



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF POLAND  
MAHONING COUNTY

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## 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 (the Village) as of and for the years ended December 31, 2001 and 2000. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the 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, 2001 and 2000, 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 April 12, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

April 12, 2002

**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, 2001**

|                                           | <u>Governmental Fund Types</u> |                            |                             | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|-------------------------------------------|--------------------------------|----------------------------|-----------------------------|--------------------------------|-----------------------------------------|
|                                           | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Expendable<br/>Trust</u>    |                                         |
| <b>Cash Receipts:</b>                     |                                |                            |                             |                                |                                         |
| Property Tax and Other Local Taxes        | \$360,241                      | \$29,847                   |                             |                                | \$390,088                               |
| Special Assessments                       |                                |                            | \$70,440                    |                                | 70,440                                  |
| Intergovernmental Receipts                | 542,847                        | 115,578                    | 48,757                      |                                | 707,182                                 |
| Fines, Licenses, and Permits              | 139,985                        | 15,851                     |                             |                                | 155,836                                 |
| Earnings on Investments                   | 20,686                         |                            |                             | \$19,755                       | 40,441                                  |
| Miscellaneous                             | 70,213                         |                            |                             | 909                            | 71,122                                  |
| <b>Total Cash Receipts</b>                | <u>1,133,972</u>               | <u>161,276</u>             | <u>119,197</u>              | <u>20,664</u>                  | <u>1,435,109</u>                        |
| <b>Cash Disbursements:</b>                |                                |                            |                             |                                |                                         |
| Current:                                  |                                |                            |                             |                                |                                         |
| Security of Persons and Property          | 397,578                        | 159                        |                             |                                | 397,737                                 |
| Public Health Services                    | 15,184                         |                            |                             |                                | 15,184                                  |
| Leisure Time Activities                   | 4,264                          |                            |                             | 29,487                         | 33,751                                  |
| Community Environment                     | 8,749                          |                            |                             |                                | 8,749                                   |
| Transportation                            | 5,160                          | 195,936                    |                             |                                | 201,096                                 |
| General Government                        | 285,565                        | 17,594                     |                             |                                | 303,159                                 |
| Capital Outlay                            |                                |                            | 118,911                     |                                | 118,911                                 |
| <b>Total Cash Disbursements</b>           | <u>716,500</u>                 | <u>213,689</u>             | <u>118,911</u>              | <u>29,487</u>                  | <u>1,078,587</u>                        |
| Total Receipts Over/(Under) Disbursements | <u>417,472</u>                 | <u>(52,413)</u>            | <u>286</u>                  | <u>(8,823)</u>                 | <u>356,522</u>                          |
| Fund Cash Balances, January 1             | <u>428,943</u>                 | <u>105,825</u>             |                             | <u>15,484</u>                  | <u>550,252</u>                          |
| <b>Fund Cash Balances, December 31</b>    | <u><b>\$846,415</b></u>        | <u><b>\$53,412</b></u>     | <u><b>\$286</b></u>         | <u><b>\$6,661</b></u>          | <u><b>\$906,774</b></u>                 |
| Reserves for Encumbrances, December 31    | <u>\$22,721</u>                | <u>\$3,165</u>             | <u>\$0</u>                  | <u>\$176</u>                   | <u>\$26,062</u>                         |

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

VILLAGE OF POLAND  
MAHONING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

|                                          | <u>Agency</u>                |
|------------------------------------------|------------------------------|
| <b>Non-Operating Cash Receipts:</b>      |                              |
| Court Fines and Fees                     | <u>\$152,933</u>             |
| Total Non-Operating Cash Receipts        | <u>152,933</u>               |
| <b>Non-Operating Cash Disbursements:</b> |                              |
| Court Fines and Fees                     | <u>154,646</u>               |
| Total Non-Operating Cash Disbursements   | <u>154,646</u>               |
| Net Receipts (Under) Disbursements       | (1,713)                      |
| Fund Cash Balances, January 1            | <u>10,442</u>                |
| <b>Fund Cash Balances, December 31</b>   | <b><u><u>\$8,729</u></u></b> |
| Reserve for Encumbrances, December 31    | <u><u>\$0</u></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, 2000**

