



**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Poland Local School District
Mahoning County
30 Riverside Drive
Poland, Ohio 44514

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Poland Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Poland Local School District, Mahoning County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2001 on our consideration of the District'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.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 20, 2001

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POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$1,791,052	\$228,105	\$401,783	\$50,051	\$52,798	\$68,630			\$2,592,419
Equity in pooled cash and cash equivalents - nonexpendable trust fund						13,872			13,872
Receivables (net of allowances of uncollectibles):									
Property taxes - current & delinquent . .	8,677,052		838,180	101,176					9,616,408
Accounts		3,690			4,060				7,750
Accrued interest	251								251
Due from other governments					1,696				1,696
Materials and supplies inventory					12,973				12,973
Restricted assets:									
Equity in pooled cash and cash equivalents	77,235								77,235
Property, plant and equipment (net of accumulated depreciation where applicable).					91,538		\$13,739,567		13,831,105
OTHER DEBITS:									
Amount available in debt service fund . . .								\$401,783	401,783
Amount to be provided for retirement of general long-term obligations								6,667,603	6,667,603
Total assets and other debits	<u>\$10,545,590</u>	<u>\$231,795</u>	<u>\$1,239,963</u>	<u>\$151,227</u>	<u>\$163,065</u>	<u>\$82,502</u>	<u>\$13,739,567</u>	<u>\$7,069,386</u>	<u>\$33,223,095</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

--Continued

POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General	General	
							Fixed Assets	Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$4,236	\$3,978			\$323				\$8,537
Accrued wages and benefits	1,806,722	72,143			37,416				1,916,281
Compensated absences payable	25,454				33,555		\$1,257,098		1,316,107
Pension obligation payable.	210,548	8,692			47,128		94,406		360,774
Deferred revenue	8,677,052		\$838,180	\$101,176	6,363				9,622,771
Due to other governments	146								146
Due to students.						\$68,630			68,630
General obligation bonds payable							5,573,149		5,573,149
General obligation notes payable.							102,219		102,219
Energy conservation notes payable.				708,894					708,894
Tax anticipation note payable				184,000					184,000
Obligation under capital lease							42,514		42,514
Total liabilities.	10,724,158	84,813	838,180	994,070	124,785	68,630		7,069,386	19,904,022
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets.							\$13,739,567		13,739,567
Contributed capital.					5,700				5,700
Retained earnings: unreserved.					32,580				32,580
Fund balances:									
Reserved for encumbrances	63,810	122,000							185,810
Reserved for debt service			401,783						401,783
Reserved for principal endowment.						12,000			12,000
Reserved for BWC refunds	77,235								77,235
Unreserved-undesignated (deficit).	(319,613)	24,982		(842,843)		1,872			(1,135,602)
Total equity and other credits.	(178,568)	146,982	401,783	(842,843)	38,280	13,872	13,739,567		13,319,073
Total liabilities, equity and other credits	\$10,545,590	\$231,795	\$1,239,963	\$151,227	\$163,065	\$82,502	\$13,739,567	\$7,069,386	\$33,223,095

