

**POLK TOWNSHIP**  
**CRAWFORD COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008





# Mary Taylor, CPA

Auditor of State

Township Trustees  
Polk Township  
5827 Monnett-New Winchester Road  
Galion, Ohio 44833

We have reviewed the *Independent Auditors' Report* of Polk Township, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Polk Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 24, 2010

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Polk Township  
Crawford County

We have audited the accompanying financial statements of Polk Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2009 and 2008, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.


In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Polk Township, Crawford County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As an emphasis of a matter and as discussed in Note 8 to the financial statements, Polk Township provided health, drug, dental, and life insurance to the Trustees, Zoning Inspector, and the Fiscal Officer.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2010 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

June 23, 2010

**POLK TOWNSHIP**  
**CRAWFORD COUNTY**  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES-ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Governmental Fund Types</u>				<b>Total Memorandum Only</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>CASH RECEIPTS:-</b>					
Property tax and other local taxes	\$ 54,180	\$ 314,076	\$ 0	\$ 0	\$ 368,256
Intergovernmental receipts	20,093	134,569	0	0	154,662
License, permits, and fees	691	0	0	0	691
Earnings on investments	2,298	453	0	0	2,751
Miscellaneous	255	7,069	0	0	7,324
<b>Total cash receipts</b>	<u>77,517</u>	<u>456,167</u>	<u>0</u>	<u>0</u>	<u>533,684</u>
<b>CASH DISBURSEMENTS:-</b>					
Current:-					
General government	136,252	11,365	0	0	147,617
Public safety	0	238,300	0	0	238,300
Public works	0	158,930	0	0	158,930
Health	0	1,074	0	0	1,074
Other	0	816	0	0	816
Capital outlay	550	8,718	0	0	9,268
Redemption of principal	0	0	55,345	0	55,345
Interest and other fiscal charges	0	0	746	0	746
<b>Total cash disbursement:</b>	<u>136,802</u>	<u>419,203</u>	<u>56,091</u>	<u>0</u>	<u>612,096</u>
<b>Total receipts over (under) cash disbursement</b>	<u>( 59,285)</u>	<u>36,964</u>	<u>( 56,091)</u>	<u>0</u>	<u>( 78,412)</u>
<b>Other Financing Receipts (Disbursements):</b>					
Transfers in	0	147	55,908	0	56,055
Transfers out	0	( 52,764)	( 147)	( 3,144)	( 56,055)
Total other financing receipts (disbursements)	<u>0</u>	<u>( 52,617)</u>	<u>55,761</u>	<u>( 3,144)</u>	<u>0</u>
Fund cash balances, January 1, 2009	<u>275,260</u>	<u>497,735</u>	<u>330</u>	<u>3,144</u>	<u>776,469</u>
<b>Fund cash balances, December 31, 2009</b>	<u>\$ 215,975</u>	<u>\$ 482,082</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 698,057</u>

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



**POLK TOWNSHIP**  
**CRAWFORD COUNTY**  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES-ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>				<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>CASH RECEIPTS:-</b>					
Property tax and other local taxes	\$ 50,488	\$ 313,634	\$ 0	\$ 0	\$ 364,122
Intergovernmental receipts	101,037	158,997	0	0	260,034
License, permits, and fees	1,035	0	0	0	1,035
Earnings on investments	13,136	3,213	0	17	16,366
Miscellaneous	15	979	0	0	994
<b>Total cash receipts</b>	<u>165,711</u>	<u>476,823</u>	<u>0</u>	<u>17</u>	<u>642,551</u>
<b>CASH DISBURSEMENTS:-</b>					
Current:-					
General government	116,800	8,565	0	0	125,365
Public safety	0	206,518	0	0	206,518
Public works	0	160,795	0	0	160,795
Health	0	1,675	0	0	1,675
Other	0	7,375	0	0	7,375
Capital outlay	30	818	0	0	848
Redemption of principal	0	0	21,150	0	21,150
Interest and other fiscal charges	0	0	2,804	0	2,804
<b>Total cash disbursements</b>	<u>116,830</u>	<u>385,746</u>	<u>23,954</u>	<u>0</u>	<u>526,530</u>
<b>Total receipts over (under) cash disbursements</b>	<u>48,881</u>	<u>91,077</u>	<u>( 23,954)</u>	<u>17</u>	<u>116,021</u>
<b>Other Financing Receipts (Disbursements):-</b>					
Transfers in	136	7,012	23,954	0	31,102
Transfers out	0	( 31,102)	0	0	( 31,102)
Total other financing receipts (disbursements)	<u>136</u>	<u>( 24,090)</u>	<u>23,954</u>	<u>0</u>	<u>0</u>
Fund cash balances, January 1, 2008	<u>226,243</u>	<u>430,748</u>	<u>330</u>	<u>3,127</u>	<u>660,448</u>
<b>Fund cash balances, December 31, 2008</b>	<u>\$ 275,260</u>	<u>\$ 497,735</u>	<u>\$ 330</u>	<u>\$ 3,144</u>	<u>\$ 776,469</u>

