village receives free volunteer fire protection services from the Western Reserve Fire District.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except the Hine Trust Fund which is maintained by an outside custodian. The principal (assets) are not included in these financial statements. Assets held by custodians are described in Note #13 to the financial statements. Interest earnings are reflected on the financial statements in the Permanent Fund.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village'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 Village 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 Village are presented below:

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Police Levy Fund – This fund receives property tax money to help operate the law enforcement department.

Street Levy Fund – This fund receives property tax money to help operate the street resurfacing program.

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2019

3. Capital Projects Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund: 2018 OPWC – This fund received proceeds from the Ohio Public Works Commission. The proceeds were used for streets, highways, curbs and sidewalks.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The Village had the following significant permanent fund:

Hine Trust Fund – This fund receives interest and dividend earnings from the Samuel K. Hine Trust Account, which is administered by an outside trustee. The principal (assets) is not reflected on the financial statements.

5. 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 Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund account for revenue received from individuals for speeding and other traffic offenses. The money is held by the Village and remitted to the Treasurer of State.

Note 3 - 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.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village 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 2019 budgetary activity appears in Note 8.

Note 4 - Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Note 5 - Capital Assets

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

Note 6 - 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.

Note 7 - Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. 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.

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2019

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

4. 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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 Village 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 8 - Budgetary Activity

Budgetary activity for the year ending 12/31/19, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$649,193	\$659,837	\$10,644
Special Revenue	363,474	411,402	47,928
Capital Projects	47,882	47,882	0
Permanent	23,000	22,999	(1)
Total	\$1,083,549	\$1,142,120	\$58,571

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$928,534	\$814,964	\$113,570
Special Revenue	473,509	335,912	137,597
Capital Projects	47,882	47,882	0
Permanent	27,740	21,363	6,377
Total	\$1,477,665	\$1,220,121	\$257,544

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Deposits and Investments

The Village 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:

	<u>2019</u>
Demand deposits	<u>\$96,698</u>
Total deposits	<u>96,698</u>
Investments	
STAR Ohio	998,377
Repurchase agreement	<u>237,343</u>
Total investments	<u>1,235,720</u>
Total deposits and investments	<u><u>\$1,332,418</u></u>

Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Note 10 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

Public utilities are also taxed on personal and real property located within the Village.

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

Public utilities are also taxed on personal and real property located within the Village.

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

Note 11 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OPERS – Local	2012-2019	10%	14%

Ohio Police and Fire Retirement System

Village's certified Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OP&F- full time police	July 1, 2013- June 30, 2014	10.75%	19.5%
OP&F- full time police	July 1, 2014- June 30, 2015	11.5%	19.5%
OP&F- full time police	July 1, 2015- December 31, 2019	12.25%	19.5%

Note 13 – Assets Held by Custodians

The Samuel K. Hine Trust agreement required the Village to establish a Hine Trust Fund to be maintained by a custodian bank. The Village has established this fund. The assets are not reflected in the accompanying financial statements. Earnings on investments are forwarded to the Village on an as needed basis and recorded in the financial statements of the Village as earnings on investments.

Note 14 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Village of Poland, Ohio
Mahoning County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$367,939	\$192,667			\$560,606
Intergovernmental	77,241	133,026	\$56,263		266,530
Special Assessments		822			822
Fines, Licenses and Permits	172,414	35,532			207,946
Earnings on Investments	20,174			\$22,000	42,174
Miscellaneous	50,115	25,600			75,715
<i>Total Cash Receipts</i>	<u>687,883</u>	<u>387,647</u>	<u>56,263</u>	<u>22,000</u>	<u>1,153,793</u>
Cash Disbursements					
Current:					
Security of Persons and Property	446,036	120,850			566,886
Public Health Services	16,801				16,801
Leisure Time Activities	1,979			20,519	22,498
Community Environment	11,066				11,066
Transportation	13,551	152,366	167,236		333,153
General Government	247,344	23,973			271,317
<i>Total Cash Disbursements</i>	<u>736,777</u>	<u>297,189</u>	<u>167,236</u>	<u>20,519</u>	<u>1,221,721</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(48,894)</u>	<u>90,458</u>	<u>(110,973)</u>	<u>1,481</u>	<u>(67,928)</u>
Other Financing Receipts (Disbursements)					
Transfers In			110,973		110,973
Transfers Out		(110,973)			(110,973)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(110,973)</u>	<u>110,973</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(48,894)</u>	<u>(20,515)</u>	<u>0</u>	<u>1,481</u>	<u>(67,928)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,234,708</u>	<u>223,033</u>	<u>0</u>	<u>5,715</u>	<u>1,463,456</u>
Fund Cash Balances, December 31					
Restricted		202,518		7,196	209,714
Assigned	278,175				278,175
Unassigned (Deficit)	907,639				907,639
<i>Fund Cash Balances, December 31</i>	<u>\$1,185,814</u>	<u>\$202,518</u>	<u>\$0</u>	<u>\$7,196</u>	<u>\$1,395,528</u>