|                                                  | <u>Governmental Fund Types</u> |                            | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--------------------------------------------------|--------------------------------|----------------------------|--------------------------------|-----------------------------------------|
|                                                  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Expendable<br/>Trust</u>    |                                         |
| <b>Cash Receipts:</b>                            |                                |                            |                                |                                         |
| Property Tax and Other Local Taxes               | \$306,132                      | \$29,530                   |                                | \$335,662                               |
| Special Assessments                              |                                | 171                        |                                | 171                                     |
| Intergovernmental Receipts                       | 124,584                        | 128,154                    |                                | 252,738                                 |
| Fines, Licenses, and Permits                     | 116,204                        | 10,588                     |                                | 126,792                                 |
| Earnings on Investments                          | 24,779                         |                            | \$22,619                       | 47,398                                  |
| Miscellaneous                                    | 72,166                         |                            |                                | 72,166                                  |
| <b>Total Cash Receipts</b>                       | <u>643,865</u>                 | <u>168,443</u>             | <u>22,619</u>                  | <u>834,927</u>                          |
| <b>Cash Disbursements:</b>                       |                                |                            |                                |                                         |
| Current:                                         |                                |                            |                                |                                         |
| Security of Persons and Property                 | 400,297                        | 153                        |                                | 400,450                                 |
| Public Health Services                           | 14,965                         |                            |                                | 14,965                                  |
| Leisure Time Activities                          | 9,500                          |                            | 20,913                         | 30,413                                  |
| Community Environment                            | 8,207                          |                            |                                | 8,207                                   |
| Transportation                                   | 5,191                          | 128,894                    |                                | 134,085                                 |
| General Government                               | 369,798                        | 24,928                     |                                | 394,726                                 |
| <b>Total Cash Disbursements</b>                  | <u>807,958</u>                 | <u>153,975</u>             | <u>20,913</u>                  | <u>982,846</u>                          |
| <b>Total Receipts Over/(Under) Disbursements</b> | <u>(164,093)</u>               | <u>14,468</u>              | <u>1,706</u>                   | <u>(147,919)</u>                        |
| <b>Fund Cash Balances January 1</b>              | <u>593,036</u>                 | <u>91,357</u>              | <u>13,778</u>                  | <u>698,171</u>                          |
| <b>Fund Cash Balances, December 31</b>           | <u><b>\$428,943</b></u>        | <u><b>\$105,825</b></u>    | <u><b>\$15,484</b></u>         | <u><b>\$550,252</b></u>                 |
| <b>Reserves for Encumbrances, December 31</b>    | <u><b>\$20,960</b></u>         | <u><b>\$4,299</b></u>      | <u><b>\$395</b></u>            | <u><b>\$25,654</b></u>                  |

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

VILLAGE OF POLAND  
MAHONING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000

|                                          | <u>Agency</u>                 |
|------------------------------------------|-------------------------------|
| <b>Non-Operating Cash Receipts:</b>      |                               |
| Court Fines and Fees                     | <u>\$124,378</u>              |
| Total Non-Operating Cash Receipts        | <u>124,378</u>                |
| <b>Non-Operating Cash Disbursements:</b> |                               |
| Court Fines and Fees                     | <u>126,081</u>                |
| Total Non-Operating Cash Disbursements   | <u>126,081</u>                |
| Net Receipts (Under) Disbursements       | (1,703)                       |
| Fund Cash Balances, January 1            | <u>12,145</u>                 |
| <b>Fund Cash Balances, December 31</b>   | <b><u><u>\$10,442</u></u></b> |
| Reserve for Encumbrances, December 31    | <u><u>\$0</u></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, 2001 AND 2000**

**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**

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 Village's investments are limited to overnight sweep accounts and investments in Star OHIO.

