

**PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Plain Local School District
Franklin County
6530 West Campus Oval, Suite 118
New Albany, Ohio 43054

To The Board of Education:

We have audited the accompanying general purpose financial statements of the Plain Local School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Plain Local School District, Franklin County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 1999, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 23, 1999

Plain Local School District

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**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Cash Equivalents	\$413,599	\$182,035	\$644,507	\$7,503,813
Receivables:				
Taxes	13,716,796		2,445,494	540,585
Accounts	34,228	1,431		2,816
Materials and Supplies Inventory				
Restricted Assets:				
Cash and Cash Equivalents	114,252			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$14,278,875</u>	<u>\$183,466</u>	<u>\$3,090,001</u>	<u>\$8,047,214</u>
Liabilities:				
Accounts Payable	\$62,807	\$7,021		\$28,042
Contracts Payable				628,903
Accrued Wages and Benefits	980,547	10,793		
Compensated Absences Payable	50,873			
Intergovernmental Payable	190,474	3,466		
Deferred Revenue	12,051,657		2,136,548	446,288
Due to Students				
Capital Leases Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>13,336,358</u>	<u>21,280</u>	<u>2,136,548</u>	<u>1,103,233</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	138,958	7,605		4,043,885
Reserved for Debt Service Principal			644,507	
Reserved for Property Taxes	1,665,139		308,946	94,297
Reserved for Budget Stabilization	114,252			
Unreserved:				
Unreserved, Undesignated	(975,832)	154,581		2,805,799
Total Fund Equity and Other Credits	<u>942,517</u>	<u>162,186</u>	<u>953,453</u>	<u>6,943,981</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$14,278,875</u>	<u>\$183,466</u>	<u>\$3,090,001</u>	<u>\$8,047,214</u>

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

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Asset Account Group	General Long-Term Obligation Account Group	
Enterprise	Trust and Agency			
\$119,384	\$70,174			\$8,933,512
				16,702,875
100	2,813			41,388
14,926				14,926
				114,252
181,200		32,064,042		32,245,242
(66,223)				(66,223)
			953,453	953,453
			19,302,324	19,302,324
<u>\$249,387</u>	<u>\$72,987</u>	<u>\$32,064,042</u>	<u>\$20,255,777</u>	<u>\$78,241,749</u>
\$1,564	\$3,337			\$102,771
				628,903
18,240				1,009,580
5,303			525,624	581,800
14,000	149		79,038	287,127
12,954				14,647,447
	64,685			64,685
			71,502	71,502
			19,579,613	19,579,613
<u>52,061</u>	<u>68,171</u>		<u>20,255,777</u>	<u>36,973,428</u>
		32,064,042		32,064,042
197,326				197,326
	2,500			4,192,948
				644,507
				2,068,382
				114,252
	2,316			1,986,864
<u>197,326</u>	<u>4,816</u>	<u>32,064,042</u>		<u>41,268,321</u>
<u>\$249,387</u>	<u>\$72,987</u>	<u>\$32,064,042</u>	<u>\$20,255,777</u>	<u>\$78,241,749</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			Capital Projects	Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service		Expendable Trust	
Revenues:						
Intergovernmental	\$2,266,625	\$352,434	\$165,404	\$80,962		\$2,865,425
Interest	151,084			855,604	6,552	1,013,240
Increase (Decrease) in Fair Value of Investments	(8,188)			34,788		26,600
Tuition and Fees	60,681					60,681
Rent	50,974	7,546				58,520
Extracurricular Activities		283,560				283,560
Customer Services					4,683	4,683
Property & Other Local Taxes	9,732,116		1,711,858	540,534		11,984,508
Miscellaneous					137	137
Total Revenues	<u>12,253,292</u>	<u>643,540</u>	<u>1,877,262</u>	<u>1,511,888</u>	<u>11,372</u>	<u>16,297,354</u>
Expenditures:						
Current:						
Instruction:						
Regular	4,786,764	2,153		181,923	7,132	4,977,972
Special	429,279	40,961		1,595		471,835
Other	47,841				84	47,925
Support Services:						
Pupils	578,516	1,727		723		580,966
Instructional Staff	462,724	69,427		55,115		587,266
Board of Education	32,412					32,412
Administration	1,364,130	63,397		3,498		1,431,025
Fiscal	626,326			10,499		636,825
Operation and Maintenance of Plant	1,363,865			122,927		1,486,792
Pupil Transportation	657,661			179,775		837,436
Central	25,723	200,876				226,599
Non-Instructional Services	196,197	2,583			7,000	205,780
Extracurricular activities	340,014	235,567				575,581
Capital Outlay				11,744,903		11,744,903
Debt Service:						
Debt Service - Principal			764,700	36,180		800,880
Debt Service - Interest			892,111	13,752		905,863
Total Expenditures	<u>10,911,452</u>	<u>616,691</u>	<u>1,656,811</u>	<u>12,350,890</u>	<u>14,216</u>	<u>25,550,060</u>
Excess of Revenues Over (Under) Expenditures	<u>1,341,840</u>	<u>26,849</u>	<u>220,451</u>	<u>(10,839,002)</u>	<u>(2,844)</u>	<u>(9,252,706)</u>
Other Financing Sources and Uses						
Operating Transfers In			287,753			287,753
Proceeds from Sale of Fixed Assets	13,700					13,700
Refund of Prior Year Expenditures	8,442					8,442
Other Financing Sources	65,752	138				65,890
Operating Transfers Out	(37,753)	(1,560)		(250,000)		(289,313)
Total Other Financing Sources (Uses)	<u>50,141</u>	<u>(1,422)</u>	<u>287,753</u>	<u>(250,000)</u>		<u>86,472</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>1,391,981</u>	<u>25,427</u>	<u>508,204</u>	<u>(11,089,002)</u>	<u>(2,844)</u>	<u>(9,166,234)</u>
Fund Balance at Beginning of Year	<u>(449,464)</u>	<u>136,759</u>	<u>445,249</u>	<u>18,032,983</u>	<u>7,660</u>	<u>18,173,187</u>
Fund Balance at End of Year	<u>\$942,517</u>	<u>\$162,186</u>	<u>\$953,453</u>	<u>\$6,943,981</u>	<u>\$4,816</u>	<u>\$9,006,953</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999**