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
From local sources:					
Taxes	\$7,997,266		\$650,518	\$340,492	\$8,988,276
Tuition	4,987				4,987
Earnings on investments	133,683				133,683
Extracurricular		\$232,007			232,007
Other local revenues	136,284	3,266			139,550
Intergovernmental - State	6,416,819	349,821	65,190	156,127	6,987,957
Intergovernmental - Federal		301,017			301,017
Total revenue	14,689,039	886,111	715,708	496,619	16,787,477
Expenditures:					
Current:					
Instruction:					
Regular	8,054,779	47,721			8,102,500
Special	548,093	96,693			644,786
Vocational	295,677				295,677
Other	32,979				32,979
Support services:					
Pupil	1,006,658	28,130			1,034,788
Instructional staff	265,453	61,091		87,363	413,907
Board of Education	24,347				24,347
Administration	1,175,539	107,843	8,973	3,157	1,295,512
Fiscal	378,183	1,800			379,983
Business	5,120				5,120
Operations and maintenance	1,858,715	5,005			1,863,720
Pupil transportation	837,990				837,990
Central	2,318	1,399			3,717
Community services		19,459			19,459
Extracurricular activities	332,098	231,113			563,211
Facilities services				106,847	106,847
Intergovernmental pass-through		276,644			276,644
Debt service:					
Principal retirement	67,961		238,316		306,277
Interest and fiscal charges	5,285		329,611	54,719	389,615
Total expenditures	14,891,195	876,898	576,900	252,086	16,593,362
Excess (deficiency) of revenues over (under) expenditures	(202,156)	9,213	138,808	244,533	194,115
Other financing sources (uses):					
Operating transfers in		245		2,234	2,479
Operating transfers out	(38,802)				(38,802)
Total other financing sources	(38,802)	245		2,234	(36,323)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . .	(240,958)	9,458	138,808	246,767	157,792
Fund balances (deficit), July 1	62,390	137,524	262,975	(1,089,610)	(626,721)
Fund balances (deficit), June 30	(\$178,568)	\$146,982	\$401,783	(\$842,843)	(\$468,929)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$7,993,295	\$7,997,266	\$3,971				\$906,296	\$906,296	\$0	\$84,713	\$84,713	\$0	\$8,984,304	\$8,988,275	\$3,971
Tuition.....	4,985	4,987	2										4,985	4,987	2
Earnings on investments.....	133,910	133,977	67										133,910	133,977	67
Extracurricular.....				\$232,089	\$232,819	\$730							232,089	232,819	730
Other local revenues.....	140,408	141,757	1,349	3,256	3,266	10							143,664	145,023	1,359
Intergovernmental - State.....	6,378,030	6,381,199	3,169	348,758	349,822	1,064	65,190	65,190	0	156,127	156,127	0	6,948,105	6,952,338	4,233
Intergovernmental - Federal.....				300,039	301,017	978							300,039	301,017	978
Total revenues.....	<u>14,650,628</u>	<u>14,659,186</u>	<u>8,558</u>	<u>884,142</u>	<u>886,924</u>	<u>2,782</u>	<u>971,486</u>	<u>971,486</u>	<u>0</u>	<u>240,840</u>	<u>240,840</u>	<u>0</u>	<u>16,747,096</u>	<u>16,758,436</u>	<u>11,340</u>
Expenditures:															
Current:															
Instruction:															
Regular.....	8,372,110	8,071,323	300,787	52,285	52,285	0							8,424,395	8,123,608	300,787
Special.....	553,065	541,206	11,859	107,827	107,827	0							660,892	649,033	11,859
Vocational.....	292,197	287,364	4,833										292,197	287,364	4,833
Other.....	35,365	35,365	0										35,365	35,365	0
Support services:															
Pupil.....	1,005,514	994,443	11,071	30,720	30,720	0							1,036,234	1,025,163	11,071
Instructional staff.....	274,354	265,135	9,219	76,998	76,457	541				139,296	89,245	50,051	490,648	430,837	59,811
Board of Education.....	27,065	24,644	2,421										27,065	24,644	2,421
Administration.....	1,186,187	1,172,613	13,574	105,431	105,431	0	8,973	8,973	0	3,157	3,157	0	1,303,748	1,290,174	13,574
Fiscal.....	377,497	375,305	2,192	1,800	1,800	0							379,297	377,105	2,192
Business.....	5,119	5,119	0										5,119	5,119	0
Operations and maintenance.....	1,942,623	1,900,141	42,482	5,408	5,408	0							1,948,031	1,905,549	42,482
Pupil transportation.....	846,065	840,766	5,299										846,065	840,766	5,299
Central.....	2,318	2,318	0	7,000	1,391	5,609							9,318	3,709	5,609
Community services.....				41,871	38,664	3,207							41,871	38,664	3,207
Extracurricular activities.....	295,416	295,169	247	331,465	245,998	85,467							626,881	541,167	85,714
Facilities services.....										106,846	106,846	0	106,846	106,846	0
Intergovernmental pass-through.....				334,909	334,909	0									
Debt service:															
Principal retirement.....							439,376	439,376	0				439,376	439,376	0
Interest and fiscal charges.....							384,329	384,329	0				384,329	384,329	0