**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, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**3. Capital Projects Funds**

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

**4. 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.

**5. Agency Fund**

Mayor's Court Fund - This fund receives revenue from individuals for speeding and other offenses. The Money in this fund is held by the Village and remitted to the Treasurer of State.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund except agency funds 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 2001 and 2000 budgetary activity appears in Note 3.

**VILLAGE OF POLAND  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investment 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:

|                                | 2001      | 2000      |
|--------------------------------|-----------|-----------|
| Demand deposits                | \$546,095 | \$560,694 |
| STAR Ohio                      | 369,408   | 0         |
| Total deposits and investments | \$915,503 | \$560,694 |

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

| 2001 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$1,132,888          | \$1,133,972        | \$1,084  |
| Special Revenue                   | 161,276              | 161,276            | 0        |
| Capital Projects                  | 119,197              | 119,197            | 0        |
| Trust                             | 20,664               | 20,664             | 0        |
| Total                             | \$1,434,025          | \$1,435,109        | \$1,084  |

**VILLAGE OF POLAND  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type                                             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General                                               | \$835,293                  | \$739,221                 | \$96,072  |
| Special Revenue                                       | 246,423                    | 216,854                   | 29,569    |
| Capital Projects                                      | 140,700                    | 118,911                   | 21,789    |
| Trust                                                 | 30,350                     | 29,663                    | 687       |
| Total                                                 | \$1,252,766                | \$1,104,649               | \$148,117 |

| 2000 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$851,246            | \$643,865          | (\$207,381) |
| Special Revenue                   | 186,553              | 168,443            | (18,110)    |
| Trust                             | 22,714               | 22,619             | (95)        |
| Total                             | \$1,060,513          | \$834,927          | (\$225,586) |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type                                             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General                                               | \$897,267                  | \$828,918                 | \$68,349  |
| Special Revenue                                       | 185,797                    | 158,274                   | 27,523    |
| Trust                                                 | 28,447                     | 21,308                    | 7,139     |
| Total                                                 | \$1,111,511                | \$1,008,500               | \$103,011 |

The Village did not always certify the availability of funds prior to entering into purchase commitments, as required by Ohio Revised Code Section 5705.41(D).

**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.

**VILLAGE OF POLAND  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**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 Income.

**8. RESTATEMENT OF PRIOR YEAR'S FUND BALANCE**

At December 31, 1999, the Village had adjustments made to the Agency fund balance. The Agency fund was adjusted to include the mayors court activity. The effect to the Agency Fund Balance at 12/31/99 is as follows:

|                  | <u>Agency Fund</u>     |
|------------------|------------------------|
| Balance 12/31/99 | \$0                    |
| Addition         | <u>\$12,145</u>        |
| Balance 1/1/00   | <u><u>\$12,145</u></u> |

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**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 (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 a instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-31150-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated April 12, 2002.

**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.

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

**Jim Petro**  
Auditor of State

April 12, 2002

VILLAGE OF POLAND  
MAHONING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-31150-001

**Non-compliance Citation**

**Ohio Revised Code Section 5705.41(D)**, states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

1. "Then and Now Certificate" - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of Council.

Our test of disbursements indicated that 35% of expenditures tested were committed prior to the certification of available funds by the Village Clerk. Neither exception listed above was followed, contrary to Ohio Rev. Code Section 5705.41(D). This condition does not provide adequate accountability over the Village's disbursements. Obligations may be incurred which Council has not authorized or which the Village cannot afford.

We recommend that all Village departments be advised that a purchase order with the certificate of the Clerk be obtained prior to making an order involving the expenditure of money. Any request for payment from a vendor without such purchase order should be reviewed by management before the payment is made.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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**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  
JUNE 18, 2002**