



Dave Yost • Auditor of State

**POLAND TOWNSHIP
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2013	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Poland Township
Mahoning County
3339 Dobbins Road
Poland, Ohio 44514

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Poland, Township, Mahoning County, (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

www.ohioauditor.gov

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles – (Continued)

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013 thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Poland Township, Mahoning County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 23, 2016

**POLAND TOWNSHIP
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$511,348	\$888,945		\$1,400,293
Charges for Services	2,202			2,202
Licenses, Permits and Fees	490,332	86,018		576,350
Fines and Forfeitures	1,939			1,939
Intergovernmental	156,047	294,089	\$341,772	791,908
Special Assessments		84,090		84,090
Earnings on Investments	561	76		637
Miscellaneous	23,658	52,497		76,155
<i>Total Cash Receipts</i>	<u>1,186,087</u>	<u>1,405,715</u>	<u>341,772</u>	<u>2,933,574</u>
Cash Disbursements				
Current:				
General Government	540,332	31,263		571,595
Public Safety	562,338	757,783		1,320,121
Public Works	6,602	647,107	341,772	995,481
Health		3,718		3,718
Conservation-Recreation		1,370		1,370
Other		2,332		2,332
Capital Outlay		44,955		44,955
<i>Total Cash Disbursements</i>	<u>1,109,272</u>	<u>1,488,528</u>	<u>341,772</u>	<u>2,939,572</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>76,815</u>	<u>(82,813)</u>	<u>0</u>	<u>(5,998)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		50		50
Transfers In	28,272			28,272
Transfers Out	(161,000)			(161,000)
Advances In		90,000		90,000
Advances Out	(90,000)			(90,000)
Other Financing Uses	(28,120)			(28,120)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(250,848)</u>	<u>90,050</u>	<u>0</u>	<u>(160,798)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(174,033)</u>	<u>7,237</u>	<u>0</u>	<u>(166,796)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,245,514</u>	<u>1,132,085</u>	<u>0</u>	<u>2,377,599</u>
Fund Cash Balances, December 31				
Restricted		1,139,322		1,139,322
Unassigned (Deficit)	1,071,481			1,071,481
<i>Fund Cash Balances, December 31</i>	<u>\$1,071,481</u>	<u>\$1,139,322</u>	<u>\$0</u>	<u>2,210,803</u>

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Internal Service	Private Purpose Trust	(Memorandum Only)
Operating Cash Disbursements			
Employee Fringe Benefits	\$138,521		138,521
<i>Total Operating Cash Disbursements</i>	138,521	\$0	138,521
<i>Income (Loss) before Transfers</i>	(138,521)	0	(138,521)
Transfers In	161,000		161,000
Transfers Out	(28,272)		(28,272)
<i>Net Change in Fund Cash Balances</i>	(5,793)	0	(5,793)
<i>Fund Cash Balances, January 1</i>	81,106	2,061	83,167
<i>Fund Cash Balances, December 31</i>	<u>\$75,313</u>	<u>\$2,061</u>	<u>\$77,374</u>

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$442,251	\$934,121		\$1,376,372
Charges for Services	7,967	1,743		9,710
Licenses, Permits and Fees	418,414	112,913		531,327
Fines and Forfeitures	813			813
Intergovernmental	212,206	324,986	\$42,010	537,192
Special Assessments		81,578		81,578
Earnings on Investments	642	35		677
Miscellaneous	74,163	2,213		76,376
<i>Total Cash Receipts</i>	<u>1,156,456</u>	<u>1,457,589</u>	<u>42,010</u>	<u>2,614,045</u>
Cash Disbursements				
Current:				
General Government	532,946	37,507		570,453
Public Safety	575,201	580,636		1,155,837
Public Works	42,068	649,184		691,252
Health		4,090		4,090
Conservation-Recreation		1,098		1,098
Other		14,104		14,104
Capital Outlay	201,346		42,010	201,346
<i>Total Cash Disbursements</i>	<u>1,351,561</u>	<u>1,286,619</u>	<u>42,010</u>	<u>2,638,180</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(195,105)</u>	<u>170,970</u>	<u>0</u>	<u>(24,135)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		2,820		2,820
Transfers In	31,382			31,382
Transfers Out	(140,000)			(140,000)
Advances In		189,000		189,000
Advances Out	(189,000)			(189,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(297,618)</u>	<u>191,820</u>	<u>0</u>	<u>(105,798)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(492,723)</u>	<u>362,790</u>	<u>0</u>	<u>(129,933)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,738,237</u>	<u>769,295</u>		<u>2,507,532</u>
Fund Cash Balances, December 31				
Restricted		1,132,085		1,132,085
Unassigned (Deficit)	1,245,514			1,245,514
<i>Fund Cash Balances, December 31</i>	<u>\$1,245,514</u>	<u>\$1,132,085</u>	<u>\$0</u>	<u>\$2,377,599</u>

