



OHIO AUDITOR OF STATE  
**KEITH FABER**





**PLAIN TOWNSHIP  
STARK COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## 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 of the cash balances, receipts and disbursements by fund type, and related notes of the Plain Township, Stark County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

### ***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 such 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 2 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, 2018 and 2017, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Plain Township, Stark County as of December 31, 2018 and 2017, 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 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

December 6, 2019

**Plain Township  
Stark County, Ohio  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$520,834	\$10,746,238	\$0	\$11,267,072
Charges for Services	17,152	1,216,797	0	1,233,949
Licenses, Permits and Fees	836,591	6,548	0	843,139
Fines and Forfeitures	19,936	0	0	19,936
Intergovernmental	385,333	1,762,456	0	2,147,789
Special Assessments	0	60,667	0	60,667
Earnings on Investments	146,803	2,777	0	149,580
Gifts	7,973	994	0	8,967
Miscellaneous	121,529	120,852	0	242,381
<i>Total Cash Receipts</i>	<u>2,056,151</u>	<u>13,917,329</u>	<u>0</u>	<u>15,973,480</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,529,312	6,608	0	1,535,920
Public Safety	0	8,259,335	0	8,259,335
Public Works	2,250	3,669,097	0	3,671,347
Health	185,606	6	0	185,612
Conservation-Recreation	187,672	221,916	0	409,588
Capital Outlay	134,638	1,260,894	787,113	2,182,645
Contractual Services	2,500	0	0	2,500
<i>Total Cash Disbursements</i>	<u>2,041,978</u>	<u>13,417,856</u>	<u>787,113</u>	<u>16,246,947</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,173</u>	<u>499,473</u>	<u>(787,113)</u>	<u>(273,467)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	546,490	546,490
Transfers Out	0	(546,490)	0	(546,490)
Other Financing Sources	79	0	0	79
Other Non-Operating Revenue	25,000	23,223	0	48,223
<i>Total Other Financing Receipts (Disbursements)</i>	<u>25,079</u>	<u>(523,267)</u>	<u>546,490</u>	<u>48,302</u>
<i>Net Change in Fund Cash Balances</i>	39,252	(23,794)	(240,623)	(225,165)
<i>Fund Cash Balances, January 1</i>	<u>2,338,783</u>	<u>5,334,806</u>	<u>1,141,937</u>	<u>8,815,526</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	5,311,012	901,314	6,212,326
Committed	11,000	0	0	11,000
Assigned	2,367,035	0	0	2,367,035
<i>Fund Cash Balances, December 31</i>	<u>\$2,378,035</u>	<u>\$5,311,012</u>	<u>\$901,314</u>	<u>\$8,590,361</u>

See accompanying notes to the financial statements

**Plain Township  
Stark County, Ohio  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Internal Service	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,262,446	\$0	\$1,262,446
<i>Total Operating Cash Receipts</i>	<u>1,262,446</u>	<u>0</u>	<u>1,262,446</u>
<b>Operating Cash Disbursements</b>			
Purchased Services	279,379	0	279,379
Claims	796,242	0	796,242
<i>Total Operating Cash Disbursements</i>	<u>1,075,621</u>	<u>0</u>	<u>1,075,621</u>
<i>Operating Income (Loss)</i>	<u>186,825</u>	<u>0</u>	<u>186,825</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Non-Operating Revenues	0	69,424	69,424
Other Non-Operating Disbursements	0	(32,640)	(32,640)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>36,784</u>	<u>36,784</u>
<i>Net Change in Fund Cash Balances</i>	186,825	36,784	223,609
<i>Fund Cash Balances, January 1</i>	<u>418,669</u>	<u>12,723</u>	<u>431,392</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$605,494</u></u>	<u><u>\$49,507</u></u>	<u><u>\$655,001</u></u>

See accompanying notes to the financial statements



**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting 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 provides 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.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

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. This is a local government risk-sharing pool to provide risk management services, risk sharing facilities, and protection for every member of the Pool. Note 6 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.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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.

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

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

Capital Project - Road Building Fund - This fund receives transfers from the Gas Tax and Road & Bridge Funds for the purpose of acquiring, constructing or improving new buildings and equipment.

Capital Equipment – Fire Radio Comm & Related Equipment Fund – This fund receives transfers from the Fire District Fund for the purchase of radio communication and related equipment for the Fire Department.

