



Dave Yost • Auditor of State

PLAIN TOWNSHIP
STARK COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Plain Township
Stark County
2600 Easton Street N.E.
Canton, Ohio 44721

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Plain Township, Stark 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 opinions.

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.

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, or changes in financial position or cash flows 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 Plain Township, Stark 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 November 18, 2015, 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

November 18, 2015

**PLAIN TOWNSHIP
STARK COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$484,411	\$6,958,799	\$0	\$7,443,210
Charges for Services	94,063	1,139,250	0	1,233,313
Licenses, Permits and Fees	777,751	3,925	0	781,676
Fines and Forfeitures	18,429	0	0	18,429
Intergovernmental	376,470	1,708,113	0	2,084,583
Special Assessments	0	66,795	0	66,795
Earnings on Investments	8,175	106	0	8,281
Gifts	1,456	255	0	1,711
Miscellaneous	40,686	69,597	360	110,643
<i>Total Cash Receipts</i>	<u>1,801,441</u>	<u>9,946,840</u>	<u>360</u>	<u>11,748,641</u>
Cash Disbursements				
Current:				
General Government	1,192,767	4,954	0	1,197,721
Public Safety	126,370	5,697,315	0	5,823,685
Public Works	16,498	2,605,950	0	2,622,448
Health	194,973	512	0	195,485
Conservation-Recreation	130,257	199,778	0	330,035
Capital Outlay	256,659	1,126,648	354,176	1,737,483
<i>Total Cash Disbursements</i>	<u>1,917,524</u>	<u>9,635,157</u>	<u>354,176</u>	<u>11,906,857</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(116,083)</u>	<u>311,683</u>	<u>(353,816)</u>	<u>(158,216)</u>
Other Financing Receipts (Disbursements)				
Transfers In	15,470	51,833	0	67,303
Transfers Out	0	0	(67,303)	(67,303)
Other Financing Sources	7,829	21,256	0	29,085
<i>Total Other Financing Receipts (Disbursements)</i>	<u>23,299</u>	<u>73,089</u>	<u>(67,303)</u>	<u>29,085</u>
<i>Net Change in Fund Cash Balances</i>	<u>(92,784)</u>	<u>384,772</u>	<u>(421,119)</u>	<u>(129,131)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,281,620</u>	<u>2,838,089</u>	<u>433,727</u>	<u>6,553,436</u>
Fund Cash Balances, December 31				
Restricted	0	3,222,861	12,608	3,235,469
Committed	11,000	0	0	11,000
Assigned	2,979,144	0	0	2,979,144
Unassigned (Deficit)	198,692	0	0	198,692
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,188,836</u></u>	<u><u>\$3,222,861</u></u>	<u><u>\$12,608</u></u>	<u><u>\$6,424,305</u></u>

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

**PLAIN TOWNSHIP
STARK 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 Type	Totals
	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$633,532	\$0	\$633,532
Miscellaneous	45,101	0	45,101
<i>Total Operating Cash Receipts</i>	<u>678,633</u>	<u>0</u>	<u>678,633</u>
Operating Cash Disbursements			
Purchased Services	207,354	0	207,354
Claims	496,186	0	496,186
<i>Total Operating Cash Disbursements</i>	<u>703,540</u>	<u>0</u>	<u>703,540</u>
<i>Operating Income (Loss)</i>	<u>(24,907)</u>	<u>0</u>	<u>(24,907)</u>
Non-Operating Receipts (Disbursements)			
Other Financing Sources	0	11,400	11,400
Other Financing Uses	0	(81,060)	(81,060)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>(69,660)</u>	<u>(69,660)</u>
<i>Net Change in Fund Cash Balances</i>	(24,907)	(69,660)	(94,567)
<i>Fund Cash Balances, January 1</i>	<u>557,115</u>	<u>92,288</u>	<u>649,403</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$532,208</u></u>	<u><u>\$22,628</u></u>	<u><u>\$554,836</u></u>

