



**PLAIN TOWNSHIP  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004-2003**



**Auditor of State  
Betty Montgomery**



PLAIN TOWNSHIP  
STARK COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2004 .....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003 .....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003 .....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Prior Audit Findings .....	19

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**Auditor of State  
Betty Montgomery**

Plain Township  
Stark County  
2600 Easton Street N.E.  
North Canton, Ohio 44721

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 24, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Plain Township  
Stark County  
2600 Easton Street N.E.  
North Canton, Ohio 44721

To the Board of Trustees:

We have audited the accompanying financial statements of Plain Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position or cash flows of its proprietary fund for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Plain Township, Stark County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

October 24, 2005



**PLAIN TOWNSHIP  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$330,701	\$6,473,944	\$6,804,645
Intergovernmental	1,446,450	1,125,711	2,572,161
Special Assessments		28,243	28,243
Charges for Services		298	298
Licenses, Permits, and Fees		237,262	237,262
Fines, Forfeitures, and Penalties	26,611		26,611
Earnings on Investments	51,317	1,122	52,439
Other Revenue	150,938	191,970	342,908
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,006,017	8,058,550	10,064,567
<b>Cash Disbursements:</b>			
Current:			
General Government	1,090,673	53,437	1,144,110
Public Safety	4,670	4,442,850	4,447,520
Public Works	2,507	2,112,503	2,115,010
Health	145,971		145,971
Human Services	13,419		13,419
Conservation - Recreation		170,319	170,319
Capital Outlay	154,941	260,405	415,346
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,412,181	7,039,514	8,451,695
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	593,836	1,019,036	1,612,872
<b>Other Financing Receipts:</b>			
Sale of Assets	64,943		64,943
Other Sources	16,168	1,500	17,668
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	81,111	1,500	82,611
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	674,947	1,020,536	1,695,483
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	593,168	3,285,472	3,878,640
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,268,115</u></b>	<b><u>\$4,306,008</u></b>	<b><u>\$5,574,123</u></b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$119,198</u>	<u>\$290,058</u>	<u>\$409,256</u>

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

PLAIN TOWNSHIP  
STARK COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$532,248		\$532,248
Miscellaneous	8,506		8,506
Total Operating Cash Receipts	540,754	\$0	540,754
<b>Operating Cash Disbursements:</b>			
Contractual Services	627,381		627,381
Operating (Loss)	(86,627)	0	(86,627)
<b>Non-Operating Cash Receipts:</b>			
Miscellaneous		29,470	29,470
<b>Non-Operating Cash Disbursements:</b>			
Miscellaneous		29,470	29,470
Excess of Receipts (Under) Disbursements	(86,627)	0	(86,627)
Fund Cash Balances, January 1	104,331	17,767	122,098
<b>Fund Cash Balances, December 31</b>	<b><u>\$17,704</u></b>	<b><u>\$17,767</u></b>	<b><u>\$35,471</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$10,425</u>	<u>\$10,425</u>

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

**PLAIN TOWNSHIP  
STARK COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$291,567	\$6,260,394			\$6,551,961
Intergovernmental	1,104,290	1,079,580			2,183,870
Special Assessments		27,471			27,471
Licenses, Permits, and Fees		228,903			228,903
Fines, Forfeitures, and Penalties	32,072				32,072
Earnings on Investments	72,072	738			72,810
Other Revenue	138,900	201,851			340,751
	<u>1,638,901</u>	<u>7,798,937</u>			<u>9,437,838</u>
Total Cash Receipts	1,638,901	7,798,937	\$0	\$0	9,437,838
<b>Cash Disbursements:</b>					
Current:					
General Government	1,065,718	54,958			1,120,676
Public Safety	122,166	4,048,031			4,170,197
Public Works	2,702	2,105,803			2,108,505
Health	144,065				144,065
Human Services	46,403				46,403
Conservation - Recreation		118,177			118,177
Debt Service:					
Redemption of Principal			720,000		720,000
Interest and Fiscal Charges			28,925		28,925
Capital Outlay	304,169	730,541		34	1,034,744
	<u>1,685,223</u>	<u>7,057,510</u>	<u>748,925</u>	<u>34</u>	<u>9,491,692</u>
Total Cash Disbursements	1,685,223	7,057,510	748,925	34	9,491,692
Total Receipts Over/(Under) Disbursements	(46,322)	741,427	(748,925)	(34)	(53,854)
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In			748,785		748,785
Transfers-Out	(748,785)				(748,785)
Advances-In	10,000	50,000			60,000
Advances-Out	(10,000)	(50,000)			(60,000)
Other Sources	5,125				5,125
	<u>(743,660)</u>	<u>0</u>	<u>748,785</u>	<u>0</u>	<u>5,125</u>
Total Other Financing Receipts/(Disbursements)	(743,660)	0	748,785	0	5,125
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(789,982)	741,427	(140)	(34)	(48,729)
Fund Cash Balances, January 1	1,383,150	2,544,045	140	34	3,927,369
<b>Fund Cash Balances, December 31</b>	<b><u>\$593,168</u></b>	<b><u>\$3,285,472</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$3,878,640</u></b>
Reserves for Encumbrances, December 31	<u>\$157,727</u>	<u>\$286,858</u>	<u>\$0</u>	<u>\$0</u>	<u>\$444,585</u>

