

POLK TOWNSHIP
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010



Dave Yost • Auditor of State

Board of Trustees
Polk Township
7680 State Route 309
Galion, Ohio 44833

We have reviewed the *Independent Auditors' Report* of Polk Township, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 3, 2012

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TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3-4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2011.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2010.....	6
Notes to the Financial Statements.....	7-15
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	16-17
Schedule of Findings.....	18

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Polk Township
Crawford County

We have audited the accompanying financial statements of Polk Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

Instead of the combined funds the accompanying financial statements present for 2011 and 2010, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Polk Township, Crawford County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 3, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions*."

-3-

MEMBERS
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OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

As an emphasis of a matter and as discussed in Note 9 to the financial statements, Polk Township provided health, drug, dental, and life insurance to the Trustees, Zoning Inspector, and the Fiscal Officer.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2012 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

July 25, 2012

**POLK TOWNSHIP
CRAWFORD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Governmental Fund Types</u>				<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
CASH RECEIPTS:-					
Property tax and other local taxes	\$ 52,892	\$ 300,981	\$ 0	\$ 0	\$ 353,873
Intergovernmental receipts	56,075	138,334	0	36,770	231,179
License, permits, and fees	545	0	0	0	545
Earnings on investments	273	88	0	59	420
Miscellaneous	3	11,191	0	7,083	18,277
Total cash receipts	<u>109,788</u>	<u>450,594</u>	<u>0</u>	<u>43,912</u>	<u>604,294</u>
CASH DISBURSEMENTS:-					
Current:-					
General government	122,988	10,812	0	0	133,800
Public safety	0	194,448	0	0	194,448
Public works	10,408	243,182	0	0	253,590
Health	0	2,313	0	0	2,313
Capital outlay	560	8,652	0	125,187	134,399
Debt service:					
Redemption of principal	0	0	69,102	0	69,102
Interest and other fiscal charges	0	0	13,268	0	13,268
Total cash disbursements	<u>133,956</u>	<u>459,407</u>	<u>82,370</u>	<u>125,187</u>	<u>800,920</u>
Total receipts over (under) cash disbursements	<u>(24,168)</u>	<u>(8,813)</u>	<u>(82,370)</u>	<u>(81,275)</u>	<u>(196,626)</u>
Other Financing Receipts (Disbursements):-					
Sale of fixed assets	0	11,775	0	68,746	80,521
Transfers in	0	0	83,150	0	83,150
Transfers out	(779)	(25,882)	0	(56,489)	(83,150)
Other financing uses	0	0	0	(3,511)	(3,511)
Total other financing receipts (disbursements)	<u>(779)</u>	<u>(14,107)</u>	<u>83,150</u>	<u>8,746</u>	<u>77,010</u>
Fund cash balances, January 1, 2011	<u>166,690</u>	<u>515,133</u>	<u>0</u>	<u>135,279</u>	<u>817,102</u>
Fund cash balance, December 31, 2011					
Nonspendable	0	0	0	0	0
Restricted	0	492,213	780	62,750	555,743
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	141,743	0	0	0	141,743
Fund cash balances, December 31, 2011	<u>\$ 141,743</u>	<u>\$ 492,213</u>	<u>\$ 780</u>	<u>\$ 62,750</u>	<u>\$ 697,486</u>