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

**POLK TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

**Description of the Entity** - Polk Township, Crawford County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly - elected three member Board of Trustees. The Township provides general government services, including road and bridge maintenance, cemetery maintenance. The Township contracts with the City of Galion to provide fire protection and emergency medical services.

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

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

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

**Cash and Investments** - Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurers investment pool) is recorded at share values reported by the State Treasurer.

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

**General Fund**

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

**Special Revenue Funds**

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

*Road and Bridge Fund* - This fund receives property tax money to construct, maintain, and repair Township roads and bridges.

*Fire Levy Fund* - This fund receives property tax money to contract for fire protection services.

**Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness for the Township.

**Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

**POLK TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

**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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The Crawford County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Crawford County Budget Commission must also 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 canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

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

**NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-**

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

	<b><u>2009</u></b>	<b><u>2008</u></b>
Demand Deposits	\$ 95,576	\$ 4,912
Star Ohio	602,481	701,557
Certificate of Deposit	<u>0</u>	<u>70,000</u>
<b>Total deposits</b>	<b><u>\$ 698,057</u></b>	<b><u>\$ 776,469</u></b>

**Demand Deposits** - The Township's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**Investments** - Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**POLK TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2009 was as follows:

**2009 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 62,230	\$ 77,517	\$ 15,287
Special revenue	385,282	456,314	71,032
Debt service	55,762	55,908	146
Capital projects	34,000	0	( 34,000)
<b>Total</b>	<b>\$ 537,274</b>	<b>\$ 589,739</b>	<b>\$ 52,465</b>

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 281,100	\$ 136,802	\$ 144,298
Special revenue	703,886	471,967	231,919
Debt service	56,238	56,238	0
Capital projects	37,146	3,144	34,002
<b>Total</b>	<b>\$ 1,078,370</b>	<b>\$ 668,151</b>	<b>\$ 410,219</b>

Contrary to Ohio law, actual receipts were less than estimated resources during 2009 in the Capital project fund by \$34,000.

**POLK TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2008 was as follows:

**2008 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 132,097	\$ 165,847	\$ 33,750
Special revenue	426,882	483,835	56,953
Debt service	23,954	23,954	0
Capital projects	34,000	17	( 33,983)
<b>Total</b>	<b>\$ 616,933</b>	<b>\$ 673,653</b>	<b>\$ 56,720</b>

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 221,001	\$ 116,830	\$ 104,171
Special revenue	591,207	416,848	174,359
Debt service	23,954	23,954	0
Capital projects	37,130	0	37,130
<b>Total</b>	<b>\$ 873,292</b>	<b>\$ 557,632</b>	<b>\$ 315,660</b>

Contrary to Ohio law, actual receipts were less than estimated resources during 2008 in the Capital project fund by \$33,983.

**POLK TOWNSHIP  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 4 - PROPERTY TAX:-**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to Crawford County by each April 30.

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

Tangible personal property tax is being phased out.

**NOTE 5 - RETIREMENT SYSTEMS:-**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, PERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2009 and 2008. The Township has paid all contributions required through December 31, 2009.