Total expenditures.....	<u>15,214,895</u>	<u>14,810,911</u>	<u>403,984</u>	<u>1,095,714</u>	<u>1,000,890</u>	<u>94,824</u>	<u>832,678</u>	<u>832,678</u>	<u>0</u>	<u>249,299</u>	<u>199,248</u>	<u>50,051</u>	<u>17,392,586</u>	<u>16,843,727</u>	<u>548,859</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(564,267)</u>	<u>(151,725)</u>	<u>412,542</u>	<u>(211,572)</u>	<u>(113,966)</u>	<u>97,606</u>	<u>138,808</u>	<u>138,808</u>	<u>0</u>	<u>(8,459)</u>	<u>41,592</u>	<u>50,051</u>	<u>(645,490)</u>	<u>(85,291)</u>	<u>560,199</u>
Other financing sources (uses):															
Refund of prior year's expenditures.....	38,601	38,620	19										38,601	38,620	19
Refund of prior year's receipts.....				(14,749)	(14,749)	0							(14,749)	(14,749)	0
Operating transfers in.....				244	245	1				2,234	2,234	0	2,478	2,479	1
Operating transfers out.....	(51,500)	(40,002)	11,498										(51,500)	(40,002)	11,498
Total other financing sources (uses).....	<u>(12,899)</u>	<u>(1,382)</u>	<u>11,517</u>	<u>(14,505)</u>	<u>(14,504)</u>	<u>1</u>				<u>2,234</u>	<u>2,234</u>	<u>0</u>	<u>(25,170)</u>	<u>(13,652)</u>	<u>11,518</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	<u>(577,166)</u>	<u>(153,107)</u>	<u>424,059</u>	<u>(226,077)</u>	<u>(128,470)</u>	<u>97,607</u>	<u>138,808</u>	<u>138,808</u>	<u>0</u>	<u>(6,225)</u>	<u>43,826</u>	<u>50,051</u>	<u>(670,660)</u>	<u>(98,943)</u>	<u>571,717</u>
Fund balances, July 1.....	1,840,214	1,840,214	0	189,222	189,222	0	262,975	262,975	0	4,428	4,428	0	2,296,839	2,296,839	0
Prior year encumbrances appropriated.....	112,988	112,988	0	41,375	41,375	0	0	0	0	1,797	1,797	0	156,160	156,160	0
Fund balances, June 30.....	<u>\$1,376,036</u>	<u>\$1,800,095</u>	<u>\$424,059</u>	<u>\$4,520</u>	<u>\$102,127</u>	<u>\$97,607</u>	<u>\$401,783</u>	<u>\$401,783</u>	<u>\$0</u>	<u>\$0</u>	<u>\$50,051</u>	<u>\$50,051</u>	<u>\$1,782,339</u>	<u>\$2,354,056</u>	<u>\$571,717</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating revenues:			
Tuition and fees	\$98,945		\$98,945
Sales/charges for services	555,853		555,853
Investment earnings		\$779	779
Total operating revenues	654,798	779	655,577
Operating expenses:			
Personal services	360,824		360,824
Contract services	412,631		412,631
Materials and supplies	52,497		52,497
Depreciation	17,530		17,530
Other	248		248
Total operating expenses	843,730		843,730
Operating income (loss)	(188,932)	779	(188,153)
Nonoperating revenues:			
Operating grants	59,879		59,879
Federal commodities	39,499		39,499
Total nonoperating revenues	99,378		99,378
Net income (loss) before operating transfers . . .	(89,554)	779	(88,775)
Operating transfers in	36,323		36,323
Net income (loss)	(53,231)	779	(52,452)
Retained earnings/fund balance, July 1.	85,811	13,093	98,904
Retained earnings/fund balance, June 30.	<u>\$32,580</u>	<u>\$13,872</u>	<u>\$46,452</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from tuition and fees	\$99,385		\$99,385
Cash received from sales/service charges	551,895		551,895
Cash payments for personal services	(344,034)		(344,034)
Cash payments for contract services	(412,631)		(412,631)
Cash payments for materials and supplies	(13,288)		(13,288)
Cash payments for other expenses	(248)		(248)
	<u>(118,921)</u>		<u>(118,921)</u>
Net cash used in operating activities			
Cash flows from noncapital financing activities:			
Cash received from operating grants	58,183		58,183
Cash received from operating transfers in	36,323		36,323
	<u>94,506</u>		<u>94,506</u>
Net cash provided by noncapital financing activities			
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,550)		(1,550)
	<u>(1,550)</u>		<u>(1,550)</u>
Net cash used in capital and related financing activities			
Cash flows from investing activities:			
Interest received		\$779	779
		<u>779</u>	<u>779</u>
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(25,965)	779	(25,186)
Cash and cash equivalents at beginning of year	78,763	13,093	91,856
Cash and cash equivalents at end of year	<u>\$52,798</u>	<u>\$13,872</u>	<u>\$66,670</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	(\$188,932)	\$779	(\$188,153)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	17,530		17,530
Federal donated commodities	39,499		39,499
Interest reported as operating income		(779)	(779)
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	3,080		3,080
Increase in accounts receivable	(3,518)		(3,518)
Decrease in accounts payable	(100)		(100)
Increase in accrued wages and benefits	4,408		4,408
Increase in compensated absences payable	3,477		3,477
Increase in pension obligation payable	8,905		8,905
Decrease in deferred revenue	(3,270)		(3,270)
	<u>(118,921)</u>	<u>\$0</u>	<u>(118,921)</u>
Net cash used in operating activities			

THE NOTES TO THE GENERAL PUPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Poland Local School District (the "District") is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws there is no authority for a District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District.

The District serves an area of approximately 25 square miles in Mahoning County, including all of the village of Poland and portions of surrounding townships.

The District is the 209th largest in the State of Ohio (among the 682 public and community school districts in the state) in terms of enrollment. It currently operates 4 elementary schools, 1 middle school, and 1 comprehensive high school. The District is staffed by 90 non-certificated and 149 certificated personnel to provide services to approximately 2,514 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a joint venture among 22 school districts and 2 county boards of education. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last 12 months financial contribution. ACCESS is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in ACCESS as a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Mahoning County School Employees Insurance Consortium

The Mahoning County School Employees Insurance Consortium is a shared risk pool comprised of fourteen Mahoning County School Districts. The consortium is governed by an assembly which consists of one representative from each participating School Districts (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Austintown Local School District. The fiscal agent will then remit the charges for services to Professional Risk Management (PRM), who acts in the capacity of a third-party administrator (TPA) for claims processing.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include a nonexpendable trust fund and an agency fund. The nonexpendable trust fund is accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3 for an analysis of the agency fund accruals which, in other fund types, would be recognized in the combined balance sheet.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used.

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2001, and which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The proprietary funds and the nonexpendable trust fund are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 17 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 14 discloses encumbrances outstanding for the enterprise funds at fiscal year-end.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal 2001, the District's investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. Investments in STAR Ohio are reported at fair value. Fair value is based on quoted market prices. Investments in nonparticipating investment contracts, like repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

The Sky Bank Investment (SWEEP) Account and the Farmer's National Bank Investment (SWEEP) Account are bank accounts utilized (by the bank) to account for public monies "swept-into" (transferred) from the General Operating Bank Account and subsequently invested into Repurchase Agreements.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2001 amounted to \$133,683, which includes \$36,851 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at year-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds consist of donated food, purchased food, food service paper and janitorial supplies and are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. *Proprietary Funds*

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and equipment	5 - 20

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

- General Fund
- State Foundation Program
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

- Special Revenue Funds
- Education Management Information Systems
- Title VI-R
- Title I
- Drug Free Schools
- Auxiliary Services
- Teacher Development

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Non-Reimbursable Grants - (continued)

Special Revenue Funds- (continued)

Ohio Reads
Title VI-B
Title VI
Safe-School Help Line
Telecommunications Act Grant
SchoolNet - Professional Development
Summer School Subsidy
Eisenhower Professional Development Grant

Capital Projects Funds

SchoolNet
Permanent Improvements

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 42% of the District's operating revenue during the 2001 fiscal year.

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and all employees with at least 20 years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal interest. GAAP requires the allocation of the debt liability among the general and the general long-term obligations account group, with principal and interest payments on matured general long-term debt being reported in the debt service fund. To comply with the GAAP reporting requirements, the District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, debt service, principal endowment, and BWC refunds. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

L. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as “interfund loans receivable or payable”. The District had no short-term interfund loans receivable or payable at June 30, 2001.
4. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2001.

See Note 5 for an analysis of interfund transactions.

M. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 19 for details.

O. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

B. Deficit Fund Balances/Retained Earnings

Fund balance at June 30, 2001 include the following individual fund deficits:

	<u>Deficit Balance</u>
General Fund	\$178,568
<u>Special Revenue Funds</u>	
Management Information Systems	60
Summer Intervention	33
Drug Free Schools Grant	47
Title VI-R	238
Federal Work to School Grant	49
<u>Capital Projects Fund</u>	
Permanent Improvement	892,894

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

	<u>Deficit Balance</u>
<u>Enterprise Fund</u>	
Food Service	\$16,848

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balance in the general fund is caused by the application of GAAP, namely in the reporting of a liability for accrued wage, benefit and pension obligations attributable to the fiscal year. This deficit balance will be eliminated by anticipated future intergovernmental revenues, taxes and other subsidies not recognized and recorded at June 30.

The deficit fund balance in the Management Information Systems, Summer Intervention, Drug Free Schools Grant, Title VI-R, and Federal Work to School Grant special revenue funds are caused by the application of GAAP, namely in the reporting of a liability for accrued wage, benefit and pension obligations attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

The deficit fund balance in the Permanent Improvement capital projects fund is caused by recording the energy conservation notes and the tax anticipation notes as a fund liability of the fund which received the proceeds. This deficit balance will be eliminated by future revenues and other subsidies not recognized and recorded at June 30.

The deficit retained earnings in the Food Service enterprise fund is caused by the application of GAAP, namely in the reporting of a liability for accrued wage, benefit and pension obligations attributable to the fiscal year. This deficit in retained earnings will be eliminated by future user charges and cost-control measures.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Agency Fund

The following is an accrual for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

LIABILITIES

Accounts payable	\$390
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NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Interim monies may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on hand: At fiscal year-end, the District had \$75 in undeposited cash on hand which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the District's deposits was \$18,676 and the bank balance was \$120,154. The entire bank balance was covered by federal depository insurance, except for the payroll sweep account of \$93,164, which was not collateralized.

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

	Category 3	Reported Amount	Fair Value
Repurchase agreements	<u>\$536,381</u>	\$ 536,381	\$ 536,381
Investment in STAR Ohio		<u>2,128,394</u>	<u>2,128,394</u>
Total investments		<u>\$2,664,775</u>	<u>\$2,664,775</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 2,683,526	\$ 0
Investments of the cash management pool:		
Investment in STAR Ohio	(2,128,394)	2,128,394
Repurchase agreements	(536,381)	536,381
Cash on hand	<u>(75)</u>	<u>---</u>
GASB Statement No. 3	<u>\$ 18,676</u>	<u>\$2,664,775</u>

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 5 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$38,802
<u>Special Revenue Fund</u>		
Teacher Development	245	---
<u>Capital Projects Fund</u>		
Permanent Improvement	2,234	---
<u>Enterprise Fund</u>		
Food Service	<u>36,323</u>	<u>---</u>
Total	<u>\$38,802</u>	<u>\$38,802</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$326,868,740. Agricultural/Residential and public utility/minerals real estate represented 76.00% or \$248,421,860 of this total; Commercial & Industrial real estate represented 15.56% or \$50,852,290 of this total, public utility tangible represented 4.83% or \$15,790,260 of this total and general tangible property represented 3.61% or \$11,804,330 of this total. The voted general tax rate at the fiscal year ended June 30, 2001 was \$40.95 per \$1,000.00 of assessed valuation for operations, \$1.00 per \$1,000.00 of assessed valuation for permanent improvements and \$1.80 per \$1,000.00 of assessed valuation for bond retirement.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The District receives property taxes from Mahoning County. The County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. There were no property tax advances available to the District at June 30, 2001.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accrued interest, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements (to the extent they are intended to finance the current fiscal year). Intergovernmental receivables have been recorded as "Due From Other Governments" on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$8,677,052
Accrued interest	251
<u>Special Revenue Funds</u>	
Accounts	3,690
<u>Debt Service Fund</u>	
Taxes - current and delinquent	838,180
<u>Capital Projects Funds</u>	
Taxes - current and delinquent	101,176
<u>Enterprise Fund</u>	
Accounts	4,060
Due from other governments	1,696

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Land/improvements	\$ 709,852	\$ ---	\$ ---	\$ 709,852
Buildings/improvements	7,880,729	106,846	---	7,987,575
Furniture/equipment	3,255,935	199,410	(47,485)	3,407,860
Vehicles	<u>1,611,501</u>	<u>190,500</u>	<u>(167,721)</u>	<u>1,634,280</u>
Total	<u>\$13,458,017</u>	<u>\$496,756</u>	<u>\$(215,206)</u>	<u>\$13,739,567</u>

There was no significant construction in progress at June 30, 2001.