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

POLK TOWNSHIP
CRAWFORD COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Fund Types</u>				Total Memorandum Only
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
CASH RECEIPTS:-					
Property tax and other local taxes	\$ 53,766	\$ 312,582	\$ 0	\$ 0	\$ 366,348
Intergovernmental receipts	31,100	145,702	0	34,000	210,802
License, permits, and fees	631	0	0	0	631
Earnings on investments	499	119	0	0	618
Miscellaneous	2,337	3,584	0	0	5,921
Total cash receipts	<u>88,333</u>	<u>461,987</u>	<u>0</u>	<u>34,000</u>	<u>584,320</u>
CASH DISBURSEMENTS:-					
Current:-					
General government	156,073	11,367	0	0	167,440
Public safety	0	208,101	0	0	208,101
Public works	0	207,727	0	0	207,727
Health	0	725	0	0	725
Capital outlay	875	1,018	0	259,000	260,893
Total cash disbursements	<u>156,948</u>	<u>428,938</u>	<u>0</u>	<u>259,000</u>	<u>844,886</u>
Total receipts over (under) cash disbursements	<u>(68,615)</u>	<u>33,049</u>	<u>0</u>	<u>(225,000)</u>	<u>(260,566)</u>
Other Financing Receipts (Disbursements):-					
Sale of bonds	0	0	0	350,000	350,000
Transfers in	0	0	0	0	0
Transfers out	0	0	0	0	0
Other financing sources	19,329	0	0	11,217	30,546
Other financing uses	0	0	0	(938)	(938)
Total other financing receipts (disbursements)	<u>19,329</u>	<u>0</u>	<u>0</u>	<u>360,279</u>	<u>379,608</u>
Fund cash balances, January 1, 2010	<u>215,976</u>	<u>482,084</u>	<u>0</u>	<u>0</u>	<u>698,060</u>
Fund cash balances, December 31, 2010	<u>\$ 166,690</u>	<u>\$ 515,133</u>	<u>\$ 0</u>	<u>\$ 135,279</u>	<u>\$ 817,102</u>

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

**POLK TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

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

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

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

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

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

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

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

General Fund

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

Special Revenue Funds

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

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

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

Debt Service Funds

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

Capital Projects Fund

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

**POLK TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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

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

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

Fund Balance - Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable- The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted- Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed- The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned- Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned- Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**POLK TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	<u>2011</u>	<u>2010</u>
Demand Deposits	\$ 120,613	\$ 13,700
Star Ohio	<u>576,873</u>	<u>803,402</u>
Total deposits	<u>\$ 697,486</u>	<u>\$ 817,102</u>

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

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE:-

The Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balance of the Township's funds.

POLK TOWNSHIP
CRAWFORD COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011 AND 2010

NOTE 4 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2011 was as follows:

2011 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 71,091	\$ 109,788	\$ 38,697
Special revenue	400,288	462,369	62,081
Debt service	25,882	83,150	57,268
Capital projects	65,210	112,658	47,448
Total	\$ 562,471	\$ 767,965	\$ 205,494

2011 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 233,175	\$ 134,735	\$ 98,440
Special revenue	666,982	485,289	181,693
Debt service	82,370	82,370	0
Capital projects	251,690	185,187	66,503
Total	\$ 1,234,217	\$ 887,581	\$ 346,636

POLK TOWNSHIP
CRAWFORD COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011 AND 2010

NOTE 4 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 50,841	\$ 107,662	\$ 56,821
Special revenue	379,756	461,987	82,231
Debt service	0	0	0
Capital projects	<u>34,000</u>	<u>395,217</u>	<u>361,217</u>
Total	\$ <u>464,597</u>	\$ <u>964,866</u>	\$ <u>500,269</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 253,800	\$ 156,948	\$ 96,852
Special revenue	634,294	428,938	205,356
Debt service	0	0	0
Capital projects	<u>384,000</u>	<u>259,938</u>	<u>124,062</u>
Total	\$ <u>1,272,094</u>	\$ <u>845,824</u>	\$ <u>426,270</u>

**POLK TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 5 - PROPERTY TAX:-

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

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

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

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

NOTE 6 - RETIREMENT SYSTEMS:-

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, PERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2011 and 2010. The Township has paid all contributions required through December 31, 2011.

