



**VILLAGE OF POLAND
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF POLAND
MAHONING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Poland, Mahoning County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2000 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 grants.

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

Jim Petro
Auditor of State

December 8, 2000

This page intentionally left blank.

**VILLAGE OF POLAND
MAHONING COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$281,000				\$281,000
Special Assessments		170			170
Intergovernmental Receipts	379,437	167,079			546,516
Charges for Services	12,880				12,880
Fines, Licenses, and Permits	137,368	14,131			151,499
Miscellaneous	23,063	200		21,901	45,164
Total Cash Receipts	<u>833,748</u>	<u>181,580</u>		<u>21,901</u>	<u>1,037,229</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	352,439	23,375			375,814
Leisure Time Activities	12,995			26,151	39,146
Community Environment	2,722				2,722
Transportation	2,793	156,356	7,140		166,289
General Government	298,750				298,750
Total Disbursements	<u>669,699</u>	<u>179,731</u>	<u>7,140</u>	<u>26,151</u>	<u>882,721</u>
Total Receipts Over/(Under) Disbursements	<u>164,049</u>	<u>1,849</u>	<u>(7,140)</u>	<u>(4,250)</u>	<u>154,508</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		1,466			1,466
Transfers-Out	(1,466)				(1,466)
Total Other Financing Receipts/(Disbursements)	<u>(1,466)</u>	<u>1,466</u>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	162,583	3,315	(7,140)	(4,250)	154,508
Fund Cash Balances January 1	430,453	88,042	7,140	18,028	543,663
Fund Cash Balances, December 31	<u>\$593,036</u>	<u>\$91,357</u>		<u>\$13,778</u>	<u>\$698,171</u>
Reserves for Encumbrances, December 31	<u>\$209,913</u>	<u>\$18,111</u>		<u>\$95</u>	<u>\$228,119</u>

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

**VILLAGE OF POLAND
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$259,722				\$259,722
Special Assessments		170			170
Intergovernmental Receipts	295,683	138,701			434,384
Charges for Services	22,641				22,641
Fines, Licenses, and Permits	141,598	12,189			153,787
Miscellaneous	57,775	5,050		23,278	86,103
Total Cash Receipts	<u>777,419</u>	<u>156,110</u>		<u>23,278</u>	<u>956,807</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	279,298	70,186			349,484
Public Health Services	12,311				12,311
Leisure Time Activities	1,250			18,246	19,496
Community Environment	2,871				2,871
Transportation	12,395	156,951			169,346
General Government	264,496				264,496
Total Disbursements	<u>572,621</u>	<u>227,137</u>		<u>18,246</u>	<u>818,004</u>
Total Receipts Over/(Under) Disbursements	<u>204,798</u>	<u>(71,027)</u>		<u>5,032</u>	<u>138,803</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		75,345			75,345
Transfers-Out	(75,345)				(75,345)
Total Other Financing Receipts/(Disbursements)	<u>(75,345)</u>	<u>75,345</u>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	129,453	4,318		5,032	138,803
Fund Cash Balances January 1	301,000	83,724	7,140	12,996	404,860
Fund Cash Balances, December 31	<u>\$430,453</u>	<u>\$88,042</u>	<u>\$7,140</u>	<u>\$18,028</u>	<u>\$543,663</u>
Reserves for Encumbrances, December 31	<u>\$35,183</u>	<u>\$28,567</u>		<u>\$690</u>	<u>\$64,440</u>

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

**VILLAGE OF POLAND
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Poland, Mahoning County, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services and police services.

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 a outside custodian, is not included in these financial statements. Assets held by custodians are described in Note #7 to the financial statements.

B. Basis of Accounting

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

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

C. Cash and Investments

The Village's investments for the audit period are limited to overnight sweep accounts.

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

D. Fund Accounting

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

2. Special Revenue Fund

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 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.

**VILLAGE OF POLAND
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

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

4. Fiduciary Funds (Expendable Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary 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.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF POLAND
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	(33,841)	\$(19,014)
Total deposits	(33,841)	(19,014)
Sweep Account	732,012	562,677
Total investments	732,012	562,677
Total deposits and investments	\$ 698,171	\$ 543,663

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: The financial institution maintains records identifying the Village as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,135,760	\$ 833,748	\$ (302,012)
Special Revenue	196,221	183,046	(13,175)
Capital Projects	0	0	0
Fiduciary	23,000	21,901	(1,099)
Total	\$ 1,354,981	\$ 1,038,695	\$ (316,286)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 951,579	\$ 881,078	\$ 70,501
Special Revenue	220,310	197,842	22,468
Capital Projects	7,140	7,140	0
Fiduciary	29,190	26,246	2,944
Total	\$ 1,208,219	\$ 1,112,306	\$ 95,913

**VILLAGE OF POLAND
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 707,059	\$ 777,419	\$ 70,360
Special Revenue	231,455	231,455	0
Capital Projects	0	0	0
Fiduciary	23,278	23,278	0
Total	\$ 961,792	\$ 1,032,152	\$ 70,360

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 825,599	\$ 683,149	\$ 142,450
Special Revenue	241,165	255,704	(14,539)
Capital Projects	7,140	0	7,140
Fiduciary	26,761	18,936	7,825
Total	\$ 1,100,665	\$ 957,789	\$ 142,876

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF POLAND
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance to full-time employees through a private carrier.

7. 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 a monthly basis and recorded in the financial statements of the Village as Miscellaneous - Interest Income.

This page intentionally left blank.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Poland, Mahoning County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated December 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated December 8, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated December 8, 2000.

Village of Poland
Mahoning County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF POLAND

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2000**