A summary of the proprietary fixed assets at June 30, 2001 follows:

Furniture and equipment	\$ 325,399
Less: accumulated depreciation	<u>(233,861)</u>
Net fixed assets	<u>\$ 91,538</u>

NOTE 9 - CONTRIBUTED CAPITAL

The following is a reconciliation of the contributed capital for the Food Service enterprise fund:

Contributed capital at July 1, 2000	\$ 0
Current contributions from other funds	<u>5,700</u>
Contributed capital at June 30, 2001	<u>\$5,700</u>

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 10- CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior year, the District entered into a capital lease for the acquisition of computer equipment. The terms of the lease agreements provide options to purchase the equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service in the Combined Financial Statements for the governmental funds. These expenditures are reflected as Statements for the general funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed asset account group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2001 fiscal year totaled \$67,961. This amount is reflected as debt service principal retirement in the general fund.

The following is an analysis of equipment under capital lease as of June 30, 2001:

	General Fixed Assets
Computers	\$189,440

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2001:

	General Long-Term Obligations
Fiscal Year	Amount
2002	\$37,433
2003	6,509
Total minimum lease payments	43,942
Less: amount representing interest	(1,428)
Present value of future minimum lease payments	\$42,514

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 11 - LONG-TERM OBLIGATIONS

All current obligation bonds and notes outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund. The source of payment is derived from a current 5.60 mill bonded debt tax levy.

A. The following is a description of the District's long-term debt obligations outstanding as of June 30, 2001:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2000</u>	<u>Retired in 2001</u>	<u>Outstanding June 30, 2001</u>
Energy Conservation Note	4.54%	04/22/96	10/01/00	\$ 89,846	\$ (89,846)	\$ 0
Energy Conservation Note	5.30%	04/22/96	04/01/04	133,843	(31,624)	102,219
Capital Improvement Bond II	4.0% - 5.3%	11/12/97	12/01/22	3,384,998	(80,000)	3,304,998
Capital Improvement Bond	4.10% - 5.85%	09/13/95	12/01/16	<u>2,304,997</u>	<u>(36,846)</u>	<u>2,268,151</u>
				<u>\$5,913,684</u>	<u>\$(238,316)</u>	<u>\$5,675,368</u>

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. The following is a summary of the District's future annual debt service requirements to maturity for the general obligation debt:

<u>Fiscal Year Ending</u>	<u>Principal on General Obligation Debt</u>	<u>Interest on General Obligation Debt</u>	<u>Total</u>
2002	\$ 150,628	\$ 333,491	\$ 484,119
2003	174,423	340,478	514,901
2004	175,367	337,857	513,224
2005	148,776	334,750	483,526
2006	151,176	299,300	450,476
2007 - 2011	1,153,748	1,163,710	2,317,458
2012 - 2016	1,751,250	802,446	2,553,696
2017 - 2021	1,400,000	318,689	1,718,689
2022 - 2023	<u>570,000</u>	<u>30,741</u>	<u>600,741</u>
Total	<u>\$5,675,368</u>	<u>\$3,961,462</u>	<u>\$9,636,830</u>

C. During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid. The capital lease obligation is paid from the general fund.

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
General obligation notes payable	\$ 223,689	\$ - - -	\$(121,470)	\$ 102,219
General obligation bond payable	5,689,995	- - -	(116,846)	5,573,149
Compensated absences	1,117,138	161,543	(21,583)	1,257,098
Pension obligation payable	90,784	94,406	(90,784)	94,406
Capital leases obligation	<u>110,475</u>	<u>- - -</u>	<u>(67,961)</u>	<u>42,514</u>
Total	<u>\$7,232,081</u>	<u>\$255,949</u>	<u>\$(418,644)</u>	<u>\$7,069,386</u>

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$24,246,821 (including available funds of \$401,783) and an unvoted debt margin of \$326,869.

