



OHIO AUDITOR OF STATE  
**KEITH FABER**





**POLAND TOWNSHIP  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/20 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Fiduciary Fund Types FYE 12/31/20 .....	6
Notes to the Financial Statements FYE 12/31/20 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/19 .....	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Fiduciary Fund Types FYE 12/31/19 .....	14
Notes to the Financial Statements FYE 12/31/19.....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21
Schedule of Findings.....	23
Schedule of Prior Audit Findings.....	25

**This page intentionally left blank.**



**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 for each governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and the fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Poland Township, Mahoning County, Ohio (the Township).

***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(C) 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(C), 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(C) 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, 2020 and 2019, 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 for each governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and the fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 10 for 2019 and Note 11 for 2020 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. 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 July 27, 2022, 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

July 27, 2022

**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, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$558,253	\$902,707		\$634,819	\$2,095,779
Charges for Services	27,428				27,428
Licenses, Permits and Fees	553,423	36,757			590,180
Fines and Forfeitures	12,408				12,408
Intergovernmental	132,590	908,309		85,033	1,125,932
Special Assessments		79,378			79,378
Earnings on Investments	15,497				15,497
Miscellaneous	164,213	21,657		14,027	199,897
<i>Total Cash Receipts</i>	<u>1,463,812</u>	<u>1,948,808</u>	<u>0</u>	<u>733,879</u>	<u>4,146,499</u>
<b>Cash Disbursements</b>					
Current:					
General Government	570,627	109,699		9,405	689,731
Public Safety	97,431	1,155,688			1,253,119
Public Works		705,489			705,489
Health		2,930			2,930
Conservation-Recreation		8,117			8,117
Other		749			749
Capital Outlay		365,914		819,827	1,185,741
Debt Service:					
Principal Retirement			67,106	536,898	604,004
Interest and Fiscal Charges			4,249	108,158	112,407
<i>Total Cash Disbursements</i>	<u>668,058</u>	<u>2,348,586</u>	<u>71,355</u>	<u>1,474,288</u>	<u>4,562,287</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>795,754</u>	<u>(399,778)</u>	<u>(71,355)</u>	<u>(740,409)</u>	<u>(415,788)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds		125,000			125,000
Transfers In		533,000	71,935	122,599	727,534
Transfers Out	(727,534)				(727,534)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(727,534)</u>	<u>658,000</u>	<u>71,935</u>	<u>122,599</u>	<u>125,000</u>
<i>Net Change in Fund Cash Balances</i>	68,220	258,222	580	(617,810)	(290,788)
<i>Fund Cash Balances, January 1</i>	<u>893,353</u>	<u>758,042</u>	<u>0</u>	<u>628,002</u>	<u>2,279,397</u>
<i>Fund Cash Balances, December 31</i>	<u>\$961,573</u>	<u>\$1,016,264</u>	<u>\$580</u>	<u>\$10,192</u>	<u>\$1,988,609</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, 2020**

	<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, 2020*

---

**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.

**Coronavirus Fund** This fund receives federal aid from the CARES Act and provides for expenditures restricted for the types of expenditures permitted by the act.

**Debt Service Fund** This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

**Miscellaneous Debt Service** The debt service fund accounts for and reports resources restricted for the retirement of debt issues.

**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, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

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

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***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 (C). 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund 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 2020 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:

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,544,484	\$1,463,812	(\$80,672)
Special Revenue	\$2,732,055	\$2,606,808	(\$125,247)
Debt Service	\$80,000	\$71,935	(\$8,065)
Capital Projects	856,405	845,558	(10,847)
Total	<u>\$5,212,944</u>	<u>\$4,988,113</u>	<u>(\$224,831)</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,553,378	\$1,402,263	\$151,115
Special Revenue	\$3,016,624	\$2,379,626	\$636,998
Debt Service	\$80,000	\$71,355	\$8,645
Capital Projects	1,476,627	1,463,368	13,259
Total	<u>\$6,126,629</u>	<u>\$5,316,612</u>	<u>\$810,017</u>

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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:

	2020
Demand deposits	\$508,047
Total deposits	508,047
Repurchase Agreement	1,481,123
U.S. Savings Bonds	1,500
Total investments	1,482,623
Total deposits and investments	\$1,990,670

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$13,980 in unremitted employee payroll withholdings.