See accompanying notes to the basic financial statements

Village of Poland, Ohio
Mahoning County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2018

	Fiduciary Fund Types
	Agency
Operating Cash Receipts	
Fines, Licenses and Permits	\$155,533
<i>Total Operating Cash Receipts</i>	<i>155,533</i>
Operating Cash Disbursements	
Other	155,533
<i>Total Operating Cash Disbursements</i>	<i>155,533</i>
<i>Operating Income (Loss)</i>	<i>0</i>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	14,490
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>14,490</i>
<i>Net Change in Fund Cash Balances</i>	<i>14,490</i>
<i>Fund Cash Balances, January 1</i>	<i>400</i>
<i>Fund Cash Balances, December 31</i>	<i>\$14,890</i>

See accompanying notes to the basic financial statements

Village of Poland, Ohio
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 Village of Poland, Mahoning County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government and police services. The Village receives free volunteer fire protection services from the Western Reserve Fire District.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except the Hine Trust Fund which is maintained by an outside custodian. The principal (assets) are not included in these financial statements. Assets held by custodians are described in Note #13 to the financial statements. Interest earnings are reflected on the financial statements in the Permanent Fund.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village'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 Village 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 Village are presented below:

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Police Levy Fund – This fund receives property tax money to help operate the law enforcement department.

Street Levy Fund – This fund receives property tax money to help operate the street resurfacing program.

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2018

3. Capital Projects Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund: 2018 OPWC – This fund received proceeds from the Ohio Public Works Commission. The proceeds were used for streets, highways, curbs and sidewalks

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The Village had the following significant permanent fund:

Hine Trust Fund – This fund receives interest and dividend earnings from the Samuel K. Hine Trust Account, which is administered by an outside trustee. The principal (assets) is not reflected on the financial statements.

5. 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 Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund account for revenue received from individuals for speeding and other traffic offenses. The money is held by the Village and remitted to the Treasurer of State.

Note 3 - 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.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources.

The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village 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 8.

Note 4 - Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Note 5 - Capital Assets

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

Note 6 - 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.

Note 7 - Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. 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.

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2018

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

4. 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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 Village 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 8 - Budgetary Activity

Budgetary activity for the year ending 12/31/18, follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$687,883	\$687,883	\$0
Special Revenue	387,648	387,648	0
Capital Projects	167,226	167,226	0
Permanent	22,000	22,000	0
Total	\$1,264,757	\$1,264,757	\$0

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$887,930	\$745,440	\$142,490
Special Revenue	444,211	399,499	44,712
Capital Projects	167,236	167,236	0
Permanent	27,000	20,519	6,481
Total	\$1,526,377	\$1,332,694	\$193,683

Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Deposits and Investments

The Village 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	<u>\$369,259</u>
Total deposits	<u>369,259</u>
U.S. Treasury Notes	
STAR Ohio	<u>1,041,160</u>
Total investments	<u>1,041,160</u>
Total deposits and investments	<u><u>\$1,410,419</u></u>

Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Note 10 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

Public utilities are also taxed on personal and real property located within the Village.

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

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Village of Poland, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles

Note 12 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OPERS – Local	2012-2018	10%	14%

Ohio Police and Fire Retirement System

Village's certified Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OP&F- full time police	July 1, 2013- June 30, 2014	10.75%	19.5%
OP&F- full time police	July 1, 2014- June 30, 2015	11.5%	19.5%
OP&F- full time police	July 1, 2015- December 31, 2018	12.25%	19.5%

Note 13 – Assets Held by Custodians

The Samuel K. Hine Trust agreement required the Village to establish a Hine Trust Fund to be maintained by a custodian bank. The Village has established this fund. The assets are not reflected in the accompanying financial statements. Earnings on investments are forwarded to the Village on an as needed basis and recorded in the financial statements of the Village as earnings on investments.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Poland
Mahoning County
308 South Main Street
Poland, Ohio 44514

To the Village of Poland Council:

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 Village of Poland, Mahoning County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated February 2, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit and also noted the Village included a disclosure regarding the potential financial impact of COVID-19 and the ensuing emergency measures.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village'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 Village'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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*.

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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 2, 2021

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF POLAND

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/18/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov