

**Plain Township**  
Wayne County, Ohio

**Regular Audit**

For the Years Ended December 31, 2003 - 2002





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Plain Township  
3026 South Elyria Road  
Wooster, Ohio 44691

We have reviewed the Independent Auditor's Report of Plain Township, Wayne County, prepared by Knox & Knox, for the audit period January 1, 2002 through December 31, 2003. 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.

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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 30, 2004

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PLAIN TOWNSHIP  
WAYNE COUNTY, OHIO

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**Report of Independent Accountants**

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Plain Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2003 and December 31, 2002. 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 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 audit provides 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, 2003 and December 31, 2002, 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 July 16, 2004 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio  
July 16, 2004



PLAIN TOWNSHIP  
WAYNE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH  
BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$ 35,831	\$ 192,190	\$ 228,021
Intergovernmental	49,018	83,060	132,078
Other	<u>2,675</u>	<u>4,939</u>	<u>7,614</u>
Total Cash Receipts	87,524	280,189	367,713
Cash Disbursements:			
General Government	86,939	-0-	86,939
Public Safety	252	52,500	52,752
Public Works	6,735	186,355	193,090
Health	12,987	-0-	12,987
Capital Outlay	<u>74,580</u>	<u>-0-</u>	<u>74,580</u>
Total Cash Disbursements	<u>181,493</u>	<u>238,855</u>	<u>420,348</u>
Total Cash Receipts Over/(Under)			
Cash Disbursements	<93,969>	41,334	< 52,635>
Other Financing Receipts/ Disbursements:			
Transfers-In	-0-	-0-	-0-
Transfers-Out	-0-	-0-	-0-
Other Financing Sources	<u>4,273</u>	<u>-0-</u>	<u>4,273</u>
Total Other Financing Receipts/Disbursements:	<u>4,273</u>	<u>-0-</u>	<u>4,273</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>&lt;89,696&gt;</u>	<u>41,334</u>	<u>&lt; 48,362&gt;</u>
Fund Cash Balances, 1/1/03	<u>251,951</u>	<u>114,454</u>	<u>366,405</u>
Fund Cash Balances, 12/31/03	<u>\$ 162,255</u>	<u>\$155,788</u>	<u>\$ 318,043</u>
Reserves for Encumbrances, 12/31/03	<u>\$ -0-</u>	<u>\$ 575</u>	<u>\$ 575</u>

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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$ 31,553	\$ 174,289	\$ 205,842
Intergovernmental	151,172	82,793	233,965
Other	<u>4,615</u>	<u>4,624</u>	<u>9,239</u>
Total Cash Receipts	187,340	261,706	449,046
Cash Disbursements:			
General Government	79,576	-0-	79,576
Public Safety	-0-	49,500	49,500
Public Works	1,785	173,229	175,014
Health	12,994	-0-	12,994
Capital Outlay	<u>5,475</u>	<u>-0-</u>	<u>5,475</u>
Total Cash Disbursements	<u>99,830</u>	<u>222,729</u>	<u>322,559</u>
Total Cash Receipts Over/(Under)			
Cash Disbursements	87,510	38,977	126,487
Other Financing Receipts/ Disbursements:			
Transfers-In	-0-	-0-	-0-
Transfers-Out	-0-	-0-	-0-
Other Financing Sources	<u>1,572</u>	<u>-0-</u>	<u>1,572</u>
Total Other Financing Receipts/Disbursements:	<u>1,572</u>	<u>-0-</u>	<u>1,572</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>89,082</u>	<u>38,977</u>	<u>128,059</u>
Fund Cash Balances, 1/1/02	<u>162,869</u>	<u>75,477</u>	<u>238,346</u>
Fund Cash Balances, 12/31/02	<u>\$ 251,951</u>	<u>\$ 114,454</u>	<u>\$ 366,405</u>
Reserves for Encumbrances, 12/31/02	<u>\$ 82</u>	<u>\$ 575</u>	<u>\$ 657</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, 2003 AND 2002

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 of Trustees. 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 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.

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 to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

PLAIN TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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 individual commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

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

2. Equity in Pooled Cash and Investments

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 251,210	\$ 300,307
STAR Ohio	<u>66,833</u>	<u>66,098</u>
Total deposits and investments	<u>\$ 318,043</u>	<u>\$ 366,405</u>

Deposits:

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

Investments:

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

PLAIN TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 91,217	\$ 91,797	\$ 580
Special Revenue	<u>258,947</u>	<u>280,189</u>	<u>21,242</u>
Total	<u>\$ 350,164</u>	<u>\$ 371,986</u>	<u>\$ 21,822</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 349,824	\$ 181,493	\$ 168,331
Special Revenue	<u>373,976</u>	<u>239,430</u>	<u>134,546</u>
Total	<u>\$ 723,800</u>	<u>\$ 420,923</u>	<u>\$ 302,877</u>

PLAIN TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

3. Budgetary Activity (Continued)

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 90,560	\$ 188,912	\$ 98,352
Special Revenue	<u>275,229</u>	<u>261,706</u>	<u>&lt;13,523&gt;</u>
Total	<u>\$ 365,789</u>	<u>\$ 450,618</u>	<u>\$ 84,829</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 253,033	\$ 99,912	\$ 153,121
Special Revenue	<u>327,889</u>	<u>223,303</u>	<u>104,586</u>
Total	<u>\$ 580,922</u>	<u>\$ 323,215</u>	<u>\$ 257,707</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

PLAIN TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

5. Retirement Systems

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003, and 2002. The Township has paid all contributions required through December 31, 2003.

6. Risk Management

The Township has obtained commercial insurance for the following risks:

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

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

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

To the Board of Trustees:

We have audited the financial statements of the Plain Township, Wayne County, Ohio (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated July 16, 2004. 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

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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2003-001 and 2003-002.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 we have reported to management of the Township, in a separate letter dated July 16, 2004.



This report is intended for the information 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  
July 16, 2004

PLAIN TOWNSHIP  
WAYNE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

**Noncompliance Citation**

Ohio Revised Code Section 5705.41, states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- a. "Then and Now Certificate" - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificate.
- b. If the amount involved is less than \$1,000 (\$3,000 effective April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Trustees, if such expenditure is otherwise valid.

Our test of disbursements indicated that some expenditures tested were committed prior to the certification of available funds by the Township Clerk. Neither exception listed above was followed, contrary to Ohio Rev. Code Section 5705.41 (d). This condition does not provide adequate accountability over the Township's disbursements. Obligations may be incurred which the Trustees have not authorized or which the Township cannot afford.

We recommend that all Township departments be advised that a purchase order with the certificate of the Clerk be obtained prior to making an order involving the expenditure of money. Any request for payment from a vendor without such purchase order should be reviewed by management before the payment is made.

FINDING NUMBER 2003-002

**Noncompliance Citation**

Ohio Revised Code Section 5705.39, requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

PLAIN TOWNSHIP  
WAYNE COUNTY

SCHEDULE OF FINDINGS (Continued)  
DECEMBER 31, 2003 AND 2002

During fiscal year 2003, total appropriations exceeded total estimated resources as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$ 343,168	\$349,824	\$ 6,656
Special Revenue	\$ 373,401	\$373,976	\$ 575

To avoid overspending, the Township should not appropriate in excess fo estimated resources.

PLAIN TOWNSHIP  
WAYNE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different corrective Action Taken; or Finding <u>No Longer Valid</u> ; <b><i>Explain:</i></b>
2001-40985-001	Ohio Revised Code Sections 5705.41 requires certification of funds	No	Not corrected - See Finding Number 2003-001



**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  
SEPTEMBER 14, 2004**