***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, 2020 was as follows:

	Principal	Interest Rate
Sewer Vac Note	\$112,233	2.5%
Road and Bridge Loan	\$119,836	2.75%
Road Bonds	\$2,989,615	3.16%
Total	\$3,221,684	

The Township financed the purchase of three new dump trucks and plowing equipment for Township road maintenance. The Township's taxing authority collateralized the loan. The Township issued general obligation revenue bonds to finance a Township wide road resurfacing project during 2019. The Township's taxing authority collateralized the bonds.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

Year ending December 31:	Sewer Vac Note	Road and Bridge Loan	Road Bonds
2021	\$26,524	\$31,867	\$645,057
2022	\$26,524	\$31,867	\$645,056
2023	\$26,524	\$31,867	\$645,057
2024	\$26,524	\$31,867	\$645,056
2025	\$13,262		\$645,057
Total	<u>\$119,358</u>	<u>\$127,468</u>	<u>\$3,225,283</u>

**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, 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, 2020.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**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, 2020.

**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 0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	6,671	31,040	37,711
Total	\$6,671	\$31,040	\$37,711

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.



**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, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$551,034	\$897,320	\$619,496	\$2,067,850
Charges for Services	12,284	32,852	102,416	147,552
Licenses, Permits and Fees	486,699	56,178		542,877
Fines and Forfeitures	7,052			7,052
Intergovernmental	158,096	377,409	21,400	556,905
Special Assessments		81,210		81,210
Earnings on Investments	30,509	12	65,310	95,831
Miscellaneous	83,401	16,833		100,234
<i>Total Cash Receipts</i>	<u>1,329,075</u>	<u>1,461,814</u>	<u>808,622</u>	<u>3,599,511</u>
<b>Cash Disbursements</b>				
Current:				
General Government	599,151	131,149	163,904	894,204
Public Safety	147,316	1,040,029		1,187,345
Public Works		798,084		798,084
Health		3,199		3,199
Conservation-Recreation		8,145		8,145
Other		3,229		3,229
Capital Outlay		103,446	3,426,829	3,530,275
Debt Service:				
Principal Retirement	12,994		572,611	585,605
Interest and Fiscal Charges	492		85,857	86,349
<i>Total Cash Disbursements</i>	<u>759,953</u>	<u>2,087,281</u>	<u>4,249,201</u>	<u>7,096,435</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>569,122</u>	<u>(625,467)</u>	<u>(3,440,579)</u>	<u>(3,496,924)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds			4,055,381	4,055,381
Other Debt Proceeds		148,443		148,443
Transfers In		426,800	13,200	440,000
Transfers Out	(440,000)			(440,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(440,000)</u>	<u>575,243</u>	<u>4,068,581</u>	<u>4,203,824</u>
<i>Net Change in Fund Cash Balances</i>	129,122	(50,224)	628,002	706,900
<i>Fund Cash Balances, January 1</i>	<u>764,231</u>	<u>808,266</u>	<u>0</u>	<u>1,572,497</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		758,042	628,002	1,386,044
Unassigned (Deficit)	893,353			893,353
<i>Fund Cash Balances, December 31</i>	<u><u>\$893,353</u></u>	<u><u>\$758,042</u></u>	<u><u>\$628,002</u></u>	<u><u>\$2,279,397</u></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, 2019

	<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, 2019*

---

**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, 2019*

---

***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 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 2019 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, 2019*

**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, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,394,740	\$1,329,075	(\$65,665)
Special Revenue	\$1,966,757	\$2,037,057	\$70,300
Capital Projects	4,775,761	4,877,203	101,442
Total	\$8,137,258	\$8,243,335	\$106,077

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,510,325	\$1,215,487	\$294,838
Special Revenue	\$2,308,523	\$2,123,961	\$184,562
Capital Projects	4,775,761	4,249,201	526,560
Total	\$8,594,609	\$7,588,649	\$1,005,960

