

**PLAIN TOWNSHIP  
WAYNE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Plain Township  
2445 South Elyria Road  
Wooster OH 44691

We have reviewed the *Report of Independent Accountants* of Plain Township, Wayne County, prepared by Knox & Knox for the audit period January 1, 2004 through December 31, 2005. 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the AOS 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 *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the AOS 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. Plain Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 1, 2006

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PLAIN TOWNSHIP  
WAYNE COUNTY

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# KNOX & KNOX

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Accountants and Consultants

## REPORT OF INDEPENDENT ACCOUNTANTS

Plain Township  
Wayne County  
3026 South Elyria Road  
Wooster, Ohio 44691

To the Board of Trustees

We have audited the accompanying financial statements of Plain Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2005, and December 31, 2004. 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 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. While the Township does not follow GAAP, auditing standards generally accepted in the United States of America require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure the financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State 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, 2005 and 2004, 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, 2005 and 2004, 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 fund cash balances of Plain Township as of December 31, 2005 and 2004, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to accounting principles generally accepted in the United States of America also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 September 29, 2006, 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.

KNOX & KNOX

Orrville, Ohio,  
September 29, 2006



**PLAIN TOWNSHIP  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Governmental Fund Types</b>		<b>Total</b>
	<b>General</b>	<b>Special Revenue</b>	<b>(Memorandum Only)</b>
Cash Receipts:			
Local Taxes	\$36,751	\$191,429	\$228,180
Intergovernmental	56,702	111,624	168,326
Other	5,548	5,482	11,030
Total Cash Receipts	99,001	308,535	407,536
Cash Disbursements:			
General Governmental	91,390		91,390
Public Safety		57,600	57,600
Public Works	5,469	216,860	222,329
Health	14,134		14,134
Total Cash Disbursements	110,993	274,460	385,453
Total Cash Receipts Over/(Under)			
Cash Disbursements	(11,992)	34,075	22,083
Other Financing Receipts/Disbursements			
Transfers-In			
Transfers-Out			
Other Financing Sources/(Uses)	808	47	855
Total Other Financing Receipts/ Disbursements	808	47	855
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,184)	34,122	22,938
Fund Cash Balances, January 1	143,378	200,722	344,100
Fund Cash Balances, December 31	\$132,194	\$234,844	\$367,038
Reserves for Encumbrances		\$575	\$575

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

**PLAIN TOWNSHIP  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$35,741	\$187,179	\$222,920
Intergovernmental	70,948	103,273	174,221
Other	<u>2,489</u>	<u>4,828</u>	<u>7,317</u>
Total Cash Receipts	<u>109,178</u>	<u>295,280</u>	<u>404,458</u>
Cash Disbursements:			
General Governmental	80,225		80,225
Public Safety		58,300	58,300
Public Works		186,037	186,037
Health	13,680		13,680
Capital Outlay	<u>32,024</u>		<u>32,024</u>
Total Cash Disbursements	<u>125,929</u>	<u>244,337</u>	<u>370,266</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(16,751)	50,943	34,192
Other Financing Receipts/Disbursements			
Transfers-In			
Transfers-Out			
Other Financing Sources/(Uses)	<u>(2,126)</u>	<u>(5,998)</u>	<u>(8,124)</u>
Total Other Financing Receipts/ Disbursements	<u>(2,126)</u>	<u>(5,998)</u>	<u>(8,124)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(18,877)</u>	<u>44,945</u>	<u>26,068</u>
Fund Cash Balances, January 1	<u>162,255</u>	<u>155,788</u>	<u>318,043</u>
Fund Cash Balances, December 31	<u>\$143,378</u>	<u>\$200,733</u>	<u>\$344,111</u>
Reserves for Encumbrances	<u>          </u>	<u>\$ 575</u>	<u>\$ 575</u>

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

**PLAIN TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Plain Township, Wayne County, (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. The Township provides general governmental services, including maintenance of Township roads and bridges and cemetery maintenance. The Township contracts with the New Pittsburgh Volunteer Fire Department for fire protection.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in the 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 Treasurer's investment pool) is recorded at amounts reported by the pool.

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:

**General Fund** - The General Fund is the general operating fund. It is used for all financial resources except those required by law or contract to be restricted.

**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 has the following significant Special Revenue Funds:

*Road and Bridge Fund* - This fund receives gasoline and property taxes for constructing, maintaining and repairing Township roads.

*Motor Vehicle License Fund* - This fund receives motor vehicle taxes for constructing, maintaining and repairing Township roads.

**PLAIN TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. Budgetary Process

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

**Appropriations** - Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, function or major 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. Appropriations lapse at year end.

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

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

A summary of 2005 and 2004 budgetary activity appears in Note 3.

E. 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.

F. Accumulated Leave

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

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

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2005 was as follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$297,254	\$276,423
STAR Ohio	69,795	67,688
Total Deposits and Investments	<u>\$367,049</u>	<u>\$344,111</u>

**Deposits** - Deposits are (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity pool.

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

**PLAIN TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2005 and December 31, 2004 are as follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,888	\$99,809	\$14,921
Special Revenue	285,473	308,582	\$23,109
Total	\$380,361	\$408,391	\$28,030

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$238,265	\$110,993	\$127,272
Special Revenue	486,206	275,035	211,171
Total	\$724,471	\$386,028	\$338,443

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,606	\$109,178	\$14,572
Special Revenue	278,971	295,280	16,309
Total	\$373,577	\$404,458	\$30,881

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$256,861	\$128,055	\$128,806
Special Revenue	434,759	250,910	183,859
Total	\$691,620	\$378,965	\$312,655

**PLAIN TOWNSHIP  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**4. 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 the County by December 31. If the property owner elects to make semiannual payments, for the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employee's Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer defined pension plan. The 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 2005 and 2004, PERS members contributed 8.5 % of their gross salaries. The Township contributed an amount equal to 13.55 % of the participants gross salaries for 2005 and 2004. The Township has paid all contributions required through December 31, 2005.

**6. RISK MANAGEMENT**

The Township has commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public officials' liability; and
- Vehicles

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Accountants and Consultants

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

Plain Township  
Wayne County  
3026 South Elyria Road  
Wooster, Ohio 44694

To the Board of Trustees:

We have audited the financial statements of Plain Township, Wayne County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 29, 2006 wherein we noted that the Township prepared its financial statements using accounting practices prescribed by the Auditor of State 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.

### Compliance

A part of obtaining reasonable assurance about whether the Township'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 audits, we considered the Township'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 internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township, in a separate letter dated September 29, 2006.

Plain Township  
Wayne County  
Report of Independent Accountants on Compliance and Internal  
Control Required by *Government Auditing Standards*.  
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This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and should not be used by anyone other than these specified parties.

*KNOX & KNOX*

Orrville, Ohio  
September 29, 2006



**PLAIN TOWNSHIP  
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <b>Explain:</b>
2003-01	Ohio Revised Code Section 5705.41 requires certification of funds	YES	Finding No Longer Valid
2003-02	Ohio Revised Code Section 5705.39 requires appropriations not exceed estimated resources for each fund	YES	Finding No Longer Valid





**Auditor of State  
Betty Montgomery**

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**PLAIN TOWNSHIP**

**WAYNE 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  
NOVEMBER 14, 2006**