

**PLAIN TOWNSHIP
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA

Auditor of State

Board of Trustees
Plain Township
2445 South Elyria Road
Wooster, Ohio 44691

We have reviewed the *Independent Accountants' Report* of Plain Township, Wayne County, prepared by Knox & Knox, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Plain Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 10, 2008

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PLAIN TOWNSHIP
WAYNE COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

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

To the Board of Trustees:

We have audited the accompanying financial statements of Plain Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006. 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, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. In addition to the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Plain Township, Wayne County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Knox & Knox

Orrville, Ohio
June 23, 2008

**PLAIN TOWNSHIP
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:			
Local Taxes	\$39,180	\$202,522	\$241,702
Intergovernmental	48,786	124,424	173,210
Earnings on Investments	7,804	3,441	11,245
Other	6,057	1,878	7,935
Total Cash Receipts	101,827	332,265	434,092
CASH DISBURSEMENTS			
Current:			
General Government	86,106		86,106
Public Safety		63,300	63,300
Public Works	18,093	282,958	301,051
Health	15,000		15,000
Total Cash Disbursements	119,199	346,258	465,457
Total Receipts Over/(Under) Disbursements	(17,372)	(13,993)	(31,365)
Fund Cash Balances, January 1	90,043	230,531	320,574
FUND CASH BALANCES, DECEMBER 31	\$72,671	\$216,538	\$289,209

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

**PLAIN TOWNSHIP
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:			
Local Taxes	\$39,641	\$204,714	\$244,355
Intergovernmental	48,761	125,587	174,348
Earnings on Investments	8,394	1,297	9,691
Other	1,715	4,115	5,830
Total Cash Receipts	98,511	335,713	434,224
CASH DISBURSEMENTS			
General Government	91,027		91,027
Public Safety		57,450	57,450
Public Works	15,356	282,576	297,932
Health	14,279		14,279
Capital Outlay	20,000		20,000
Total Cash Disbursements	140,662	340,026	480,688
Total Receipts Over/(Under) Disbursements	(42,151)	(4,313)	(46,464)
Fund Cash Balances, January 1	132,194	234,844	367,038
FUND CASH BALANCES, DECEMBER 31	\$90,043	\$230,531	\$320,574

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

PLAIN TOWNSHIP
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Plain Township, Wayne County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board. The Township provides general governmental services, including maintenance of Township roads and bridges and cemetery maintenance. The Township contracts with the New Pittsburgh Volunteer Fire Department for fire protection.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at amounts reported by the pool.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

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

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

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

PLAIN TOWNSHIP
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

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

E. Budgetary Process

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

Appropriations - Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the division, department, and office level of control, and within each, personal services. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

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

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

A summary of 2007 and 2006 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 leaving employment. Unpaid vacation and sick leave are not reflected as a liability under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2007 and 2006 was as follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$16,902	\$15,194
STAR Ohio	272,307	305,380
Total deposits and investments	<u>\$289,209</u>	<u>\$320,574</u>

**PLAIN TOWNSHIP
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and December 31, 2006 are as follows:

Fund Type	2007 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$96,506	\$101,827	\$5,321
Special Revenue	298,289	332,265	33,976
Total	\$394,795	\$434,092	\$39,297

Fund Type	2007 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$186,548	\$119,199	\$67,349
Special Revenue	528,832	346,258	182,574
Total	\$715,380	\$465,457	\$249,923

Fund Type	2006 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$93,473	\$98,511	\$5,038
Special Revenue	286,023	335,713	49,690
Total	\$379,496	\$434,224	54,728

Fund Type	2006 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$225,666	\$140,662	\$85,004
Special Revenue	520,878	340,026	180,852
Total	\$746,544	\$480,688	\$265,856

**PLAIN TOWNSHIP
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

4. PROPERTY TAX

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

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

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

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members contributed 9.5% and 9.0% of their gross salaries, respectively. The Township contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

6. RISK MANAGEMENT

The Township has commercial insurance for the following risks:

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

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KNOX & KNOX

Accountants and Consultants

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Plain Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 23, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Township's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We noted no matters that we must report under *Government Auditing Standards*. However, we noted other matters that we reported to the Township in a separate letter dated June 23, 2008.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Township's basic 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, providing an opinion 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 that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.

KNOX & KNOX

Orrville, Ohio
June 23, 2008



Mary Taylor, CPA
Auditor of State

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
JULY 24, 2008**