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

PLAIN TOWNSHIP  
STARK COUNTY

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$529,998		\$529,998
<b>Operating Cash Disbursements:</b>			
Contractual Services	520,748		520,748
Operating Income	9,250	\$0	9,250
<b>Non-Operating Cash Receipts:</b>			
Miscellaneous		16,150	16,150
<b>Non-Operating Cash Disbursements:</b>			
Miscellaneous		16,110	16,110
Excess of Receipts Over Disbursements	9,250	40	9,290
Fund Cash Balances, January 1	95,081	17,727	112,808
<b>Fund Cash Balances, December 31</b>	<b><u>\$104,331</u></b>	<b><u>\$17,767</u></b>	<b><u>\$122,098</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$10,350</u>	<u>\$10,350</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, 2004 AND 2003**

**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, fire protection and emergency medical services. The Township contracts with the Stark County Sheriff's Department to provide security for persons and property.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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. Cash and Investments**

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

The Township values certificates of deposit at cost. 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:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Road and Bridge Fund* - This fund receives voted millage and permit fees for constructing, maintaining and repairing of Township roads and bridges.

*Fire District Fund* – This fund receives voted millage, donations and fees to provide and maintain fire fighting equipment, buildings, sites and services for operation of the Township Fire Department.

*Police District Fund* – This fund receives millage from voted tax levies to provide security for persons and property located within the Township.

*Road District Fund* – This fund receives millage from voted tax levies to maintain, resurface and otherwise repair streets, roads and bridges located within the Township.

**3. Debt Service Fund**

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

*General Bond-Note Retirement Fund* – This fund is used to repay debt obligations.

**4. Internal Service Fund**

This fund is maintained in order to provide services to other Township funds or departments on a quasi-external basis. The Internal Service Fund is maintained on a cost-reimbursement basis. The Township had the following significant Internal Service Fund:

*Medical Insurance Fund* – This fund receives monies from other funds for COBRA payments and medical insurance premiums for the purpose of providing health insurance benefits for Township employees under the Township's self-insurance program.

**5. Fiduciary Funds (Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township has the following significant fiduciary fund:

*Agency Fund – Deposits* – These funds receive deposits relating to buildings, contracts and insurance proceeds which will be refunded at a later date.

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2004 and 2003 budgetary activity appears in Note 3.

**F. 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.

**G. 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  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2004	2003
Demand deposits	(\$197,054)	(\$431,495)
Certificates of deposit	4,545,015	1,031,236
Total deposits	4,347,961	599,741
STAR Ohio	33,796	2,164,815
Sweep repurchase agreement	216,140	1,229,591
Money Market	1,011,697	6,591
Total investments	1,261,633	3,400,997
Total deposits and investments	\$5,609,594	\$4,000,738

**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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,019,257	\$2,087,128	\$67,871
Special Revenue	8,035,141	8,060,050	24,909
Internal Service	550,000	540,754	(9,246)
Agency	29,470	29,470	0
Total	\$10,633,868	\$10,717,402	\$83,534



**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**3. BUDGETARY ACTIVITY (Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,057,140	\$1,531,379	\$525,761
Special Revenue	11,320,611	7,329,572	3,991,039
Internal Service	654,331	627,381	26,950
Agency	47,237	39,895	7,342
Total	<u>\$14,079,319</u>	<u>\$9,528,227</u>	<u>\$4,551,092</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,581,983	\$1,654,026	\$72,043
Special Revenue	7,786,530	7,848,937	62,407
Debt Service	748,938	748,785	(153)
Internal Service	550,000	529,998	(20,002)
Agency	16,150	16,150	0
Total	<u>\$10,683,601</u>	<u>\$10,797,896</u>	<u>\$114,295</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,965,135	\$2,601,735	\$363,400
Special Revenue	10,331,976	7,394,368	2,937,608
Debt Service	749,078	748,925	153
Capital Projects	0	34	(34)
Internal Service	645,082	520,748	124,334
Agency	23,817	26,460	(2,643)
Total	<u>\$14,715,088</u>	<u>\$11,292,270</u>	<u>\$3,422,818</u>

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

**5. 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 2004 and 2003, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

Volunteer firefighters employed prior to August of 1992 had the option of continuing with OPERS or participating in the Social Security Retirement System. Firefighters employed after August of 1992 belong to the Social Security Retirement System. The Township contributed an amount equal to 6.2% of the participants' gross salaries in 2004 and 2003 to the Social Security Retirement System.

**6. 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RISK POOL MEMBERSHIP (Continued)**

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

**PLAIN TOWNSHIP  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK MANAGEMENT**

The Township is self insured for health insurance, dental and vision coverage to full-time employees. The Medical Insurance Fund pays covered claims to a service provider and recovers these costs from charges to other funds.

**8. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' 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.  
North Canton, Ohio 44721

To the Board of Trustees:

We have audited the financial statements of Plain Township, Stark County (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 24, 2005 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated October 24, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated October 24, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
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Plain Township  
Stark County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the Audit Committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 24, 2005

PLAIN TOWNSHIP  
STARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003

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>
2002-41276-001	Ohio Revised Code Section 5705.41(D) – Failure to properly certify expenditures.	Yes	Corrected







**Auditor of State  
Betty Montgomery**

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800-282-0370

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**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  
DECEMBER 15, 2005**