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

Capital Equipment – Fire Self Contained Breathing Apparatus Fund – This fund receives transfers from the Fire District Fund for the purchase of SCBA equipment for the Fire Department.

Capital Equipment – Police Vehicles & Equipment Fund – This fund receives transfers from the Police District Fund for the purchase of new police vehicles and equipment for the Police Department.

**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** – The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

**Fiduciary Funds** Fiduciary funds include agency funds.

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 agency funds account for deposits held for the rental of Township buildings and insurance escrow deposits for fire losses.

***Basis of Accounting***

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).

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

***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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered 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 Stark County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

***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.

The Township values investments at cost. During the year, investments were limited to U.S. Treasury notes, U.S. Government agencies, certificates of deposit, commercial paper, STAR Plus, and STAR Ohio, an investment pool managed by the State Treasurer's Office. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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*  
*For the Year Ended December 31, 2018*

**Note 2 – Summary of Significant Accounting Policies (continued)**

**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:

**Nonspendable** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**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.

**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.

**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.

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,032,826	\$2,081,230	\$48,404
Special Revenue	14,264,072	13,940,552	(323,520)
Capital Projects	546,490	546,490	0
Internal Service	1,259,641	1,262,446	2,805
Agency	69,424	69,424	0
Total	\$18,172,453	\$17,900,142	(\$272,311)

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 – Budgetary Activity (continued)**

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,371,610	\$2,130,432	\$2,241,178
Special Revenue	19,673,876	14,337,799	5,336,077
Capital Projects	1,688,427	917,113	771,314
Internal Service	1,678,310	1,075,620	602,690
Agency	82,147	76,064	6,083
Total	\$27,494,370	\$18,537,028	\$8,957,342

**Note 4 – 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:

	2018
Demand deposits	\$336,370
STAR Ohio Plus	56,764
Total deposits	393,134
STAR Ohio	2,803,999
Cash Equivalents	8,463
Fixed Income Securities	5,996,442
Escrow Account	43,324
Total investments	8,852,228
Total deposits and investments	\$9,245,362

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

A financial institution's trust department holds the Township's investment securities in book entry form in the Township's name. Investments in STAR Plus, and STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Property Taxes (continued)**

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.

**Note 6 – Risk Management**

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.

***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. 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, 2017, 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, 2017 (the latest information available).

	<b>2017</b>
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 – Risk Management (continued)**

At December 31, 2017 (the latest information available) the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017 (the latest information available). These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Township's share of these unpaid claims collectible in future years is approximately \$47,000.

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.

<b><u>2018 Contributions to OTARMA</u></b>
\$ 106,513

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.

***Self-Insurance***

The Township is also self-insured for employee 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, 2018 follows:

	<u>2018</u>
Cash and investments	\$605,494
Actuarial liabilities	\$113,037

The actuarial liabilities were calculated by Findley Davies 1660 West Second Street, Suite 900, Cleveland, Ohio 44113.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

62 employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 – Defined Benefit Pension Plans (continued)**

***Ohio Public Employees Retirement System***

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018. For most full-time employees contributing to OPERS, the Township has a "pick-up" of 3 percent of the employee's contribution.

***Ohio Police and Fire Retirement System***

52 Township certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has a "pick-up" of 3 percent of the full-time employee's contribution to OP&F for the Fire Chief, Deputy Chief, and the Career Captain Communications/Safety. The Township has paid all contributions required through December 31, 2018.

***Social Security***

22 of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.



**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Debt**

***Installment Purchases***

The Township entered into an installment purchase agreement for the purchase of a 2016 Schwarze A7000 Tornado Regenerative Air Sweeper for the Road Department at a cost of \$192,901 in February 2016. This is a 5 Year Agreement, with the first payment due at signing and the last payment due in 2020.

The Township entered into an installment purchase agreement for the purchase of Motorola Radio Communications Equipment (22 - APX6000 700/800 Model 2.5 Portable Radios) for the Police Department at a cost of \$110,144 in September 2017. This is a 3 Year Agreement, with the first payment due at September 2018 and the last payment due in 2020.

The remaining installment payments due as of December 31, 2018 are as follows:

Year Ending December 31:	2016 Schwarze A7000 Street Sweeper	APX6000 Portable Radios
2019	\$40,501	\$36,714
2020	40,501	36,715
Total	<u>\$81,002</u>	<u>\$73,429</u>

**Note 10 – Transfers**

The Township transferred funds from the Fire Levy (\$346,490) and Police Levy (\$200,000) funds to Fire and Police Capital funds for various projects related to the fire and police functions.

