



**Auditor of State
Betty Montgomery**

PLAIN TOWNSHIP
STARK COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Plain Township
Stark County
2600 Easton Street NE
North Canton, Ohio 44721

To the Board of Trustees:

We have audited the accompanying financial statements of Plain Township, (the Township) as of and for the years ended December 31, 2002 and 2001. 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 prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Plain Township
Stark County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 9, 2003

**PLAIN TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$292,373	\$5,504,113	\$0	\$0	\$0	\$5,796,486
Intergovernmental	1,442,618	879,968				2,322,586
Special Assessments		25,108				25,108
Licenses, Permits, and Fees		229,914				229,914
Fines, Forfeitures, and Penalties	32,654					32,654
Earnings on Investments	96,952	1,180				98,132
Other Revenue	164,613	168,466				333,079
Total Cash Receipts	2,029,210	6,808,749	0	0	0	8,837,959
Cash Disbursements:						
Current:						
General Government	1,191,394	47,997				1,239,391
Public Safety	161,292	3,127,344				3,288,636
Public Works	2,214	1,784,311				1,786,525
Health	138,218					138,218
Human Services	45,055					45,055
Conservation - Recreation		105,343				105,343
Debt Service:						
Redemption of Principal			360,000			360,000
Interest and Fiscal Charges			43,660			43,660
Capital Outlay	243,817	142,190			1,011	387,018
Total Cash Disbursements	1,781,990	5,207,185	403,660	0	1,011	7,393,846
Total Receipts Over/(Under) Disbursements	247,220	1,601,564	(403,660)	0	(1,011)	1,444,113
Other Financing Receipts/(Disbursements):						
Transfers-In	38,354	17,930	403,800			460,084
Transfers-Out	(421,730)			(38,354)		(460,084)
Other Sources	21,580					21,580
Total Other Financing Receipts/(Disbursements)	(361,796)	17,930	403,800	(38,354)	0	21,580
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(114,576)	1,619,494	140	(38,354)	(1,011)	1,465,693
Fund Cash Balances, January 1	1,497,726	924,551	0	38,388	1,011	2,461,676
Fund Cash Balances, December 31	\$1,383,150	\$2,544,045	\$140	\$34	\$0	\$3,927,369
Reserves for Encumbrances, December 31	\$277,157	\$344,535	\$0	\$0	\$0	\$621,692

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

PLAIN TOWNSHIP
STARK COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$417,711		\$417,711
Miscellaneous	6,284	\$10,060	16,344
	<u>423,995</u>	<u>10,060</u>	<u>434,055</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Contractual Services	424,252		424,252
	<u>424,252</u>		<u>424,252</u>
Operating Income/(Loss)	(257)	10,060	9,803
Non-Operating Cash Receipts:			
Miscellaneous		100	100
Non-Operating Cash Disbursements:			
Miscellaneous		50	50
	<u> </u>	<u>50</u>	<u>50</u>
Excess of Receipts Over/(Under) Disbursements	(257)	10,110	9,853
Fund Cash Balances, January 1	95,338	7,617	102,955
	<u>95,338</u>	<u>7,617</u>	<u>102,955</u>
Fund Cash Balances, December 31	<u>\$95,081</u>	<u>\$17,727</u>	<u>\$112,808</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$250</u>	<u>\$250</u>