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

**PLAIN TOWNSHIP
STARK 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	\$458,540	\$7,104,886	\$0	\$7,563,426
Charges for Services	28,886	1,107,120	0	1,136,006
Licenses, Permits and Fees	849,390	449	0	849,839
Fines and Forfeitures	18,703	0	0	18,703
Intergovernmental	783,047	1,635,883	0	2,418,930
Special Assessments	0	75,390	0	75,390
Earnings on Investments	13,026	196	0	13,222
Gifts	21,210	1,263	973	23,446
Miscellaneous	134,798	53,225	0	188,023
<i>Total Cash Receipts</i>	<u>2,307,600</u>	<u>9,978,412</u>	<u>973</u>	<u>12,286,985</u>
Cash Disbursements				
Current:				
General Government	1,181,594	5,315	0	1,186,909
Public Safety	125,354	5,843,376	0	5,968,730
Public Works	15,546	2,568,958	0	2,584,504
Health	197,262	1,062	0	198,324
Conservation-Recreation	87,237	252,578	0	339,815
Capital Outlay	397,731	362,590	3,001,831	3,762,152
<i>Total Cash Disbursements</i>	<u>2,004,724</u>	<u>9,033,879</u>	<u>3,001,831</u>	<u>14,040,434</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>302,876</u>	<u>944,533</u>	<u>(3,000,858)</u>	<u>(1,753,449)</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	131,855	234,279	366,134
Transfers Out	(356,134)	(10,000)	0	(366,134)
Sale of Assets	131,855	0	0	131,855
Other Financing Sources	8,634	0	0	8,634
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(215,645)</u>	<u>121,855</u>	<u>234,279</u>	<u>140,489</u>
<i>Net Change in Fund Cash Balances</i>	87,231	1,066,388	(2,766,579)	(1,612,960)
<i>Fund Cash Balances, January 1</i>	<u>3,194,389</u>	<u>1,771,701</u>	<u>3,200,306</u>	<u>8,166,396</u>
Fund Cash Balances, December 31				
Restricted	0	2,838,089	433,727	3,271,816
Committed	11,000	0	0	11,000
Assigned	3,075,470	0	0	3,075,470
Unassigned (Deficit)	195,150	0	0	195,150
<i>Fund Cash Balances, December 31</i>	<u>\$3,281,620</u>	<u>\$2,838,089</u>	<u>\$433,727</u>	<u>\$6,553,436</u>

**PLAIN TOWNSHIP
STARK 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 Type	Totals
	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$972,507	\$0	\$972,507
Miscellaneous	42,255	0	42,255
<i>Total Operating Cash Receipts</i>	<u>1,014,762</u>	<u>0</u>	<u>1,014,762</u>
Operating Cash Disbursements			
Purchased Services	269,639	0	269,639
Claims	590,111	0	590,111
<i>Total Operating Cash Disbursements</i>	<u>859,750</u>	<u>0</u>	<u>859,750</u>
<i>Operating Income (Loss)</i>	<u>155,012</u>	<u>0</u>	<u>155,012</u>
Non-Operating Receipts (Disbursements)			
Other Financing Sources	0	83,200	83,200
Other Financing Uses	0	(36,540)	(36,540)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>46,660</u>	<u>46,660</u>
<i>Net Change in Fund Cash Balances</i>	155,012	46,660	201,672
<i>Fund Cash Balances, January 1</i>	<u>402,103</u>	<u>45,628</u>	<u>447,731</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$557,115</u></u>	<u><u>\$92,288</u></u>	<u><u>\$649,403</u></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, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio established in 1809 the rights and privileges of Plain Township, Stark County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, zoning, several parks, fire protection and emergency medical services. The Township contracts with the Stark County Sheriff for police services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool for the Township's property and casualty insurance. Note 7 to the financial statements provides additional information for this entity.

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.

Money market mutual funds (including STAR Ohio and STAR Ohio Plus) are recorded at share values.

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.

**PLAIN TOWNSHIP
STARK COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

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 non-voted millage and permit fees for constructing, maintaining, and repairing Township roads and bridges.

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

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

Road District Fund - This fund receives voted millage for constructing, maintaining, and repairing Township roads and bridges.

