
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

PLAIN TOWNSHIP

WAYNE COUNTY, OHIO

REGULAR AUDIT

A&A

For the Years Ended

December 31, 2017 and 2016

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Plain Township, Wayne County, prepared by Alger & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 23, 2018

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**PLAIN TOWNSHIP
WAYNE COUNTY**

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Plain Township
Wayne County
2445 South Elyria Road
Wooster, OH 44691

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 Plain Township, Wayne County, Ohio (the Township) as of and for the years ended December 31, 2017 and December 31, 2016.

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.

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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, 2017 and December 31, 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Plain Township, Wayne as of December 31, 2017 and December 31, 2016, 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 March 26, 2018 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.

Alger and Associates Inc
Associates Inc
Digitally signed by Alger and Associates Inc
DN: cn=Alger and Associates Inc, o=ou, email=ksalger46@att.net, c=US
Date: 2018.03.27 14:06:45 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

March 26, 2018

Plain Township
Wayne 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$47,904	\$390,400	\$438,304
Licenses, Permits and Fees	26,800	5,000	31,800
Intergovernmental	44,624	131,081	175,705
Special Assessments	0	6,586	6,586
Earnings on Investments	639	370	1,009
Miscellaneous	0	5,678	5,678
<i>Total Cash Receipts</i>	<u>119,967</u>	<u>539,115</u>	<u>659,082</u>
Cash Disbursements			
Current:			
General Government	99,396	6,158	105,554
Public Safety	0	160,600	160,600
Public Works	0	243,243	243,243
Health	18,823	0	18,823
Debt Service:			
Principal Retirement	0	23,686	23,686
Interest and Fiscal Charges	0	3,274	3,274
<i>Total Cash Disbursements</i>	<u>118,219</u>	<u>436,961</u>	<u>555,180</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,748</u>	<u>102,154</u>	<u>103,902</u>
Other Financing Receipts			
Other Financing Sources	2,413	0	2,413
<i>Net Change in Fund Cash Balances</i>	4,161	102,154	106,315
<i>Fund Cash Balances, January 1</i>	<u>40,022</u>	<u>208,124</u>	<u>248,146</u>
Fund Cash Balances, December 31			
Restricted	0	236,909	236,909
Committed	0	73,369	73,369
Unassigned	44,183	0	44,183
<i>Fund Cash Balances, December 31</i>	<u>\$44,183</u>	<u>\$310,278</u>	<u>\$354,461</u>

See accompanying notes to the basic financial statements

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Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Plain, Wayne 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, fire protection and emergency medical services. The Township contracts with the New Pittsburg Fire Department and the Jeromesville Community Fire District to provide fire services and Wooster Township to provide ambulance services.

Public Entity Risk Pool:

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM), a risk sharing pool available to Townships. The plan provides liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members. 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, 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:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of the Township roads and bridges.

Special Levy Fire Fund - The fire fund accounts for and reports property tax (outside millage) committed for providing services to the Township.

Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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).

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. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus encumbered cash as of January 1. The 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 canceled, and reappropriated in the subsequent year.

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
Wayne 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 December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$126,593	\$122,380	(\$4,213)
Special Revenue	503,466	539,115	35,649
Total	\$630,059	\$661,495	\$31,436

Plain Township
Wayne 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	\$166,614	\$118,219	\$48,395
Special Revenue	710,474	436,961	273,513
Total	\$877,088	\$555,180	\$321,908

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	\$313,620
STAR Ohio	40,841
Total deposits and investments	\$354,461

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS).

The Township's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

Investments

Investments in STAR Ohio and mutual funds 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016. This is the most recent information available at the time the footnotes were prepared.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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.

Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Postemployment Benefits

OPERS 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.

Note 9 – Debt

Debt outstanding at December 31, 2017, was as follows:

	<u>Principal</u>
Lease Purchase Agreement (Truck)	<u>75,837</u>
Total	<u><u>\$75,837</u></u>

In April 2015, the Township traded-in the 2012 dump truck for a new 2015 Western Star 4700SF dump truck at a net cost after trade-in of \$122,454. The Township's taxing authority collateralized the agreements.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending</u> <u>December 31:</u>	<u>Leases</u>
2018	26,960
2019	26,960
2020	<u>26,961</u>
Total	<u><u>\$80,881</u></u>