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$2,314,835	\$2,314,835		\$352,434	\$352,434	
Interest	151,788	151,788				
Tuition and Fees	60,491	60,491				
Extracurricular Activities				285,588	285,588	
Property & Other Local Taxes	8,208,437	8,208,437				
Miscellaneous	49,854	49,854		6,115	6,115	
Total Revenues	10,785,405	10,785,405		644,137	644,137	
Expenditures:						
Current:						
Instruction:						
Regular	4,624,703	4,624,703		2,152	2,152	
Special	434,054	434,054		33,594	33,594	
Other	94,741	94,741				
Support Services:						
Pupils	566,449	566,449		1,892	1,892	
Instructional Staff	463,515	463,515		69,802	69,802	
Board of Education	32,585	32,585				
Administration	1,407,136	1,407,136		66,048	66,048	
Fiscal	627,611	627,611				
Operation and Maintenance of Plant	1,431,967	1,431,967				
Pupil Transportation	666,484	666,484				
Central	25,499	25,499		208,259	208,259	
Non-Instructional Services	196,197	196,197		2,692	2,692	
Extracurricular activities	339,374	339,374		238,406	238,406	
Capital Outlay						
Debt Service:						
Debt Service - Principal						
Debt Service - Interest						
Total Expenditures	10,910,315	10,910,315		622,845	622,845	
Excess of Revenues Over (Under) Expenditures	(124,910)	(124,910)		21,292	21,292	
Other Financing Sources and Uses						
Operating Transfers In	629,771	629,771		138	138	
Proceeds from Sale of Notes	440,000	440,000				
Proceeds from Sale of Fixed Assets	13,700	13,700				
Refund of Prior Year Expenditures	8,427	8,427				
Operating Transfers Out	(1,107,524)	(1,107,524)		(1,560)	(1,560)	
Total Other Financing Sources (Uses)	(15,626)	(15,626)		(1,422)	(1,422)	
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(140,536)	(140,536)		19,870	19,870	
Fund Balances at Beginning of Year	302,505	302,505		132,871	132,871	
Prior Year Encumbrances Appropriated	164,119	164,119		14,671	14,671	
Fund Balance at end of Year	\$326,088	\$326,088		\$167,412	\$167,412	