**NOTE 6 - RISK POOL MANAGEMENT:-**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage and Property Coverage –**

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

**POLK TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**NOTE 6 - RISK POOL MANAGEMENT:-** (continued)

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>		<u>2007</u>
Assets	\$ 40,737,740	\$	43,210,703
Liabilities	( 12,981,818)	(	13,357,837)
Net Assets	<u>\$ 27,755,922</u>	<u>\$</u>	<u>29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be filled to approximately 950 member governments in the future as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$5,269.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>		
2007	\$	7,557
2008	\$	5,250
2009	\$	5,605

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 7- DEBT:-**

On May 20, 2006, Polk Township obtained a tax exempt conduit bond from United Bank for the purchase of a new township truck. The bond has payments of \$11,958 (including interest at 4.5% annually) due on May 20 and November 20 of each year. Polk Township's first payment on this bond was on November 26, 2006. Additional principal payments were made during the 2009 year and the principal balance was paid in full prior to the scheduled date of maturity.

**POLK TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

**NOTE 8 - EMPLOYEE INSURANCE COVERAGE:-**

During 2009 and 2008, the Township provided health, drug, dental and life insurance for the Trustees, Zoning Inspector, and the Fiscal Officer through the Crawford County Township Association, Medical Mutual, and Delta Dental. Total expenditures for these benefits were \$72,949 and \$56,503, respectively.

**NOTE 9 - INTERFUND TRANSFERS:-**

During 2009 and 2008, the following transfers were made:

<b>Fund</b>	<b>2009 Transfers Out</b>	<b>2009 Transfers In</b>
Special Revenue Funds	\$ 52,764	\$ 147
Debt Service Fund	147	55,908
Capital Projects Fund	3,144	0
<b>Total All Funds</b>	<b>\$ 56,055</b>	<b>\$ 56,055</b>

<b>Fund</b>	<b>2008 Transfers Out</b>	<b>2008 Transfers In</b>
General Fund	\$ 0	\$ 136
Special Revenue Funds	31,102	7,012
Debt Service Fund	0	23,954
<b>Total All Funds</b>	<b>\$ 31,102</b>	<b>\$ 31,102</b>

During 2008, the Township received FEMA monies that were recorded into a separate fund as required by the FEMA grant agreement. These monies were to reimburse the original expenses that were already incurred by the Township. This money transferred back to the respective funds where originally expensed after Board approval.

During 2009 and 2008, the Township transferred monies out of the Special Revenue Funds and into the Debt Service Fund for tracking purposes to make the final debt payments on their truck loan, which was approved by the Board.

During 2009, the Township transferred out of the Capital Projects Fund to supplement the debt payment. The money in the Capital Projects Fund had accumulated from the interest earned on the money disbursed to the Township from the loan between the time the loan was acquired and the time the payment was made for the truck. This was excess earnings that the Trustees determined should be utilized as part of the payments on the debt. The Fiscal Officer chose to transfer it to the respective funds the payments were being made from for tracking purposes, which was approved by the Board.

During 2009, the Township also transferred out of the Debt Service Fund back to the Special Revenue Fund for the excess amount that was originally transferred in to pay on the debt. The debt was paid off in full during 2009, and at that time, it was determined by the Trustees that there was no reason to maintain a balance in that fund after the debt was paid in full so the Trustees elected to move the money back to the original location by the means of a transfer of funds.





**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Trustees  
Polk Township  
Crawford County

We have audited the financial statements of the Polk Township, Crawford County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 23, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Polk Township's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Polk Township's internal control over financial reporting.

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 a combination of deficiencies in internal control such that there is a reasonable possibility that a material financial statement misstatement will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

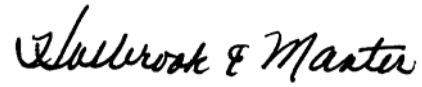
We also noted certain internal control matters that we reported to the Township's management in a separate letter dated June 23, 2010.

**Compliance and Other Matters**

As part of reasonably assuring whether Polk Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated June 23, 2010.

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

A handwritten signature in black ink that reads "Hullbrook & Manton". The script is cursive and elegant.

Certified Public Accountants

June 23, 2010

**POLK TOWNSHIP  
CRAWFORD COUNTY  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2007-01	Significant Deficiency- Internal Control and Review Procedures	Yes	No longer a finding in 2009.





**Mary Taylor, CPA**  
Auditor of State

**POLK TOWNSHIP**

**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 7, 2010**