Plain Township
Wayne 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, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$48,096	\$246,689	\$294,785
Intergovernmental	45,545	133,217	178,762
Special Assessments	0	6,755	6,755
Earnings on Investments	290	144	434
Miscellaneous	0	1,163	1,163
<i>Total Cash Receipts</i>	<u>93,931</u>	<u>387,968</u>	<u>481,899</u>
Cash Disbursements			
Current:			
General Government	115,610	4,275	119,885
Public Safety	0	137,700	137,700
Public Works	0	183,245	183,245
Health	18,429	0	18,429
Debt Service:			
Principal Retirement	0	36,330	36,330
Interest and Fiscal Charges	0	4,583	4,583
<i>Total Cash Disbursements</i>	<u>134,039</u>	<u>366,133</u>	<u>500,172</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(40,108)</u>	<u>21,835</u>	<u>(18,273)</u>
Other Financing Receipts			
Other Financing Sources	3,875	0	3,875
<i>Net Change in Fund Cash Balances</i>	(36,233)	21,835	(14,398)
<i>Fund Cash Balances, January 1</i>	-		
<i>Restated (See Note 3)</i>	<u>76,255</u>	<u>186,289</u>	<u>262,544</u>
Fund Cash Balances, December 31			
Restricted	0	117,308	117,308
Committed	0	90,816	90,816
Unassigned	40,022	0	40,022
<i>Fund Cash Balances, December 31</i>	<u>\$40,022</u>	<u>\$208,124</u>	<u>\$248,146</u>

See accompanying notes to the basic financial statements

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Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Plain, Wayne 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, fire protection and emergency medical services. The Township contracts with the New Pittsburg Fire Department and the Jeromesville Community Fire District to provide fire services and Wooster Township to provide ambulance services.

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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, which are organized on a fund type basis.

Fund Accounting

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Special Levy Fire Fund - The fire fund accounts for and reports property tax (outside millage) committed for providing services to the Township.

Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2016

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

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).

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. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus encumbered cash as of January 1. The 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 canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 4.

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.

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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
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2016

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 – Prior Period Adjustment

During 2016, the Township had to adjust for a prior period payment. It was determine that an additional OPERS payment was recorded for December 2015 that effected the fund balance of the General fund:

	<u>General Fund</u>
Fund Balance: December 31, 2015	\$74,024
Reconciling Adjustments	
Reverse an additional OPERS payment	<u>\$2,232</u>
Adjusted Fund Balance December 31, 2015	<u><u>\$76,256</u></u>

Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,811	\$97,806	\$14,995
Special Revenue	391,142	387,968	(3,174)
Total	\$473,953	\$485,774	\$11,821

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$156,834	\$134,039	\$22,795
Special Revenue	577,431	366,133	211,298
Total	\$734,265	\$500,172	\$234,093

Note 5 – 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:

	2016
Demand deposits	\$168,185
STAR Ohio	79,961
Total deposits and investments	\$248,146

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or by the financial institution's public entity deposit pool.

Investments

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

Note 6 – 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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, 2016.

Plain Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – 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 2.0 percent during calendar year 2016,

Note 10 – Debt

Debt outstanding at December 31, 2016, was as follows:

	<u>Principal</u>
Lease Purchase Agreement (Truck)	<u>99,523</u>
Total	<u><u>\$99,523</u></u>

In April 2015, the Township traded-in the 2012 dump truck for a new 2015 Western Star 4700SF dump truck at a net cost after trade-in of \$122,454. The Township's taxing authority collateralized the agreements.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	<u>Leases</u>
2017	<u>\$26,960</u>
2018	26,960
2019	26,960
2020	<u>26,961</u>
Total	<u><u>\$107,841</u></u>



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Plain Township
Wayne County
2445 South Elyria Road
Wooster, OH 44691

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, Wayne County, (the Township) as of and for the years ended December 31, 2017 and December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated March 26, 2018 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a 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. We consider finding 2017-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-002 described in the accompanying schedule of findings to be a significant deficiency.

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North Canton, OH 44720
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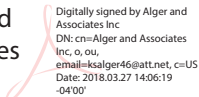
Compliance and Other Matters

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

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.