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**Plain Township  
Stark County, Ohio  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$454,074	\$10,728,651	\$0	\$11,182,725
Charges for Services	19,372	1,223,409	0	1,242,781
Licenses, Permits and Fees	770,167	6,975	0	777,142
Fines and Forfeitures	16,826	0	0	16,826
Intergovernmental	303,902	1,771,348	0	2,075,250
Special Assessments	0	67,933	0	67,933
Earnings on Investments	88,132	1,803	0	89,935
Gifts	20,747	1,330	0	22,077
Miscellaneous	40,233	93,344	0	133,577
<i>Total Cash Receipts</i>	<u>1,713,453</u>	<u>13,894,793</u>	<u>0</u>	<u>15,608,246</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,414,305	6,374	0	1,420,679
Public Safety	0	7,481,793	0	7,481,793
Public Works	1,808	3,336,230	0	3,338,038
Health	185,965	6	0	185,971
Conservation-Recreation	174,023	252,688	0	426,711
Capital Outlay	177,208	1,053,180	83,063	1,313,451
Contractual Services	2,500	0	0	2,500
<i>Total Cash Disbursements</i>	<u>1,955,809</u>	<u>12,130,271</u>	<u>83,063</u>	<u>14,169,143</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(242,356)</u>	<u>1,764,522</u>	<u>(83,063)</u>	<u>1,439,103</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	625,000	625,000
Transfers Out	0	(625,000)	0	(625,000)
Other Financing Sources	271	0	0	271
Other Non-Operating Revenue	0	960	0	960
<i>Total Other Financing Receipts (Disbursements)</i>	<u>271</u>	<u>(624,040)</u>	<u>625,000</u>	<u>1,231</u>
<i>Net Change in Fund Cash Balances</i>	(242,085)	1,140,482	541,937	1,440,334
<i>Fund Cash Balances, January 1</i>	<u>2,580,868</u>	<u>4,194,324</u>	<u>600,000</u>	<u>7,375,192</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	5,334,806	1,141,937	6,476,743
Committed	11,000	0	0	11,000
Assigned	2,327,783	0	0	2,327,783
<i>Fund Cash Balances, December 31</i>	<u>\$2,338,783</u>	<u>\$5,334,806</u>	<u>\$1,141,937</u>	<u>\$8,815,526</u>

See accompanying notes to the financial statements

**Plain Township  
Stark County, Ohio  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2017**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Internal Service	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$908,061	\$0	\$908,061
Miscellaneous	53,201	0	53,201
<i>Total Operating Cash Receipts</i>	<u>961,262</u>	<u>0</u>	<u>961,262</u>
<b>Operating Cash Disbursements</b>			
Purchased Services	270,140	0	270,140
Claims	739,284	0	739,284
<i>Total Operating Cash Disbursements</i>	<u>1,009,424</u>	<u>0</u>	<u>1,009,424</u>
<i>Operating Income (Loss)</i>	<u>(48,162)</u>	<u>0</u>	<u>(48,162)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Non-Operating Revenues	0	51,796	51,796
Other Non-Operating Disbursements	0	(51,796)	(51,796)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(48,162)</u>	<u>0</u>	<u>(48,162)</u>
<i>Fund Cash Balances, January 1</i>	<u>466,831</u>	<u>12,723</u>	<u>479,554</u>
<i>Fund Cash Balances, December 31</i>	<u>\$418,669</u>	<u>\$12,723</u>	<u>\$431,392</u>

See accompanying notes to the financial statements

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting 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 provides 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.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

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. This is a local government risk-sharing pool to provide risk management services, risk sharing facilities, and protection for every member of the Pool. Note 6 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.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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.

**Plain Township**  
Stark County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

**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 Training 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 – Fire Truck & Related Equipment Fund – This fund receives transfers from the Fire District Fund for the purchase of a new fire truck and related equipment for the Fire Department.

Capital Project - Road Building Fund - This fund receives transfers from the Gas Tax and Road & Bridge Funds for the purpose of acquiring, constructing or improving new buildings and equipment.

Capital Equipment – Fire Radio Comm & Related Equipment Fund – This fund receives transfers from the Fire District Fund for the purchase of radio communication and related equipment for the Fire Department.

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

Capital Equipment – Fire Self Contained Breathing Apparatus Fund – This fund receives transfers from the Fire District Fund for the purchase of SCBA equipment for the Fire Department.