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999
 (Continued)**

Debt Service			Capital Projects			Expendable Trust		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$165,404	\$165,404		\$80,962	\$80,962				
			863,640	863,640				
1,426,844	1,426,844		453,451	453,451				
<u>1,592,248</u>	<u>1,592,248</u>		<u>1,398,053</u>	<u>1,398,053</u>		4,683	4,683	
						<u>4,683</u>	<u>4,683</u>	
			181,923	181,923				
			1,595	1,595				
			723	723				
			96,880	96,880				
			3,602	3,602				
			10,499	10,499				
			142,836	142,836				
			179,775	179,775				
						9,500	9,500	
			16,196,413	16,196,413				
1,411,700	1,411,700							
901,033	901,033							
<u>2,312,733</u>	<u>2,312,733</u>		<u>18,814,246</u>	<u>18,814,246</u>		9,500	9,500	
<u>(720,485)</u>	<u>(720,485)</u>		<u>(15,416,193)</u>	<u>(15,416,193)</u>		<u>(4,817)</u>	<u>(4,817)</u>	
943,675	943,675							
			(465,922)	(465,922)				
<u>943,675</u>	<u>943,675</u>		<u>(465,922)</u>	<u>(465,922)</u>				
223,190	223,190		(15,882,115)	(15,882,115)		(4,817)	(4,817)	
421,317	421,317		16,571,700	16,571,700		1,467	1,467	
			2,078,608	2,078,608		4,000	4,000	
<u>\$644,507</u>	<u>\$644,507</u>		<u>\$2,768,193</u>	<u>\$2,768,193</u>		<u>\$650</u>	<u>\$650</u>	

Totals (Memorandum Only)

Budget	Actual	Variance: Favorable (Unfavorable)
\$2,913,635	\$2,913,635	
1,015,428	1,015,428	
60,491	60,491	
285,588	285,588	
10,088,732	10,088,732	
60,652	60,652	
<u>14,424,526</u>	<u>14,424,526</u>	
4,808,778	4,808,778	
469,243	469,243	
94,741	94,741	
569,064	569,064	
630,197	630,197	
32,585	32,585	
1,476,786	1,476,786	
638,110	638,110	
1,574,803	1,574,803	
846,259	846,259	
233,758	233,758	
208,389	208,389	
577,780	577,780	
16,196,413	16,196,413	
1,411,700	1,411,700	
901,033	901,033	
<u>30,669,639</u>	<u>30,669,639</u>	
<u>(16,245,113)</u>	<u>(16,245,113)</u>	
1,573,584	1,573,584	
440,000	440,000	
13,700	13,700	
8,427	8,427	
<u>(1,575,006)</u>	<u>(1,575,006)</u>	
<u>460,705</u>	<u>460,705</u>	
(15,784,408)	(15,784,408)	
17,429,860	17,429,860	
2,261,398	2,261,398	
<u>\$3,906,850</u>	<u>\$3,906,850</u>	

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues:			
Tuition	\$21,628		\$21,628
Sales	312,074		312,074
Other Revenues			
Total Operating Revenues	<u>333,702</u>		<u>333,702</u>
Operating Expenses:			
Salaries	98,207	4,200	102,407
Fringe Benefits	48,688	660	49,348
Purchased Services	13,407	425	13,832
Materials and Supplies	178,627	637	179,264
Depreciation	17,830		17,830
Total Operating Expenses	<u>356,759</u>	<u>5,922</u>	<u>362,681</u>
Operating Income (Loss)	<u>(23,057)</u>	<u>(5,922)</u>	<u>(28,979)</u>
Non-Operating Revenues and Expenses:			
Federal Donated Commodities	11,192		11,192
Federal and State Subsidies	21,686		21,686
Total Non-Operating Revenues and Expenses	<u>32,878</u>		<u>32,878</u>
Net Income (Loss)	<u>9,821</u>	<u>(5,922)</u>	<u>3,899</u>
Retained Earnings/Fund Balance at Beginning of Year	187,505	5,922	193,427
Retained Earnings/Fund Balance at End of Year	<u>\$197,326</u>		<u>\$197,326</u>

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

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	Memorandum Only
Increase/(Decrease) in Cash & Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$311,974		\$311,974
Cash Received from Tuition and Fees	21,628		21,628
Other Cash Receipts			
Cash Pmts. to Suppliers for Goods & Service	(165,722)	(637)	(166,359)
Cash Payments for Contract Services	(13,407)	(425)	(13,832)
Cash Payments for Employee Services	(90,680)	(4,200)	(94,880)
Cash Payments for Employee Benefits	(45,773)	(660)	(46,433)
Other Cash Payments	(669)		(669)
Net Cash Provided by (Used for) Operating Activities	<u>17,351</u>	<u>(5,922)</u>	<u>11,429</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	21,686		21,686
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>21,686</u>		<u>21,686</u>
Net Increase (Decrease) in Cash and Cash Equivalents	39,037	(5,922)	33,115
Cash & Cash Equivalents at Beginning of Year	80,347	5,922	86,269
Cash & Cash Equivalents at End of Year	<u>\$119,384</u>		<u>\$119,384</u>
Reconciliation of Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	(\$18,572)	(\$5,922)	(\$24,494)
Adjustments to Reconcile Operating Income (loss) To Net Cash Provided by (Used for) Operating Activities:			
Depreciation	17,830		17,830
Donated Commodities Used During the Year	11,192		11,192
(Increase) Decrease in Assets:			
Accounts Receivable	(100)		(100)
Material and Supplies Inventory	(11,814)		(11,814)
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	3,777		3,777
Intergovernmental Payable	5,084		5,084
Deferred Revenue	11,294		11,294
Accounts Payable	1,564		1,564
Accrued Wages and Benefits	(2,904)		(2,904)
Total Adjustments	<u>35,923</u>		<u>35,923</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$17,351</u>	<u>(\$5,922)</u>	<u>\$11,429</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The financial statements of the Plain Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant for the District's accounting policies are described below.

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision for public education to residents of the District.

Average daily membership (ADM) as of October 1, 1998 was 1,446. The District employed 121 certified employees and 69 non-certificated employees. The District co-operates with the Franklin County Educational Service Center, a separate entity, for curricular services.

The District provides regular and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the Plain Local School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with two governed organizations and an insurance purchasing pool. These organizations include the Metropolitan Education Council, the Eastland Vocational School, and the Ohio School Boards Association Worker's Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Plain Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation - Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Project Funds - The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Types:

Proprietary funds are used to account for the District's ongoing activities, which are similar to those found in the private sector. The following are the District's proprietary fund types:

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation - Fund Accounting (continued)

Enterprise Funds - Enterprise funds are used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include expendable trust and agency funds.

Expendable Trust Funds - These funds are accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting" the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict or contradict GASB pronouncements. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Franklin and Licking County Budget Commissions for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process (continued)

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation.

Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to STAR Ohio, repurchase agreements, treasury notes, and federal agency securities.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Investments (continued)

Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner of consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$151,084, which includes \$65,246 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments, with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

E. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fixed Assets and Depreciation (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations, grants are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Venture Capital
- Educational Television
- Professional Development Block Grant
- School Age Child Care
- Drug Free Schools
- Education Management Information Systems
- School Buildings Incentive Grants
- Data Communications for School Buildings*
- Eisenhower Grant
- Title VI-B
- Title I
- Title VI
- Miscellaneous State Grant
- Miscellaneous Federal Grant

Capital Project Funds

- School Net Plus

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Intergovernmental Revenues (continued)

Grants and entitlements amounted to approximately 17 percent of the District's operating revenue during the 1999 fiscal year.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for classified employees after 10 years of current service with the District and for certified employees and administrators after 20 years of service, or after 15 years of service and at least 45 years of age, or after 5 years of service and at least 50 years of age. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, textbook purchases, capital acquisition, and endowments.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved. The reserve for endowments signifies the legal restrictions on the use of principal.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

3. ACCOUNTABILITY AND COMPLIANCE

At June 30, 1999, the Miscellaneous State Grant and Title VI-B Funds had deficit fund balances of \$4,789 and \$5,482, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	(\$140,536)	\$19,870	\$223,190	(\$15,882,115)	(\$5,481)
Adjustments for:					
Revenue Accruals	1,533,639	(597)	285,014	113,835	137
Expenditure Accruals	(202,900)	(8,469)	0	(21,554)	(3,000)
Other Sources/Uses	15	0	0	0	0
Encumbrances	201,763	14,623	0	4,700,832	5,500
GAAP Basis	\$1,391,981	\$25,427	\$508,204	(\$11,089,002)	(\$2,844)

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. DEPOSITS AND INVESTMENTS (continued)

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies must be deposited or invested in the following securities:

United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Written repurchase agreements in the securities listed above provided that the market value of any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;

Bonds and other obligations of the State of Ohio;

No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and

The State Treasurer's investment pool (STAR Ohio).

Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. DEPOSITS AND INVESTMENTS (continued)

Funds invested by fiscal agents are determined by trust agreements and bond indentures. Like the cash invested by the District Treasurer, eligible investments include U.S. government obligations, U.S. government agencies, and certificate of deposit.

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110 percent of all public monies on deposit with the depository including the amount covered by federal insurance.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the District's deposits was (\$1,135,238) and the bank balance was \$308,847. Of the bank balance, \$100,000 was covered by federal depository insurance and \$208,847 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments of \$1,036,723, in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Category 3	Carrying Value	Fair Value
Certificates of Deposit	\$0	\$1,000,000	\$1,000,000	\$1,000,000
Federal Agency Securities	8,127,608	0	8,127,608	8,146,129
	<u>\$8,127,608</u>	<u>\$1,000,000</u>	<u>\$9,127,608</u>	<u>\$9,146,129</u>
STAR Ohio			1,036,723	1,036,723
Total Investments			<u>\$10,164,331</u>	<u>\$10,182,852</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, Reporting Cash Flows of Proprietary Funds and Governmental Entities That use Proprietary Fund Accounting.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. DEPOSITS AND INVESTMENTS (continued)

The reconciliation between classifications of cash and cash equivalents, and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents Deposits	Investments
GASB Statement 9		
Investment in Cash	\$9,047,764	\$0
Cash on Hand	(150)	0
Investments:		
Certificates of Deposit	(1,000,000)	1,000,000
Federal Agency Securities	(8,146,129)	8,146,129
STAR Ohio	(1,036,723)	1,036,723
GASB Statement 3	(\$1,135,238)	\$10,182,852

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Franklin and Licking Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$1,937,588 in the General Fund, \$23,873 in the Bond Retirement Debt Service Fund and \$107,010 in the Permanent Improvement Capital Projects Fund.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

6. PROPERTY TAXES (continued)

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second-Half Collections		1999 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$258,775,740	91%	\$300,469,930	92%
Public Utility	19,646,420	7%	19,944,140	6%
Tangible Personal Property	6,642,731	2%	7,067,853	2%
Total Assessed Value	\$285,064,891	100%	\$327,481,923	100%
Tax rate per \$1,000 of Assessed valuation	\$51.65		\$51.34	

7. RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$13,716,796
Accounts	34,228
Special Revenue Fund	
Accounts	1,431
Debt Service Fund	
Taxes	2,445,494
Capital Projects Funds	
Taxes	-540,585
Accounts	2,816
Enterprise Funds	
Accounts	100
Agency Fund	
Accounts	2,813
Total Receivables	\$16,744,263

8. FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$ 431,852	\$90,000	\$0	\$521,852
Buildings	26,191,229	0	0	26,191,229
Furniture and Equipment	4,278,287	175,241	28,700	4,424,828
Vehicles	802,874	179,775	56,516	926,133
Total General Fixed Assets	\$31,704,242	\$445,016	\$85,216	\$32,064,042

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

8. FIXED ASSETS (continued)

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$181,200
Less: Accumulated Depreciation	(66,223)
Net Fixed Assets	\$114,977

The New Albany Community Authority (the Authority) financed the construction of a new high school complex for Plain Local School District. The Authority is a separate legal entity, which is established by Section 349 of the Ohio Revised Code. The Authority assessed a 9.75 mill tax on all new construction within the boundaries of New Albany. These taxes were used to construct a new high school facility, improve roads with the Village, build a wellness center and new Village offices.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents-replacement cost	\$1,000	\$12,558,200
Automobile Liability	500	1,000,000
Uninsured Motorists		1,000,000
General Liability		
Per occurrence		1,000,000
Per year		5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 1999, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Plain Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statement and required supplementary information. The report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Plain Local School District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$232,043, \$178,592, and \$237,293, respectively; 51 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$113,748 representing unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and the general long-term obligations account.

