



Dave Yost • Auditor of State



PLAIN TOWNSHIP  
STARK COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Plain Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Plain Township, Stark County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2011 Plain Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Also as discussed in Note 1, the Township revised its financial statement presentation to follow accounting practices the Auditor of State prescribes or permits. Our opinion is not modified with respect to these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 1, 2013

**Plain Township**

Stark County, Ohio

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2012

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$413,561	\$7,353,253		\$7,766,814
Charges for Services		613,800		613,800
Licenses, Permits and Fees	665,007	194,072		859,079
Fines and Forfeitures	20,739			20,739
Intergovernmental	914,650	1,634,665		2,549,315
Special Assessments	26,290	62,519		88,809
Earnings on Investments	11,576	87		11,663
Gifts	950	901	\$33,054	34,905
Miscellaneous	159,796	101,622		261,418
<i>Total Cash Receipts</i>	<u>2,212,569</u>	<u>9,960,919</u>	<u>33,054</u>	<u>12,206,542</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,113,710			1,113,710
Public Safety	135,491	6,101,712		6,237,203
Public Works	32,970	2,714,210		2,747,180
Health	213,279	2,687		215,966
Conservation-Recreation	81,068	248,071		329,139
Capital Outlay	93,684	313,303	527,156	934,143
<i>Total Cash Disbursements</i>	<u>1,670,201</u>	<u>9,379,983</u>	<u>527,156</u>	<u>11,577,340</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>542,368</u>	<u>580,936</u>	<u>(494,102)</u>	<u>629,202</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In			2,325,000	2,325,000
Transfers Out		(2,325,000)		(2,325,000)
Other Financing Sources	2,498	78,062		80,560
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,498</u>	<u>(2,246,938)</u>	<u>2,325,000</u>	<u>80,560</u>
<i>Net Change in Fund Cash Balances</i>	544,866	(1,666,002)	1,830,898	709,762
<i>Fund Cash Balances, January 1</i>	<u>2,649,523</u>	<u>3,437,703</u>	<u>1,369,408</u>	<u>7,456,634</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		1,771,701	3,200,306	4,972,007
Committed	11,000			11,000
Unassigned (Deficit)	3,183,389			3,183,389
<i>Fund Cash Balances, December 31</i>	<u>\$3,194,389</u>	<u>\$1,771,701</u>	<u>\$3,200,306</u>	<u>\$8,166,396</u>

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

**Plain Township**  
*Stark County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2012*

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	Internal Service	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,119,310		\$1,119,310
Miscellaneous	57,283		57,283
<i>Total Operating Cash Receipts</i>	<u>1,176,593</u>		<u>1,176,593</u>
<b>Operating Cash Disbursements</b>			
Purchased Services	346,622		346,622
Claims	690,919		690,919
<i>Total Operating Cash Disbursements</i>	<u>1,037,541</u>		<u>1,037,541</u>
<i>Operating Income (Loss)</i>	<u>139,052</u>		<u>139,052</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Financing Sources		\$61,278	61,278
Other Financing Uses		(43,458)	(43,458)
<i>Total Non-Operating Receipts (Disbursements)</i>		<u>17,820</u>	<u>17,820</u>
<i>Net Change in Fund Cash Balances</i>	139,052	17,820	156,872
<i>Fund Cash Balances, January 1</i>	<u>263,051</u>	<u>27,808</u>	<u>290,859</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$402,103</u></u>	<u><u>\$45,628</u></u>	<u><u>\$447,731</u></u>

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



**Plain Township**

Stark County, Ohio

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2011

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$373,322	\$7,168,517		\$7,541,839
Charges for Services		188,063		188,063
Licenses, Permits and Fees	622,277	198,063		820,340
Fines and Forfeitures	25,564			25,564
Intergovernmental	1,403,344	1,738,127		3,141,471
Special Assessments	56,296	63,564		119,860
Earnings on Investments	16,636	17		16,653
Gifts	5,250	2,230		7,480
Miscellaneous	148,142	79,125	\$2,254	229,521
<i>Total Cash Receipts</i>	<u>2,650,831</u>	<u>9,437,706</u>	<u>2,254</u>	<u>12,090,791</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,170,455			1,170,455
Public Safety	136,247	6,009,748		6,145,995
Public Works	36,437	2,682,401		2,718,838
Health	222,630	12		222,642
Conservation-Recreation	78,170	223,163	5,749	307,082
Capital Outlay	92,985	228,437	138,048	459,470
<i>Total Cash Disbursements</i>	<u>1,736,924</u>	<u>9,143,761</u>	<u>143,797</u>	<u>11,024,482</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>913,907</u>	<u>293,945</u>	<u>(141,543)</u>	<u>1,066,309</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	8,674	14,589		23,263
<i>Total Other Financing Receipts (Disbursements)</i>	<u>8,674</u>	<u>14,589</u>		<u>23,263</u>
<i>Net Change in Fund Cash Balances</i>	922,581	308,534	(141,543)	1,089,572
<i>Fund Cash Balances, January 1</i>	<u>1,726,942</u>	<u>3,129,169</u>	<u>1,510,951</u>	<u>6,367,062</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		3,437,703	1,369,408	4,807,111
Committed	11,000			11,000
Unassigned (Deficit)	2,638,523			2,638,523
<i>Fund Cash Balances, December 31</i>	<u>\$2,649,523</u>	<u>\$3,437,703</u>	<u>\$1,369,408</u>	<u>\$7,456,634</u>