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Internal Service	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Earnings on Investments (trust funds only)		\$23	\$23
Miscellaneous	\$2,689		2,689
<i>Total Operating Cash Receipts</i>	<u>2,689</u>	<u>23</u>	<u>2,712</u>
Operating Cash Disbursements			
Employee Fringe Benefits	96,075		96,075
<i>Total Operating Cash Disbursements</i>	<u>96,075</u>	<u>0</u>	<u>96,075</u>
<i>Operating Income (Loss)</i>	<u>(93,386)</u>	<u>23</u>	<u>(93,363)</u>
<i>Income (Loss) before Transfers</i>	(93,386)	23	(93,363)
Transfers In	140,000		140,000
Transfers Out	(31,382)		(31,382)
<i>Net Change in Fund Cash Balances</i>	15,232	23	15,255
<i>Fund Cash Balances, January 1</i>	<u>65,874</u>	<u>2,038</u>	<u>67,912</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$81,106</u></u>	<u><u>\$2,061</u></u>	<u><u>\$83,167</u></u>

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Poland Township, Mahoning County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and police protection. The Township's fire services are provided by the Western Reserve Joint Fire District.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values U.S. Savings Bonds and repurchase agreements at cost.

D. 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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

Police District Fund – This fund receives local tax money from fines, forfeitures and fees to pay for police protection from the township.

3. Internal Service Fund

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Health Reimbursement Fund – This fund accounts for the Board's contribution to health reimbursements for each employee.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain cemetery lots.

The Township had no Agency Funds.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. In 2013, encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. In 2014, encumbrances outstanding at year end are carried over and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are 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.

5. Unassigned

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2014	2013
Demand deposits	\$158,214	\$314,015
Repurchase agreement	2,128,464	2,145,249
U.S. Savings Bonds	1,500	1,500
Total investments	2,129,964	2,146,749
Total deposits and investments	\$2,288,178	\$2,460,764

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool.

Investments: U.S. Savings Bonds are held in book-entry form by the Federal Reserve, in the name of the Township. The Township’s financial institution transfers securities to the Township’s agent to collateralize repurchase agreements. The securities are not in the Township’s name.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,374,532	\$1,214,359	(\$1,160,173)
Special Revenue	2,540,244	1,495,765	(1,044,479)
Internal Service	242,106	0	(242,106)
Trust	0	0	0
Total	\$5,156,882	\$2,710,124	(\$2,446,758)

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity - (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,275,209	\$1,398,189	(\$122,980)
Special Revenue	1,629,569	1,505,096	124,473
Internal Service	215,400	174,406	40,994
Trust	0	0	0
Total	\$3,120,178	\$3,077,691	\$42,487

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,852,251	\$1,187,838	(\$1,664,413)
Special Revenue	2,136,804	1,495,765	(641,039)
Capital Projects		42,010	42,010
Internal Service	205,874	142,689	(63,185)
Trust		23	23
Total	\$5,194,929	\$2,868,302	(\$2,326,627)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,401,608	\$1,691,421	(\$289,813)
Special Revenue	1,396,806	1,287,338	109,468
Capital Projects		42,010	(42,010)
Internal Service	203,500	126,792	76,708
Trust		0	0
Total	\$3,001,914	\$3,147,561	(\$145,647)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$122,980 the Police Fund by \$47,772 and the Health Reimbursement Fund 2012 by \$28,272 for the year ended December 31, 2014. Budgetary expenditures exceeded appropriation authority in the General Fund by \$289,813, the Prescription Reimbursement 2011 Fund by \$666 and the Prescription Reimbursement 2012 Fund by \$492 for the year ended December 31, 2013.

4. Property Tax

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

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

**POLAND TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. For 2014 and 2013, law enforcement OPERS members contributed 13% and 12.60%, respectively, of their gross salaries and the Township contributed an amount equaling 18.10% of participant's gross salaries. The Township has paid all contributions required through December 31, 2014.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township is uninsured for the following risks:

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Poland Township
Mahoning County
3339 Dobbins Road
Poland, Ohio 44514

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Poland Township, Mahoning County, (the Township) as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 23, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

May 23, 2016

**POLAND TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

1. Accurate record of accounts and transactions

<i>Finding Number</i>	2014-001
-----------------------	----------

MATERIAL WEAKNESS

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees, and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The lack of controls over the posting of financial transactions resulted in several errors and mispostings that required adjustments, which can result in errors or irregularities that may go undetected and decreases the reliability of financial data throughout the year.