B. State Teachers Retirement System

The Plain Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefits are established by Chapter 3007, of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 1998 were 9.3 percent of covered payroll for members and 14 percent for employers. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$774,454, \$633,787, and \$729,719, respectively; 83 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$133,564 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

11. POSTEMPLOYMENT BENEFITS

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. *Most benefit recipients pay a portion of health care costs in the form of a monthly premium.*

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8 percent of covered payroll.

For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1998, the allocation rate is 4.98 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1998, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits were \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .3557, then adding the surcharge due as of June 30, 1999, as certified to your district by SERS.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

12. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for certified and classified personnel. The accumulation for administrators is unlimited. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days for classified and certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave for administrative personnel.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Central Benefits.

13. CAPITAL LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for computer equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

The computer equipment has been capitalized in the general fixed assets account group in the amount of \$107,682. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$36,180 in the governmental funds

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	GLTDAG
2000	\$41,010
2001	34,175
Total	\$75,185
Less: Amount Representing Interest	(3,683)
Present Value of Net Minimum Lease Payments	\$71,502

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

14. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 1999 were as follows:

	Interest Rate	Principal Outstanding 06/30/98	Additions	Deductions	Principal Outstanding 06/30/99
School Building Bonds	6.85%	\$820,000	\$0	\$40,000	\$780,000
Building Construction Bonds	3.60%	19,489,613	0	690,000	18,799,613
Energy Conservation Loan	8.00%	24,000	0	24,000	0
Energy Conservation Loan	7.00%	10,700	0	10,700	0
Anticipated Note	6.00%	207,000	440,000	647,000	0
Long-Term Bonds & Loans		\$20,551,313	440,000	1,411,700	19,579,613
Capital Lease Obligations		107,682	0	36,180	71,502
Intergovernmental Payable		78,273	765	0	79,038
Compensated Absences		510,758	14,866	0	525,624
Total Long-Term Obligations		\$21,248,026	\$455,631	\$1,447,880	\$20,255,777

School Building General Obligation Bonds - On December 1, 1990, the Plain Local School District issued \$1,000,000 in voted general obligation bonds for the purpose of an addition and improvement to the junior high school building. The bonds were issued for a twenty year period with final maturity at June 1, 2010. The bonds will be retired from the debt service fund.

Building Construction General Obligation Bonds - On June 1, 1999, the Plain Local School District issued \$19,489,613 in voted general obligation bonds for the purpose of an addition and improvement to the junior high school building. The bonds were issued for a twenty year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund.

Energy Conservation Loans - On January 17, 1989, the Plain Local School District issued \$347,217 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 1999. The loan will be retired from the debt service fund.

Capital leases will be paid from the General Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The District's voted legal debt margin was \$9,338,373 with an unvoted debt margin of \$327,482 at June 30, 1999.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$710,000	\$851,747	\$1,561,747
2001	990,000	818,171	1,808,171
2002	1,195,000	774,063	1,969,063
2003	1,385,000	720,842	2,105,842
2004	593,628	989,006	1,582,634
2005-2009	4,235,985	3,352,170	7,588,155
2010-2014	5,360,000	1,933,774	7,293,774
2015-2018	5,110,000	531,867	5,641,867
Total	\$19,579,613	\$9,971,640	\$29,551,253

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and rotary. The table following reflects the more significant financial data relating to the enterprise funds of the Plain Local School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Rotary	Total Enterprise Funds
Operating Revenues	\$294,051	\$18,023	\$21,628	\$333,702
Operating Expenses:				
Depreciation	17,830	0	0	17,830
Other	301,775	12,753	19,916	334,444
Total Operating Expenses	319,605	12,753	19,916	352,274
Operating Income (Loss)	(25,554)	5,270	1,712	(18,572)
Non Operating Revenues				
State and Federal Grants	21,686	0	0	21,686
Federal Commodities	11,192	0	0	11,192
Net Income	<u>\$7,324</u>	<u>5,270</u>	<u>\$1,712</u>	<u>\$14,306</u>
Net Working Capital	<u>\$73,397</u>	<u>\$10,534</u>	<u>\$2,703</u>	<u>\$86,834</u>
Total Assets	<u>\$235,171</u>	<u>\$11,170</u>	<u>\$3,046</u>	<u>\$249,387</u>
Total Liabilities	<u>\$46,597</u>	<u>\$636</u>	<u>\$343</u>	<u>\$47,576</u>
Total Equity	<u>\$188,574</u>	<u>\$10,534</u>	<u>\$2,703</u>	<u>\$201,811</u>