Alger and
Associates
Inc
Inc



Digitally signed by Alger and Associates Inc.
DN: cn=Alger and Associates Inc, o, ou, email=ksalger46@att.net, c=US
Date: 2018.03.27 14:06:19 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

March 26, 2018

*Plain Township
Wayne County*

*Schedule of Findings
December 31, 2017 and 2016*

Findings Related to the Financial Statements

Required to be Reported in Accordance with GAGAS

FINDING NUMBER 2017-001

Noncompliance/Material Weakness:

Ohio Administrative Code Section 117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Township recorded several transactions incorrectly. Incorrect postings identified included the following:

2017 Incorrect postings resulting in financial statement adjustments and reclassifications:

- The principal retirement disbursement and two repair disbursements totaling \$23,686 and \$4,615 respectively, were improperly recorded as Interest and Fiscal Charges rather than in the Principal Retirement and Publics Works in the Road & Bridge Fund.
- An interest payment of \$913, was improperly recorded as Public Works rather than Interest and Fiscal Charges in the Road & Bridge Fund.
- Grant receipts totaling \$2,500 were improperly recorded as Other Financing Sources rather than as Intergovernmental revenue in the General Fund.
- Homestead receipts totaling \$7,083 were improperly recorded as Other Financing Sources rather than as Intergovernmental revenue in the General Fund.
- Permit receipts totaling \$26,800 were improperly recorded as Other Financing Sources rather than as License, Permits and Fees in the General Fund.
- Homestead receipts totaling \$21,249 and \$6,476 respectively, were improperly recorded as Other Financing Sources in the General Fund rather than in the proper funds of Road & Bridge and Fire Special Levy, respectively.
- Restricted road receipts totaling \$5,000 was improperly recorded as Other Financing Sources in the General Fund rather than in the proper Road & Bridge Fund.

2016 Incorrect postings resulting in financial statement reclassifications:

- Principal retirement disbursements totaling \$36,330, were improperly recorded as Interest and Fiscal Charges rather than Principal Retirement in the Road & Bridge Levy Fund.
- An Interest payment of \$913 was improperly recorded as Public Works rather than Interest and Fiscal Charges in the Road & Bridge Fund.
- Homestead receipts totaling \$7,156; \$12,828 and \$21,254 respectively, were improperly recorded as Property and Other Local Taxes rather than as Intergovernmental revenue in the General, Road & Bridge and Fire Special Levy funds, respectively.
- An Estate Tax receipt of \$331 was improperly recorded as Property and Other Local Taxes rather than as Intergovernmental revenue in the General Fund.
- Liquor license permit receipts totaling \$3,900 were improperly recorded as Other Financing Sources rather than as Intergovernmental revenue in the General Fund.
- Grant receipts totaling \$2,425 were improperly recorded as Other Financing Sources rather than as Intergovernmental revenue in the General Fund.

***Plain Township
Wayne County***

*Schedule of Findings
December 31, 2017 and 2016*

FINDING NUMBER 2017-001

Adjustments and reclassifications were made to the financial statements and the Township's records to reflect the proper presentation.

The Fiscal Officer should utilize the Ohio Township Handbook and Uniform Accounting Network Accounting Manual to assist in identifying proper accounts. In addition, the Board should review monthly receipt and disbursement reports to help ensure transactions are properly classified. This may help ensure the Township's financial activity is accurately reported.

FINDING NUMBER 2017-002

Significant Deficiency

Paragraph 10 of Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB 54) provides amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. In addition, Auditor of State Bulletin 2011-004 suggests reporting property taxes from inside millage due to the road and bridge Fund as committed fund balances. During 2017 and 2016, the Road and Bridge Fund balances of \$73,369 and \$72,321, respectively, were reported as restricted fund balances. However, since the tax is from an inside millage, the fund balances should have been reported as committed fund balances.

Paragraph 17 GASB 54 provides the residual amount for the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund should be classified as unassigned fund balance. During 2017 and 2016 the General Fund balance was reported as restricted rather than the classification of unassigned.

The above errors were caused by confusion over proper classification. Adjustments were made in the financial statements and the Township's records to reflect the proper presentation. The Ohio Township Handbook, the UAN manual and GASB 54 provide suggested fund and fund balance classifications. Using these classifications and the aforementioned accounting records will provide the Township with the proper presentation of the respective fund balances.

We recommend the Township refer to the Ohio Township Handbook, UAN manual and GASB 54 and AOS Bulletin 2011-004 to ensure fund balances are properly classify its funds and fund balances.

Plain Township
Wayne County

Schedule of Prior Year Findings
December 31, 2017 and 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2015-001	Misclassification of funds in the accounting system resulted in numerous required adjustments and reclassifications to accurately present the Township's financial activity.	No	Repeated as 2017-001 & 2017-002

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Dave Yost • Auditor of State

PLAIN TOWNSHIP

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2018