The following errors were noted in the recording of receipts for 2013. These matters were corrected in the Township's financial statements and accounting records:

- 1. Tax advance monies were posted to the General Fund in the amount of \$31,000 instead of being split between the Road and Bridge Fund \$12,000 and the Police Fund \$19,000.
- 2. General Fund tipping fees of \$7,743 received from the County were classified as Fees and Other Miscellaneous Receipts, but should have been posted to Intergovernmental Receipts.
- 3. General Fund Struthers Court receipts of \$10,782 received from the County were posted as Fines, but should have been posted to Intergovernmental Receipts.
- 4. Revenue from Carbon Limestone is to be divided among various funds as outlined in the agreement with the Township. The Township received \$60,000 from Republic Services Carbon Limestone that was incorrectly posted to the General Fund for \$14,500, Park Fund for \$7,500, Capital Reserve Fund for \$37,500 and Zoning fund for \$500, instead of \$7,000, \$15,000 and \$38,000, respectively.

The following errors were noted in the recording of receipts for 2014. These matters were corrected in the Township's financial statements and accounting records:

- 5. Tax receipts were posted to Intergovernmental Receipts instead of Taxes in the General Road and Bridge, and Police Funds in the amounts of \$17,268, \$16,162, and \$17,194, respectively.
- 6. General Fund taxes on the Statements of Semiannual Apportionment of Taxes were posted in error to the Special Assessments Fund in the amount of \$69,955.
- 7. Motor Vehicle License Fund taxes of \$1,611 and \$1,755 were incorrectly posted to Zoning Fund fees and Gas Tax Fund taxes, respectively.
- 8. Monies received for the Drug Abuse Resistance Education (DARE) Grant were posted in error to the General Fund in the amount of \$3,723.

**Finding Number 2014-001
(Continued)**

9. Health Department Construction Demolition Debris (CDD) receipts received from the county were posted in error to various funds as Fees but should have been posted as General Fund Intergovernmental Receipts in the amount of \$6,134.
10. Permissive Motor Vehicle License Tax was posted in error to Fees in the Zoning Fund and Cemetery Fund in the amount of \$3,185.
11. Revenue from Carbon Limestone is to be divided among various funds as outlined in the agreement with the Township. The Township received \$30,000 from Republic Services Carbon Limestone that was incorrectly posted to the General Fund for \$7,500, Park Fund for \$2,500 and Capital Reserve Fund for \$20,000, instead of \$8,500, \$2,500 and \$19,000, respectively. Also, General Fund tipping fees from Republic Services Carbon Limestone of \$4,224 and \$3,224 were incorrectly posted to Cemetery Fund fees and Zoning Fund fees, respectively.

Also, during 2013, the Township was the beneficiary of Ohio Public Works Commission (OPWC) monies that were paid directly to the vendors by OPWC. On behalf of the Township, OPWC paid vendors \$42,001 in 2013. While the Township did have the proper fund, Cliff View and Camella Storm Water (4401), set up in the UAN system, they did not record the receipt and expenditure transactions relating to these OPWC on-behalf payments. The Township's financial statements have been adjusted to reflect these transactions.

During 2014, the Township was the beneficiary of Ohio Department of Transportation (ODOT) monies for a sidewalk project (that was entered into in 2013), These monies were paid directly to the vendors by ODOT. On behalf of the Township, ODOT paid vendors \$341,771 in 2014. The Township did not record the receipt and expenditure transactions relating to these ODOT on-behalf payments. The Township's financial statements have been adjusted to reflect these transactions.

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the Governmental Accounting Standards Board. In general, when a local government enters into an on-behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made. Per Auditor of State Bulletin 2002-004, the Township should record a receipt and expenditure transaction to account for any payments made on its behalf in the capital projects fund established for OPWC transactions.

The Fiscal Officer should reference applicable guidance from the Auditor of State, such as UAN manuals and the Ohio Township Manual when posting receipts and processing unusual transactions.

Official's Response:

The posting errors noted during the audit did not affect the financial reporting of the township as a whole. Errors noted during the audit are line item classification issues. Fund Balance in total was accurately and properly reported. Management will monitor posting of receipts closely to ensure they are posted to the correct line items as well as the funds.



Dave Yost • Auditor of State

POLAND TOWNSHIP

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 23, 2016**