16. CONTRACTUAL COMMITMENTS

As of June 30, 1999, the District had contractual purchase commitments as follows:

<u>VENDOR NAME</u>	<u>GAAP BASIS P.O. AMOUNT</u>
Apex Construction, Inc.	\$187,566
Consortium Communications, Inc.	1,976
Apex Construction, Inc.	116,432
Cincinnati Floor Co.	36,807
Dover Elevator Company	2,137
Greater Columbus	92,663
The Farnham Co.	58,166
Accurate Electric Construction	277,082
Teepe's River City Mechanical	166,682
International Masonry, Inc.	347,757
Kenton Structural	63,248
Kenton Structural	66,574
Cleveland Construction, Inc.	77,106
Gleeson Construction, Inc.	153,651
Shaw Contract Flooring, Inc.	48,835
Performance Site Management	98,472
Chemcote Roofing Co.	333,652
Chemcote Roofing Co.	126,121
Charter Hill Construction, Inc.	90,093
Central Ohio Fire Protection	38,572

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

16. CONTRACTUAL COMMITMENTS (continued)

Martin Painting & Coating Co.	43,586
Eastside Nursery, Inc.	131,502
Eastside Nursery, Inc.	2,778
Roese Bros. Paving, Inc.	11,427
Accurate Electric Construction	12,264
Don Walsh & Associates, Inc.	45,813
Parallel Technologies, Inc.	34,289
Continental Office	105,158
Holcomb's Educational	48,470
Bartha Visual	43,435
Wenger Corporation	14,467
Louis R. Polster Co.	142,358
Virco	80,769
Resource One Computer	14,085
Graves Piano & Organ	11,985
Columbus Micro Systems	9,774
Columbus Micro Systems	<u>123,964</u>
Total	<u>\$3,259,715</u>

17. JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Education Council - The Metropolitan Education Council is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Metropolitan Education Council, Denise Music, who serves as Fiscal Officer, at 6100 Channingway Boulevard, Suite 604, Columbus, Ohio 43232.

Eastland Vocational School District - The Eastland Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Eastland Vocational School District, Janet Orendorff, who serves as Treasurer, at 4300 Amalgamated Place, P. O. Box 419, Groveport, Ohio 43125-0419.

18. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

18. INSURANCE PURCHASING POOL (continued)

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of GatesMcDonald & Co. provides administrative, cost control and actuarial services to the GRP.

19. CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

20. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$40,966	
Current Year Set-aside Requirement	146,572	146,572	73,286	
Current Year Offsets	(166,302)	0	0	
Qualifying Disbursements	(96,172)	(407,315)	0	
Total	<u>(\$115,902)</u>	<u>(\$260,743)</u>	<u>\$114,252</u>	
Cash Balance Carried Forward to FY 1999	<u>\$0</u>	<u>\$0</u>	<u>\$114,252</u>	
Amount restricted for Budget Stabilization				\$114,252
Total Restricted Assets				<u>\$114,252</u>

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

20. SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

21. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

The District has completed an inventory of computer systems and other equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS). The District has school buildings with HVAC systems, which have extensive efficiency utilization measures within the systems.

Tax collection for the District is handled by Franklin County. The County is responsible for remediating its system, and is solely responsible for any costs associated with this project.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through EMIS. The State is responsible for remediating these systems.

The District utilizes Metropolitan Education Council, an external service organization, for its accounting and financial reporting. Metropolitan Education Council is responsible for remediating these systems.

The District has tested and validated the HVAC systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

22. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$1,315,889 of school foundation support for its general fund.

Since the Supreme Court Ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in the Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

22. STATE SCHOOL FUNDING DECISION (continued)

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North 4th St., 2nd Floor
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Education
Plain Local School District
Franklin County
6530 West Campus Oval, Suite 118
New Albany, Ohio 43054

To The Board of Education:

We have audited the general purpose financial statements of Plain Local School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 23, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 23, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 23, 1999.

Plain Local School District
Franklin County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
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This report is intended for the information and use of management and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO
Auditor of State

December 23, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PLAIN LOCAL SCHOOL DISTRICT, FRANKLIN 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.

By: _____

Susan Babbitt

Clerk of the Bureau

Date: _____

FEB 03 2000