Ambulance and Emergency Medical Services - This fund receives payments from insurance companies and individuals for providing medical treatment and transportation of persons for medical purposes.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant capital project funds:

Capital Project -Fire Building Fund - This fund receives transfers from the Fire District Fund for the purpose of acquiring, constructing or improving new buildings and equipment

Capital Equipment – Rescue Truck Fund – This fund receives transfers from the Fire District Fund for the purchase of a new rescue truck for the Fire Department.

Capital Projects – Park Development Fund – This fund receives transfers from the General Fund for the construction of Schneider Park.

Capital Projects – Schneider Park Restroom Fund – This fund receives transfers from the General Fund for the construction of Schneider Park Restroom.

4. 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:

Self-funded Insurance Medical Fund – This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

**PLAIN TOWNSHIP
STARK COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

5. 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.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for deposits held for rental of Township buildings and insurance escrow deposits for fire losses.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 appropriations 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.

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 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.

**PLAIN TOWNSHIP
STARK COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

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.

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.

**PLAIN TOWNSHIP
STARK COUNTY**

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

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	\$603	\$0
Certificates of deposit	2,162,325	2,159,056
STAR Ohio Plus	2,008,084	2,004,076
Total deposits	4,171,012	4,163,132
STAR Ohio	714,656	714,420
Repurchase agreement	2,077,153	2,239,307
Escrow Account	16,320	85,980
Total investments	2,808,129	3,039,707
Total deposits and investments	\$6,979,141	\$7,202,839

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or 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.

**PLAIN TOWNSHIP
STARK COUNTY**

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

3. Budgetary Activity

Budgetary activity for the years ending 2014 and 2013 are as follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,671,476	\$1,824,740	\$153,264
Special Revenue	9,867,731	10,019,929	152,198
Capital Projects	360	360	0
Internal Service	995,360	678,633	(316,727)
Agency	25,000	11,400	(13,600)
Total	\$12,559,927	\$12,535,062	(\$24,865)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,953,458	\$1,976,721	\$2,976,737
Special Revenue	12,705,559	9,756,825	2,948,734
Capital Projects	433,985	423,527	10,458
Internal Service	1,552,474	703,540	848,934
Agency	117,288	97,630	19,658
Total	\$19,762,764	\$12,958,243	\$6,804,521

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,131,478	\$2,448,089	\$316,611
Special Revenue	10,127,027	10,110,267	(16,760)
Capital Projects	235,149	235,252	103
Internal Service	1,299,602	1,014,762	(284,840)
Agency	50,000	83,200	33,200
Total	\$13,843,256	\$13,891,570	\$48,314

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,487,638	\$2,422,803	\$3,064,835
Special Revenue	11,905,273	9,189,379	2,715,894
Capital Projects	3,435,455	3,127,323	308,132
Internal Service	1,701,705	859,750	841,955
Agency	95,653	86,530	9,123
Total	\$22,625,724	\$15,685,785	\$6,939,939

**PLAIN TOWNSHIP
STARK COUNTY**

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

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.

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

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

5. Installment Purchase

The Township entered into an installment purchase agreement in November 2012 for the purchase of a 2012 Case 621 Wheel Loader for the Road Department at a cost of \$137,216 in November 2012. This is a 5 year agreement, with the first payment due at signing and the remaining payments due annually.

The remaining installment payments due as of December 31, 2014 are scheduled as follows:

Year ending December 31:	2012 Case 621 Wheel Loader
2015	\$28,956
2016	28,955
Total	<u>\$57,911</u>

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. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 OP&F participants contributed 10% of their wages until June 30, 2013. Beginning July 1, 2013, the OP&F participants contributed 10.75% of their wages until June 30, 2014, when OP&F participants began contributing 11.5% of their wages. For 2013 and 2014 the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2013 and 2014 OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. For most full-time employees contributing to OPERS, the Township has a "pick-up" of 3% of the employee's contribution. The Township has a "pick-up" of 3% of the full-time employee's contribution to OP&F for the Fire Chief, Deputy Chief and the Captain-Inspector. The Township has paid all contributions required through December 31, 2014.