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**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:

	<u>2019</u>
Demand deposits	<u>\$1,074,902</u>
Total deposits	<u>1,074,902</u>
Repurchase Agreement	<u>1,205,056</u>
U.S. Savings Bonds	<u>1,500</u>
Total investments	<u>1,206,556</u>
Total deposits and investments	<u><u>\$2,281,458</u></u>

**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, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
International Truck Note	\$25,732	2.5%
Road and Bridge Loan	\$148,443	2.75%
Road Bonds	<u>\$3,495,599</u>	3.16%
Total	<u><u>\$3,669,774</u></u>	

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. The Township financed the purchase of three new dump trucks and plowing equipment for Township road maintenance. The Township's taxing authority collateralized the loan. The Township issued general obligation revenue bonds to finance a Township wide road resurfacing project during 2019. The Township's taxing authority collateralized the bonds.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

Year ending December 31:	International Truck Note	Road and Bridge Loan	Road Bonds
2020	\$26,226	\$31,867	\$645,057
2021		\$31,867	\$645,056
2022		\$31,867	\$645,057
2023		\$31,867	\$645,056
2024		\$31,867	\$645,057
2025			\$645,056
Total	\$26,226	\$159,335	\$3,870,339

**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, 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, 2019.

**Poland Township**  
*Mahoning County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**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, 2019.

**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 2019. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## 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 for each governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and the fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Poland Township, Mahoning County, (the Township) and have issued our report thereon dated July 27, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. 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 2020-001 to be a significant deficiency.

---

Efficient • Effective • Transparent

**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 financial statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

**Township's Response to Findings**

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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

July 27, 2022

**POLAND TOWNSHIP  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

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

**1. Financial Reporting**

**FINDING NUMBER 2020-001**

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

During 2020:

- Homestead and Rollback receipts in the amount of \$81,226 were posted into the General Fund when \$10,192 should have gone into the Capital Projects Fund and \$71,034 should have gone into the Special Revenue Funds as Intergovernmental Receipts.
- Ohio Public Works Commission receipts in the amount of \$10,920 was incorrectly posted to the Special Revenue (Road and Bridge) Fund as Miscellaneous but should have been posted as Intergovernmental in the Capital Projects (OPWC) Fund.

The Township Fiscal Officer and management have agreed to and posted the adjustments to the Township's accounting records and the corrected amounts are reflected in the accompanying financial statements.

These errors were caused by a lack of internal controls related to the posting of receipts and expenditures.

To help ensure complete and accurate financial reporting, the Fiscal Officer should closely monitor all receipts and expenditures to help ensure amounts are posted to the proper funds and accounts.

**Officials' Response:**

Management agrees and has corrected going forward. The mispostings were caused by an oversight due to the nature of the receipt process from the state. Homestead and Rollbacks are deposited bi-annually and actual allocation for the receipt is sent months prior. This has been corrected in 2021 and going forward.

**2. Debt**

**FINDING NUMBER 2020-002**

NON-COMPLIANCE

**Ohio Rev. Code Chapter 133** authorizes certain methods by which subdivisions may incur debt.

**Ohio Rev. Code § 133.22** states a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute.

**Ohio Rev. Code § 133.10** permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

**Ohio Rev. Code § 133.15** states a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

**Ohio Rev. Code § 133.18** states the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2019 the Township entered into a loan agreement with Home Savings Bank in the amount of \$148,443. During 2020, the Township made principal payments on a promissory note (outstanding bank loan) in the amount of \$28,612. The bank loan was used by the Township to purchase three dump trucks and plowing equipment for road maintenance. This type of debt is not authorized in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

The Township should consult with legal counsel before incurring future debt to determine if the debt is authorized by statute. The Township should also develop internal controls to ensure debt activity is recorded appropriately and consistently.

**Officials' Response:**

Management agrees and has corrected going forward.



**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, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Incorrect posting of receipts and transactions during both prior years.	Not Corrected	See Finding 2020-001 of the current year.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**POLAND TOWNSHIP**

**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 8/16/2022**

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](http://www.ohioauditor.gov)