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

PLAIN TOWNSHIP
STARK COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$290,050	\$4,020,810	\$0	\$242,328	\$0	\$4,553,188
Intergovernmental	1,481,862	637,748		401,495		2,521,105
Special Assessments		23,848				23,848
Licenses, Permits, and Fees		213,619				213,619
Fines, Forfeitures, and Penalties	37,012					37,012
Earnings on Investments	127,267	402		12,937		140,606
Other Revenue	243,409	212,397				455,806
Total Cash Receipts	2,179,600	5,108,824	0	656,760	0	7,945,184
Cash Disbursements:						
Current:						
General Government	1,007,846	57,305				1,065,151
Public Safety	108,307	3,109,595				3,217,902
Public Works	2,067	1,670,898		8,397		1,681,362
Health	132,238					132,238
Human Services	6,218					6,218
Conservation - Recreation		141,881				141,881
Debt Service:						
Redemption of Principal			360,000	250,000		610,000
Interest and Fiscal Charges			59,557	10,671		70,228
Capital Outlay	121,761	133,743		497,203	1,090	753,797
Total Cash Disbursements	1,378,437	5,113,422	419,557	766,271	1,090	7,678,777
Total Receipts Over/(Under) Disbursements	801,163	(4,598)	(419,557)	(109,511)	(1,090)	266,407
Other Financing Receipts/(Disbursements):						
Transfers-In	282,669	111,713	419,557	600		814,539
Transfers-Out	(531,870)			(282,669)		(814,539)
Other Sources	13,384					13,384
Total Other Financing Receipts/(Disbursements)	(235,817)	111,713	419,557	(282,069)	0	13,384
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	565,346	107,115	0	(391,580)	(1,090)	279,791
Fund Cash Balances, January 1	932,380	817,436	0	429,968	2,101	2,181,885
Fund Cash Balances, December 31	\$1,497,726	\$924,551	\$0	\$38,388	\$1,011	\$2,461,676
Reserves for Encumbrances, December 31	\$405,275	\$185,969	\$0	\$0	\$0	\$591,244

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

PLAIN TOWNSHIP
STARK COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$569,683	\$0	\$569,683
Miscellaneous	11,847	62,165	74,012
Total Operating Cash Receipts	581,530	62,165	643,695
Operating Cash Disbursements:			
Contractual Services	499,413		499,413
Operating Income	82,117	62,165	144,282
Non-Operating Cash Receipts:			
Miscellaneous		1,550	1,550
Non-Operating Cash Disbursements:			
Miscellaneous		63,715	63,715
Excess of Receipts Over Disbursements	82,117	0	82,117
Fund Cash Balances, January 1	13,221	7,617	20,838
Fund Cash Balances, December 31	<u>\$95,338</u>	<u>\$7,617</u>	<u>\$102,955</u>
Reserves for Encumbrances, December 31	<u>\$11,005</u>	<u>\$200</u>	<u>\$11,205</u>

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

**PLAIN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Plain Township, Stark 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 of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Stark County Sheriff's Department to provide security for persons and property.

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 paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are included in 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.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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

2. Special Revenue 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 voted millage and permit fees for constructing, maintaining and repairing of Township roads and bridges.

**PLAIN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund – This fund receives voted millage, donations and fees to provide and maintain fire fighting equipment, buildings, sites and services for operation of the Township Fire Department.

Police District Fund – This fund receives millage from voted tax levies to provide security for persons and property located within the Township.

Road District Fund – This fund receives millage from voted tax levies to maintain, resurface and otherwise repair streets, roads and bridges located within the Township.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township has the following significant Debt Service Fund:

General Bond-Note Retirement Fund – This fund is used to repay debt obligations.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township has the following significant Capital Projects Funds:

Building Improvement Note Fund – This fund uses proceeds received from the issuance of building improvement notes to construct additions and to otherwise renovate the Township service garage and salt storage building.

Ohio Public Works Projects Fund – This fund receives monies from transfers of the General Fund, the State of Ohio and other grants for capital improvements of roads and storm sewers located within the Township.

5. Internal Service Fund

This fund is maintained in order to provide services to other Township funds or departments on a quasi-external basis. The Internal Service Fund is maintained on a cost-reimbursement basis. The Township had the following significant Internal Service Fund:

Medical Insurance Fund – This fund receives monies from other funds for COBRA payments and medical insurance premiums for the purpose of providing health insurance benefits for Township employees under the Township's self-insurance program.

6. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township has the following significant fiduciary funds:

**PLAIN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Trust and Agency Funds) (Continued)

Expendable Trust – Parks and Recreation – This fund receives donations to be used in the development of the Township Park as specified by the donor.

Agency Fund – Deposits – These funds receive deposits relating to buildings, contracts and insurance proceeds which will be refunded at a later date.