**PLAIN TOWNSHIP
STARK COUNTY**

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

7. Risk Management

A. Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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 reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$42,000.

**PLAIN TOWNSHIP
STARK COUNTY**

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

7. Risk Management (Continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$80,905	\$80,745

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

B. Self Insurance

The Township is also self-insured for health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance Fund cash and investments to the actuarially-measured liability as of December 31 follows:

	<u>2014</u>	<u>2013</u>
Cash and investments	\$532,208	\$557,115
Actuarial liabilities	\$52,817	\$65,386

8. Interfund Transfers

Interfund transfers for the years ended December 31, 2014 and 2013, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>	
<u>2014</u>	<u>Capital Projects - Fire Building</u>	<u>Capital Projects - Park Development</u>
General		\$15,470
Special Revenue - Fire District	\$51,833	
 <u>2013</u>	 <u>General</u>	 <u>Special Revenue - Fire District</u>
Special Revenue - Fire District	\$131,855	
Capital Projects - Schneider Park	224,279	
Capital Projects - Fire Building		\$10,000

**PLAIN TOWNSHIP
STARK COUNTY**

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

8. Interfund Transfers – (Continued)

In 2014, the respective capital projects were completed; therefore, remaining funds were transferred back to the fund that originally transferred the funds. In 2013, the General Fund transferred funds to Special Revenue – Fire District from the sale of building and to Capital Projects – Schneider Park to support the project accounted for in other fund. The Special Revenue – Fire District fund transferred funds to Capital Projects – Fire Building to support anticipated additional costs of the project.



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*

Plain Township
Stark County
2600 Easton Street N.E.
Canton, Ohio 44721

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 Plain Township, Stark County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated November 18, 2015 wherein we noted the Township followed financial report provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 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 opinions 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*.

Entity'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

November 18, 2015

PLAIN TOWNSHIP
STARK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013

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

1. Financial Reporting

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

Errors were noted in the Township's financial statements for both 2014 and 2013, which required the financial statements to be adjusted:

- Receipts and expenditures in the Internal Service Fund were reclassified from Other Financing Sources/Uses to receipt categories of Charges for Services and Miscellaneous in 2014 for \$633,532 and \$45,101 and in 2013 for \$972,507 and \$42,255, respectively and the expenditure category of Claims in 2014 for \$496,186 and in 2013 for \$590,111, respectively.
- The General and Special Revenue Funds were adjusted for the activity of the Zoning Fund and Underground Storage Tank Fund according to Government Accounting Standards Board (GASB) Statement 54. Those two funds were previously reported as Special Revenue Funds, but under GASB 54 are reported as part of the General Fund. The revenues and expenditures in 2014 represented \$183,773 and \$110,231, respectively and in 2013 represented \$234,945 and \$82,416, respectively.
- Based on implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, any year-end general fund balance appropriations in excess of estimated receipts (taxes and other sources) for the subsequent fiscal year must be classified as assigned fund balance. General fund, fund balance reclassifications were made from Unassigned to Assigned fund balances for \$2,928,462 and \$3,013,628 in 2014 and 2013, respectively.

In addition, during 2013, the Township recorded certain grant funding and other receipts from governmental entities as Other Revenue within the Township's accounting system rather than Intergovernmental Revenue during the audit period. This resulted in the reported balance of Intergovernmental Revenue to be understated and Other Revenue overstated by \$132,413. The Township's financial statements have not been adjusted for this reclassification based on its overall materiality.

The Township lacked procedures to properly classify receipts, expenditures, funds, and fund balances.

The Township should review all receipts to determine the revenue source before posting to the accounting system. In addition, the Township should utilize Auditor of State Bulletin 2011-004 to help assist in the proper classification of funds and fund balances per Governmental Accounting Standards Board Statement No. 54. The Township could also use the Township Handbook available on the Auditor of State's web-site at www.ohioauditor.gov to further assist them.

Official's Response:

Finding 2014-001 has been reviewed and the proper classification adjustments have been made.

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Dave Yost • Auditor of State

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
DECEMBER 24, 2015**