NOTE 12 - NOTES PAYABLE

During fiscal year 1998, the District issued an energy conservation note and a permanent improvement note. The primary source of repayment of the energy conservation and permanent improvement note is through property tax revenue. The unmatured obligations at year-end are shown as liabilities of the Permanent Improvement capital projects fund, the fund that received the note proceeds.

The following are the District's notes payable transactions for the year ended June 30, 2001:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1, 2000</u>	<u>Retired in 2001</u>	<u>Balance June 30, 2001</u>
Energy Conservation Note	5.29%	09/25/97	10/01/07	\$ 817,954	\$(109,060)	\$708,894
Permanent Improvement Note II	4.70%	12/18/97	12/01/02	<u>276,000</u>	<u>(92,000)</u>	<u>184,000</u>
Total				<u>\$1,093,954</u>	<u>\$(201,060)</u>	<u>\$892,894</u>

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 12 - NOTES PAYABLE - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity and the note obligations:

<u>Fiscal Year Ending</u>	<u>Principal on Notes</u>	<u>Interest on Notes</u>	<u>Total</u>
2002	\$201,060	\$ 44,710	\$ 245,770
2003	201,060	34,617	235,677
2004	109,060	24,587	133,647
2005	109,060	18,754	127,814
2006	109,060	12,985	122,045
2007	109,060	7,213	116,273
2008	<u>54,534</u>	<u>1,446</u>	<u>55,980</u>
Total	<u>\$892,894</u>	<u>\$144,312</u>	<u>\$1,037,206</u>

NOTE 13 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments. Real property, building and contents are fully insured.

The business auto coverage limits are \$1,000,000 for liability and bodily injury for each person and each accident. The property damage liability limit is \$1,000,000. The uninsured bodily injury and under insured motorists has a liability limit of \$1,000,000 each person and each accident. Comprehensive has a \$100 deductible and collision has a \$500 deductible.

The District has liability insurance coverage limits of \$1,000,000 per claim and \$5,000,000 annual aggregate.

The District has a liability limit of \$500,000 for boiler insurance with a deductible of \$1,000.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 13 - RISK MANAGEMENT - (Continued)

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Employee Group Health Insurance

The District has joined together with other school districts in Mahoning County to form the Mahoning County School Employees Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 13 member school districts. The plan was organized to provide medical, prescription, dental, vision, and life benefits to its member organizations. Professional Risk Management acts in the capacity of third party administrators for claims processing.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claims or payments are made for all participating districts and claims are paid for all participants regardless of claims flow. The District is responsible for paying, per year, health plan claims up to \$135,000 per individual and \$14,600,000 per school-wide aggregate, prior to coverage by a stop/loss carrier.

The District pays the insurance premiums for all full-time employees and for the part-time employees, the premiums paid by the District, are based upon the percentage worked.

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2.A.). The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 13 - RISK MANAGEMENT - (Continued)

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and an adult education program. The following table reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenue	\$ 555,853	\$ 98,945	\$ 654,798
Operating expenses			
before depreciation	722,033	104,167	826,200
Depreciation	16,989	541	17,530
Operating income (loss)	(183,169)	(5,763)	(188,932)
Federal commodities	39,499	---	39,499
Operating transfers in	36,323	---	36,323
Operating grants	59,879	---	59,879
Net loss	(47,468)	(5,763)	(53,231)
Net working capital	(63,683)	43,980	(19,703)
Total assets	104,819	58,246	163,065
Total liabilities	115,967	8,818	124,785
Contributed capital	5,700	---	5,700
Total equity	(11,148)	49,428	38,280
Encumbrances at 6/30/01	---	1,119	1,119

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 15 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14% for 2001; 4.2 % was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$239,597, \$229,182, and \$265,247, respectively; 43.7 % has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$134,884, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5 % was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,081,382, \$1,018,339, and \$982,133, respectively; 83.01% has been contributed for fiscal year 2001 and 100 % for the fiscal years 2000 and 1999. \$183,700, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2001, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 16 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS/SERS based on authority granted by State statute. Both STRS/SERS are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 2000, the Board allocated employer contributions equal to 4.5 % of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$347,587 during fiscal 2001.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8 % of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$210,778 during the 2001 fiscal year.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

	Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses			
	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(153,107)	\$(128,470)	\$ 138,808	\$ 43,826
Net adjustment for revenue accruals	29,853	(813)	(255,778)	255,779
Net adjustment for expenditure accruals	(148,476)	(1,986)	255,778	(52,838)
Net adjustment for other financing sources (uses)	(37,420)	14,749	---	---
Encumbrances (budget basis)	<u>68,192</u>	<u>125,978</u>	<u>---</u>	<u>---</u>
GAAP basis	<u>\$(240,958)</u>	<u>\$ 9,458</u>	<u>\$138,808</u>	<u>\$246,767</u>

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 18- CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

B. Litigation

The District is not currently a party to any legal proceedings.