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 the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**PLAIN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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 was as follows:

	2002	2001
Demand deposits	(\$61,548)	(\$43,795)
Certificates of deposit	1,000,000	1,451,601
Total deposits	938,452	1,407,806
STAR Ohio	2,141,005	1,060,287
Sweep Repurchase Agreement	954,147	96,538
Money market	6,573	0
Total investments	3,101,725	1,156,825
Total deposits and investments	\$4,040,177	\$2,564,631

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: 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.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$2,087,452	\$2,089,144	\$1,692
Special Revenue	6,829,267	6,826,679	(2,588)
Debt Service	403,800	403,800	0
Capital Projects	0	0	0
Expendable Trust	1,011	0	(1,011)
Internal Service	450,000	423,995	(26,005)
Agency	30,000	10,160	(19,840)
Total	\$9,801,530	\$9,753,778	(\$47,752)

**PLAIN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,400,761	\$2,480,877	\$919,884
Special Revenue	7,718,076	5,551,720	2,166,356
Debt Service	403,800	403,660	140
Capital Projects	38,354	38,354	0
Expendable Trust	1,011	1,011	0
Internal Service	545,338	424,252	121,086
Agency	37,417	300	37,117
Total	<u>\$12,144,757</u>	<u>\$8,900,174</u>	<u>\$3,244,583</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,428,666	\$2,475,653	\$46,987
Special Revenue	5,211,743	5,220,537	8,794
Debt Service	419,557	419,557	0
Capital Projects	675,557	657,360	(18,197)
Expendable Trust	2,101	0	(2,101)
Internal Service	581,530	581,530	0
Agency	30,000	63,715	33,715
Total	<u>\$9,349,154</u>	<u>\$9,418,352</u>	<u>\$69,198</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,361,049	\$2,315,582	\$1,045,467
Special Revenue	6,029,210	5,299,391	729,819
Debt Service	419,557	419,557	0
Capital Projects	1,105,493	1,048,940	56,553
Expendable Trust	2,101	1,090	1,011
Internal Service	594,750	510,418	84,332
Agency	37,417	63,915	(26,498)
Total	<u>\$11,549,577</u>	<u>\$9,658,893</u>	<u>\$1,890,684</u>

Contrary to Ohio Rev. Code Section 5705.41(D), the Township did not always certify the availability of funds before entering into the obligation.

**PLAIN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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, 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 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. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Real Estate Acquisition Bonds, Series 1999	\$720,000	4.42%

During 1999, the Township issued a real estate acquisition bond to acquire an existing building and its 1.5 acre site, together with an adjacent 39 acre site, for Township recreational purposes. The Township previously issued building improvement notes to construct additions to and otherwise renovate and improve the Township's service garage and salt storage facility. These notes were retired in 2001.

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

	Real Estate Acquisition Bonds
Year ending December 31:	
2003	\$387,846
2004	371,934
Total	\$759,780

**PLAIN TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

The Township also has employees who are paid as volunteer fire fighters. These employees pay into Social Security for retirement.

7. RISK POOL MEMBERSHIP

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

PLAIN TOWNSHIP
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)

7. RISK POOL MEMBERSHIP (Continued)

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

8. RISK MANAGEMENT

The Township also provides health insurance, dental and vision coverage to full-time employees through Aultcare, Inc.



**Auditor of State
Betty Montgomery**

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

Plain Township
Stark County
2600 Easton Street NE
North Canton, Ohio 44721

To the Board of Trustees:

We have audited the accompanying financial statements of Plain Township (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 9, 2003. 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.

Compliance

As 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-41276-001.

We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 9, 2003.

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 of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 April 9, 2003.

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Plain Township
Stark County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 9, 2003

PLAIN TOWNSHIP
STARK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-41276-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money 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.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 (\$3,000 after April 6, 2003) for other political subdivisions, may be paid by the fiscal officer (clerk) without such affirmation of the taxing authority (Township Trustees) upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During 2002 and 2001, 22% of expenditures tested were not certified by the Clerk prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The Township should certify the availability of funds prior to incurring the obligation for expenditures. The Township should also implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.



**Auditor of State
Betty Montgomery**

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PLAIN TOWNSHIP

STARK 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
MAY 15, 2003**