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

**Plain Township**  
*Stark County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2011*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Internal Service	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,059,786		\$1,059,786
Miscellaneous	43,060		43,060
<i>Total Operating Cash Receipts</i>	<u>1,102,846</u>		<u>1,102,846</u>
<b>Operating Cash Disbursements</b>			
Purchased Services	293,973		293,973
Claims	700,128		700,128
<i>Total Operating Cash Disbursements</i>	<u>994,100</u>		<u>994,100</u>
<i>Operating Income (Loss)</i>	<u>108,746</u>		<u>108,746</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Financing Sources		\$11,565	11,565
Other Financing Uses		(39,595)	(39,595)
<i>Total Non-Operating Receipts (Disbursements)</i>		<u>(28,030)</u>	<u>(28,030)</u>
<i>Net Change in Fund Cash Balances</i>	108,746	(28,030)	80,716
<i>Fund Cash Balances, January 1</i>	<u>154,305</u>	<u>55,838</u>	<u>210,143</u>
<i>Fund Cash Balances, December 31</i>	<u>\$263,051</u>	<u>\$27,808</u>	<u>\$290,859</u>

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

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish 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, police protection, zoning, fire protection and emergency medical services. The Township contracts with the Stark County Sheriff to provide police protection services.

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

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

**B. Accounting Basis**

During 2010 and 2009, the Township followed the cash basis of accounting. However, its financial statement presentation format and disclosures conformed with generally accepted accounting principles applicable to the cash accounting basis.

During 2012 and 2011, the Township continued to use the cash accounting basis, but revised its financial statement presentation format to follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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:

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Police District Fund – This fund receives property tax money for providing police services within the Township.

Fire District Fund – This fund receives property tax money for providing fire protection services within the Township.

Road District Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads.

**3. Capital Project Funds**

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

Capital Projects – Fire Building Fund – This fund was established to track the receipts and disbursements related to the building of a new Township fire station.

**4. Internal Service Fund**

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

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

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2012 and 2011 budgetary activity appears in Note 4.

PLAIN TOWNSHIP  
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

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

2. **Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

For fiscal year 2011, the Township reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	<b>Fund Balance at December 31, 2010</b>	<b>GASB 54 Change in Fund Structure</b>	<b>Adjusted Fund Balance at December 31, 2010</b>
<b>General</b>	\$1,713,298	\$13,644	\$1,726,942
<b>Special Revenue</b>	3,142,813	(13,644)	3,129,169

**3. Equity in Pooled Deposits and Investments**

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

	2012	2011
Certificates of deposit	\$2,152,230	\$2,144,866
Other time deposits (savings and NOW accounts)	3,747,780	2,890,577
Total deposits	5,900,010	5,035,443
STAR Ohio	2,714,117	2,712,050
Total investments	2,714,117	2,712,050
Total deposits and investments	\$8,614,127	\$7,747,493

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

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

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,150,856	\$2,181,869	\$31,013
Special Revenue	10,057,162	10,072,177	15,015
Capital Projects	2,351,304	2,358,054	6,750
Internal Service	1,174,603	1,176,593	1,990
Agency	61,253	61,278	25
Total	\$15,795,178	\$15,849,971	\$54,793

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,813,015	\$1,732,792	\$3,080,223
Special Revenue	13,542,663	11,861,755	1,680,908
Capital Projects	3,720,712	3,243,443	477,269
Internal Service	1,437,654	1,037,541	400,113
Agency	110,881	61,333	49,548
Total	\$23,624,925	\$17,936,864	\$5,688,061

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,579,375	\$2,623,051	\$43,676
Special Revenue	9,484,003	9,488,749	4,746
Capital Projects	2,254	2,254	0
Internal Service	1,100,986	1,102,846	1,860
Agency	11,565	11,565	0
Total	\$13,178,183	\$13,228,465	\$50,282



**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**4. Budgetary Activity (continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,339,567	\$1,737,797	\$2,601,770
Special Revenue	12,649,606	9,133,635	3,515,971
Capital Projects	1,507,152	127,744	1,379,408
Internal Service	1,255,291	994,100	261,191
Agency	117,178	11,640	105,538
Total	\$19,868,794	\$12,004,916	\$7,863,878

The Zoning Fund and Underground Storage Tank Fund are reclassified to the General Fund in the Combined Statement of Receipts, Disbursements and Changes in fund Balance in accordance with GASB Statement 54. For the budgetary activity tables reflected above, the Zoning and Underground Storage Tank Funds are presented with the Special Revenue Fund type

**5. Property Tax**

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

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

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.

**6. Retirement Systems**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. For most full-time employees contributing to OPERS, the Township "pick-up" 3% of the employees' contribution. The Township has paid all contributions required through December 31, 2012.

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

APEEP (American Public Entity Excess Pool) provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	<u>(9,355,082)</u>	<u>(9,718,792)</u>
Net Assets	<u>\$25,416,188</u>	<u>\$25,367,373</u>

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. Risk Management (continued)**

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$45,000.

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>Contributions to OTARMA</u></b>	
<b><u>2012</u></b>	<b><u>2011</u></b>
\$75,842	\$ 70,139

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 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. Cash and investment within the Self Insurance fund at December 31 were:

	2012	2011
Cash and investments	\$402,102	\$263,051

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Plain Township, Stark County, Ohio, (the Township) as of and for the year ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated July 1, 2013 wherein we noted the Township followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1. We also noted the Township restated fund balances as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 54 and revised its financial statement presentation to follow accounting practices the auditor of state prescribes rather than accounting principles generally accepted in the United States of America.

### ***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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 1, 2013

PLAIN TOWNSHIP  
STARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Financial Reporting	No	Partially corrected repeated as management letter comment

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# Dave Yost • Auditor of State

**PLAIN TOWNSHIP**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 8, 2013**