**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** – The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

**Fiduciary Funds** Fiduciary funds include agency funds.

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 agency funds account for deposits held for the rental of Township buildings and insurance escrow deposits for fire losses.

**Basis of Accounting**

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).

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

***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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered 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 Stark County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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*  
*For the Year Ended December 31, 2017*

**Note 2 – Summary of Significant Accounting Policies (continued)**

**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:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,732,736	\$1,713,724	(\$19,012)
Special Revenue	14,105,286	13,895,753	(209,533)
Capital Projects	625,000	625,000	0
Internal Service	1,048,957	961,262	(87,695)
Agency	51,796	51,796	0
Total	\$17,563,775	\$17,247,535	(\$316,240)



**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 – Budgetary Activity (continued)**

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,313,603	\$1,984,013	\$2,329,590
Special Revenue	18,299,607	13,353,346	4,946,261
Capital Projects	1,225,000	477,813	747,187
Internal Service	1,515,788	1,009,424	506,364
Agency	64,519	58,436	6,083
Total	\$25,418,517	\$16,883,032	\$8,535,486

**Note 4 – 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:

	2017
Demand deposits	\$319,993
Star Ohio Plus	255,522
Total deposits	575,515
STAR Ohio	8,664,863
Escrow Account	6,540
Total investments	8,671,403
Total deposits and investments	\$9,246,918

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation up to FDIC insurance limits. All Deposits exceeding FDIC insured limits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

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

**Note 5 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Property Taxes (continued)**

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.

**Note 6 – Risk Management**

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.

***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. 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, 2017, 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, 2017.

	<b>2017</b>
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,767

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$44,000.

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 – 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.

<b>2017 Contributions to OTARMA</b>
\$99,004

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.

**Self-Insurance**

The Township is also self-insured for employee 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, 2017 follows:

	2017
Cash and investments	\$418,669
Actuarial liabilities	\$99,324

The actuarial liabilities were calculated by Findley Davies 1300 East Ninth Street, Suite 850, Cleveland, Ohio 44134.

**Note 7 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System** - 66 employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017. For most full-time employees contributing to OPERS, the Township has a "pick-up" of 3 percent of the employee's contribution.

**Ohio Police and Fire Retirement System** - 47 Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has a "pick-up" of 3 percent of the full-time employee's contribution to OP&F for the Fire Chief, Deputy Chief, and the Career Captain Communications/Safety. The Township has paid all contributions required through December 31, 2017.

**Plain Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 – Defined Benefit Pension Plans (continued)**

**Social Security** – 12 Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

**Installment Purchases**

The Township entered into an installment purchase agreement for the purchase of a 2016 Schwarze A7000 Tornado Regenerative Air Sweeper for the Road Department at a cost of \$192,901 in February 2016. This is a 5 Year Agreement, with the first payment due at signing and the last payment due in 2020.

The Township entered into an installment purchase agreement for the purchase of Motorola Radio Communications Equipment (22 - APX6000 700/800 Model 2.5 Portable Radios) for the Police Department at a cost of \$110,144 in September 2017. This is a 3 Year Agreement, with the first payment due at September 2018 and the last payment due in 2020.

The remaining installment payments due as of December 31, 2017 are as follows:

Year Ending December 31:	2016 Schwarze A7000 Street Sweeper	APX6000 Portable Radios
2018	\$40,501	\$36,714
2019	40,501	36,714
2020	40,501	36,715
Total	\$121,503	\$110,144

**Note 10 – Transfers**

The Township transferred \$625,000 from the Fire Levy fund to various Fire Capital funds for fire department projects.

# OHIO AUDITOR OF STATE KEITH FABER



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700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## 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 the cash balances, receipts, and disbursements by fund type of the Plain Township, Stark County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 6, 2019 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 2018-001 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*.