NOTE 7 - RISK POOL MANAGEMENT:-

Prior to 2009, the Township belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**POLK TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 7 - RISK POOL MANAGEMENT:- (continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements, audited by another firm, conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131	\$ 11,176,186	\$ 1,358,802
Liabilities	<u>(4,845,056)</u>	<u>(1,055,096)</u>	<u>(4,852,485)</u>	<u>(1,253,617)</u>
Members' Equity	<u>\$ 7,191,485</u>	<u>\$ 300,035</u>	<u>\$ 6,323,701</u>	<u>\$ 105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**POLK TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 8 - DEBT:-

Debt outstanding at December 31, 2011 was as follows:

	Rate	Principal Balance 12/31/2011
Bond - US Bank	4.13%	280,898

On December 9, 2010, Polk Township obtained Township Building Bonds from US Bank for the purchase of a new township building. The bond has payments of \$25,882 (including interest at 4.13% annually) due on June 9 and December 9 of each year. Polk Township's first payment on this bond was on June 6, 2011. Additional principal payments were made during the 2011 year with proceeds from the sale of the old township building.

Subsequent to year end, the Township obtained a new amortization schedule from the bank and started making monthly principal payments in the amount of \$2,157(including interest at a rate of 4.13%). The amortization schedule below reflects the principal and interest amounts that will be paid in future years based on the monthly payments.

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

<u>Year ending December 31,</u>	Bond - US Bank	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 14,604	\$ 11,278
2013	15,219	10,663
2014	15,859	10,023
2015	16,527	9,355
2016	17,223	8,659
2017-2021	97,624	31,785
2022-2026	103,842	9,651
	\$ 280,898	\$ 91,414

NOTE 9 - EMPLOYEE INSURANCE COVERAGE:-

During 2011 and 2010, the Township provided health, drug, dental and life insurance for the Trustees and the Fiscal Officer through the Crawford County Township Association, Medical Mutual, and Delta Dental. Total expenditures for these benefits were \$96,046 and \$87,438, respectively.

**POLK TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 10 - INTERFUND TRANSFERS:-

During 2011 and 2010, the following transfers were made:

Fund	2011 Transfers Out	2011 Transfers In
General Fund	\$ 779	\$ 0
Special Revenue Funds	25,882	0
Debt Service Fund	0	83,150
Capital Projects Fund	56,489	0
Total All Funds	\$ 83,150	\$ 83,150

During 2011, the Township transferred monies out of the General Fund, Special Revenue Funds and Capital Projects Funds into the Debt Service Fund for tracking purposes to make the debt payments on their building loan, which was approved by the Board.

NOTE 11 – SUBSEQUENT EVENTS:-

The Township evaluated subsequent events through July 25, 2012, the date which the financial statements were available to be issued.



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

Board of Trustees
Polk Township
Crawford County

We have audited the financial statements of the Polk Township, Crawford County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 25, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

We did note certain internal control matters that we reported to the Township's management in a separate letter dated July 25, 2012.

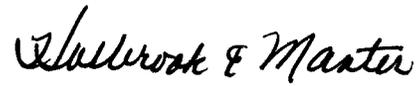
Compliance and Other Matters

As part of reasonably assuring whether Polk Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is identified as finding 2011-001 below.

We also noted certain noncompliance or other matters that we reported to the Government's management in a separate letter dated July 25, 2012.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit Polk Township's response and, accordingly, we express no opinion on it.

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

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

Certified Public Accountants

July 25, 2012

**POLK TOWNSHIP
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2011-001
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Noncompliance Citation – Prior Certification of Expenditures

Ohio Revised Code, Section 5705.41 (D) requires that no orders or contracts involving the expenditures of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that all expenditures had a purchase order and every purchase order was at least signed by the fiscal officer; however, there were instances during both 2011 and 2010 where the purchase orders were dated after the invoice date.

Without timely certification, the Township may expend more funds than available in the treasury, in the process of collection, or than funds appropriated.

We recommend that the Township implement a policy and procedure for contracts involving the expenditure of money be timely certified to insure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Township should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or “Then and Now” certificates where applicable.

Officials’ Response

The Township will continue to monitor the purchase order process and make efforts to improve the processes to prevent these instances to occur in the future.



Dave Yost • Auditor of State

POLK TOWNSHIP

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 13, 2012**