C. School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 18 - CONTINGENCIES - (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 30, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 19 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2000	\$(147,498)	\$ 246,275	\$ 237,900
Current year set-aside requirement	381,469	381,469	---
Current year set-aside for workers compensation	---	---	2,357
Elimination of budget stabilization reserve	---	---	(274,163)
Amount set-aside in excess of required set-aside	---	---	36,263
Current year offsets	---	(86,947)	(2,357)
Qualifying disbursements	<u>(598,175)</u>	<u>(698,293)</u>	<u>---</u>
Total	<u>\$(364,204)</u>	<u>\$(157,496)</u>	<u>\$ 0</u>
Cash balance carried forward to FY 2002	<u>\$(364,204)</u>	<u>\$(157,496)</u>	<u>\$ 0</u>

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 19 - STATUTORY RESERVES - (Continued)

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 (H) effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not taken action to designate these funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refunds	<u>\$77,235</u>
Total restricted assets	<u>\$77,235</u>

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**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$37,962		\$39,778
National School Lunch Program		10.555	56,725		56,725	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>56,725</u>	<u>37,962</u>	<u>56,725</u>	<u>39,778</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-99 6B-SF-00	84.027	(14,460) 167,700		28,109 133,309	
Total Special Education Cluster			<u>153,240</u>		<u>161,418</u>	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-00 C1-S1-01	84.010	67,432		12,477 54,729	
Total Grants to Local Educational Agencies			<u>67,432</u>		<u>67,206</u>	
Drug-Free Schools Grant	DR-S1-00 DR-S1-01	84.186	11,266		2,793 8,666	
Total Drug-Free Schools Grant			<u>11,266</u>		<u>11,459</u>	
Eisenhower Professional Development StateGrants Title II, Part B	MS-S4-00 MS-S1-01	84.281	1,000 7,180		6,945	
<u>Passed Through Mahoning County Educational Service Center:</u>						
	MS-S1-01	84.281	1,462		1,462	
Total Eisenhower Professional Development StateGrants Title II, Part B			<u>9,642</u>		<u>8,407</u>	
Innovative Educational Program Strategies	C2-S1-99 C2-S1-00 C2-S1-01	84.298	(255) 15,376		619 1,757 14,082	
Total Innovative Educational Program			<u>15,121</u>		<u>16,458</u>	
Class Size Reduction	CR-S1-00 CR-S1-01	84.340	27,801		4,970 22,446	
Total Class Size Reduction			<u>27,801</u>		<u>27,416</u>	
Total U.S. Department of Education			<u>284,502</u>		<u>292,364</u>	
Totals			<u>\$341,227</u>	<u>\$37,962</u>	<u>\$349,089</u>	<u>\$39,778</u>

The accompanying notes to this schedule are an integral part of this schedule.

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State Grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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

Poland Local School District
Mahoning County
30 Riverside Drive
Poland, Ohio 44514

To the Board of Education:

We have audited the financial statements of Poland Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 20, 2001. 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 Poland Local School District'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Poland Local School District'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.

Poland Local School District
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, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 20, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Poland Local School District
Mahoning County
30 Riverside Drive
Poland, Ohio 44514

To the Board of Education:

Compliance

We have audited the compliance of Poland Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Poland Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Poland Local School District's management. Our responsibility is to express an opinion on Poland Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Poland Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Poland Local School District's compliance with those requirements.

In our opinion, Poland Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Poland Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Poland Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 20, 2001

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

**POLAND LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: 84.027 - Special Education Grants to States. Nutrition Cluster: 10.550 - Food Distribution 10.555 - National School Lunch
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding Number

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number

None



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POLAND LOCAL SCHOOL DISTRICT

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
JANUARY 15, 2002**