***Township'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 subject the Township's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

December 6, 2019

**PLAIN TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 and 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**1. Financial Reporting**

**FINDING NUMBER 2018-001**

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted during the audit of the 2017 and 2018 years:

1. The financial statements presented and filed in the HINKLE system did not reflect the fund balance classifications of governmental fund types as required by GASB Statement No. 54. The amounts were shown solely as "Fund Cash Balance". The fund balances have been reclassified in the financial statements as presented below:

2018

<u>GASB 54 classification</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Restricted	\$0	\$5,311,012	\$901,314	\$6,212,326
Committed	11,000	0	0	11,000
Assigned	<u>2,367,035</u>	<u>0</u>	<u>0</u>	<u>2,367,035</u>
Total	<u>\$2,378,035</u>	<u>\$5,311,012</u>	<u>\$901,314</u>	<u>\$8,590,361</u>

2017

<u>GASB 54 classification</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Restricted	\$0	\$5,334,806	\$1,141,937	\$6,476,743
Committed	11,000	0	0	11,000
Assigned	<u>2,327,783</u>	<u>0</u>	<u>0</u>	<u>2,327,783</u>
Total	<u>\$2,338,783</u>	<u>\$5,334,806</u>	<u>\$1,141,937</u>	<u>\$8,815,526</u>

2. Charges for Services revenue in the amount of \$53,201 for withholding portion of employee health insurance benefits were included in the Internal Service fund as Miscellaneous Receipts in 2017. Adjustment was not made to the financial statements for the 2017 year.
3. Intergovernmental receipts in the amount of \$61,176 for the Yard Waste Block Grant were misclassified in the General Fund as Miscellaneous Receipts in 2018. Adjustment was not made to the financial statements for the 2018 year.

4. The Township filed their financial statements through the Auditor of State's (AoS) Hinkle system. Due to mapping issues noted in the Township's OTAS accounting system, misclassifications were reflected in the Township's 2017 and 2018 financial statement compilation related to the establishment of the Township's Fire Levy Reserve Balance Account for Severance & Payroll Reserve (21-A-02H) and Budget Stabilization Reserve (21-A-02J).

The following prior year adjustments were not properly carried forward to the 2017 financial statements as follows:

- The Severance & Payroll Reserve fund transfer (\$100,000) was improperly recorded on the Township's accounting (OTAS) system as a Capital Projects Fund and should have been recorded in the Special Revenue (within the Fire Fund); additionally, this fund was erroneously included by the accounting (OTAS) system with the Township's General Fund for financial statement purposes.
- The Budget Stabilization Reserve fund transfer (\$100,000) was improperly recorded on the Township's accounting (OTAS) system as a Capital Projects Fund and should have been recorded in the Special Revenue (within the Fire Fund); additionally, this fund was erroneously included by the accounting (OTAS) system with the Township's Internal Service Fund for financial statement purposes.

The 2017 reserve balance activity that was not recorded properly is as follows:

- The Budget Stabilization Reserve fund transfer (\$25,000) was erroneously included on the accounting (OTAS) system with the Township's Internal Service Fund and should have been recorded in the Special Revenue (within the Fire Fund) for financial statement purposes.

The 2018 reserve balance activity that was not recorded properly is as follows:

- The Severance & Payroll Reserve fund transfer (\$75,000) was erroneously included on the accounting (OTAS) system with the Township's General Fund and should have been recorded in the Special Revenue (within the Fire Fund) for financial statement purposes.
- The Budget Stabilization Reserve fund transfer (\$75,000) was erroneously included on the accounting (OTAS) system with the Township's Internal Service Fund and should have been recorded in the Special Revenue (within the Fire Fund) for financial statement purposes.

Adjustments were proposed and recorded to the Township's financial statements for the 2017 and 2018 years to correct these errors.



The Township should perform the following:

- Review and update the financial statements and notes to the financial statements to reflect all required information and disclosures prior to submission.
- Review receipts prior to recording to ensure properly revenue classification was achieved.
- Review the financial statements compiled from the accounting system (OTAS) to ensure the completeness and accuracy prior to submission to the Auditor of State's office via the AoS' HINKLE system.
- Ensure the Severance & Payroll Reserve and Budget Stabilization Reserve are recorded as part of the Fire Levy fund, which is where the funds originated, and can only be used in support of the fire department in accordance with the voter approved levy.

**Official's Response:** There was a mapping issue for a couple of the accounts that OTAS had fixed after the last audit. Unfortunately it appears that when the virus wiped out the server, the OTAS restore went back to the improper mapping. To prevent this in the future, we are planning on switching to UAN as a software in 2020. This will resolve the reporting issue and the other OTAS issues we have had recently. The Auditor's office also provided an excel template that we can use as a shell for financial reporting rather than OTAS Reports. Our Fiscal Officer completed an 8 hour class regarding Generally Accepted Government Auditing Standards for Financial Audits and will make sure our financial reports comply with GASB 54 and all other GASB Standards applicable to the Township.

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# OHIO AUDITOR OF STATE KEITH FABER



**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  
JANUARY 2, 2020**