



Dave Yost • Auditor of State



**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	21
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds .....	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	25
Statement of Fiduciary Net Position Fiduciary Funds.....	26
Statement of Changes in Fiduciary Net Position Fiduciary Funds.....	27
Notes to the Basic Financial Statements .....	29
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio.....	66
State Teachers Retirement System (STRS) of Ohio .....	67
Schedule of District Contributions:	
School Employees Retirement Systems (SERS) of Ohio.....	68
State Teachers Retirement System (STRS) of Ohio .....	70
Notes to Required Supplementary Information.....	72
Schedule of Federal Awards Receipts and Expenditures.....	73
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	74
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	75
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	77
Schedule of Findings.....	79

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Plain Local School District  
Stark County  
901 44<sup>th</sup> Street NW  
Canton, Ohio 44709

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Plain Local School District, Stark County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Plain Local School District, Stark County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

December 31, 2015

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**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

The discussion and analysis of the Plain Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- In total, net position of governmental activities increased \$6,108,997 from a deficit of \$40,598,552 at June 30, 2014 (as restated) to a deficit of \$34,489,555 at June 30, 2015.
- General revenues accounted for \$51,519,427 in revenue or 81.45% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$11,737,065 or 18.55% of total revenues of \$63,256,492.
- The District had \$57,147,495 in expenses related to governmental activities; \$11,737,065 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$52,605,897 in revenues and other financing sources and \$49,178,731 in expenditures. Fund balance of the general fund increased from \$12,228,704 to \$15,711,216.

**Using this Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District's only major governmental fund is the general fund.

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets, liabilities, deferred inflows and outflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 19-20 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 21-25 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary assets and liabilities and changes in fiduciary net position on pages 26 and 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-63 of this report.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 66 through 72 of this report.

**The District as a Whole**

The following table provides a summary of the District's net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<b>Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
<b><u>Assets</u></b>		
Current and other assets	\$ 56,436,115	\$ 53,576,032
Capital assets, net	<u>58,371,198</u>	<u>59,367,406</u>
Total assets	<u>114,807,313</u>	<u>112,943,438</u>
<b><u>Deferred outflows of resources</u></b>		
Unamortized deferred charges on debt refunding	1,231,468	1,358,948
Pensions	<u>4,469,059</u>	<u>3,599,774</u>
Total deferred outflows of resources	<u>5,700,527</u>	<u>4,958,722</u>
<b><u>Liabilities</u></b>		
Current liabilities	5,981,079	5,913,089
Long-term liabilities:		
Due within one year	2,558,337	2,563,649
Due in more than one year:		
Net pension liability	59,932,298	71,179,076
Other amounts	<u>46,562,399</u>	<u>49,253,514</u>
Long-term liabilities	<u>109,053,034</u>	<u>122,996,239</u>
Total liabilities	<u>115,034,113</u>	<u>128,909,328</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes levied for the next fiscal year	29,172,871	29,591,384
Pensions	<u>10,790,411</u>	<u>-</u>
Total deferred inflows of resources	<u>39,963,282</u>	<u>29,591,384</u>
<b><u>Net position</u></b>		
Net investment in capital assets	13,036,625	11,953,545
Restricted	3,604,140	4,170,592
Unrestricted (deficit)	<u>(51,130,320)</u>	<u>(56,722,689)</u>
Total net position	<u>\$ (34,489,555)</u>	<u>\$ (40,598,552)</u>

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$26,980,750 to \$(40,598,552).

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

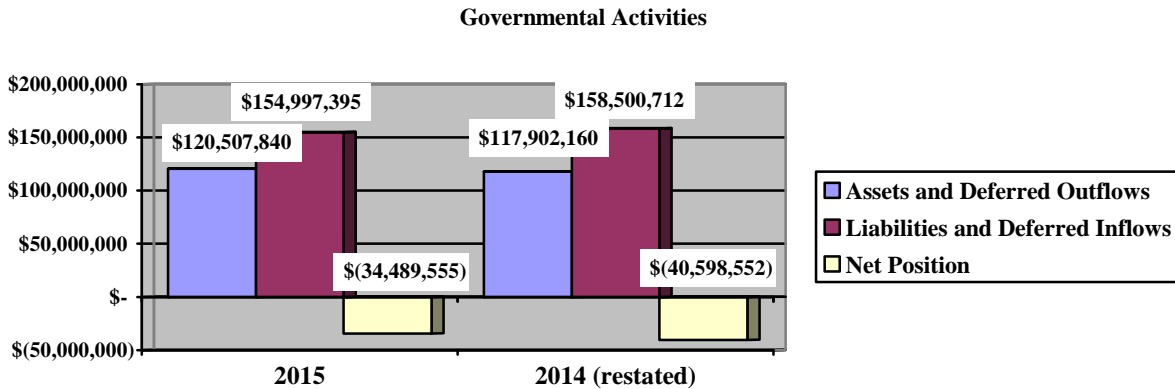
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

The overall increase in assets for the District is mostly due to increased cash balances at year-end as the District was able to keep expenses below revenues for the year. At year-end, capital assets represented 50.84% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2015 was \$13,036,625. Capital assets are used to provide services to the students and are not available for future spending.

The decrease in long-term liabilities is primarily due to changes in the District's allocated net pension liability. Other long-term liabilities also decreased as the District continues to pay off outstanding bonds payable.

A portion of the District's net position, \$3,604,140, represents resources that are subject to external restriction on how they may be used. The remaining portion of the District's net position is an unrestricted balance of \$(51,130,320).

The table below illustrates the District's assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2015 and 2014.



The following table shows the change in net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<b>Change in Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 3,320,537	\$ 3,378,004
Operating grants and contributions	8,232,687	8,348,208
Capital grants and contributions	183,841	256,213
General revenues:		
Property taxes	29,788,699	29,195,987
Grants and entitlements	21,592,572	19,994,732
Investment earnings	101,229	41,479
Other	<u>36,927</u>	<u>53,957</u>
Total revenues	<u>63,256,492</u>	<u>61,268,580</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	23,751,819	24,315,019
Special	7,698,168	7,303,005
Vocational	1,509,654	1,433,776
Other	168,361	400,338
Support services:		
Pupil	2,601,391	2,647,224
Instructional staff	1,873,564	1,527,489
Board of education	59,428	91,083
Administration	3,697,099	3,831,593
Fiscal	1,010,608	1,006,722
Business	266,142	246,512
Operations and maintenance	4,876,330	4,740,958
Pupil transportation	3,106,497	2,818,360
Central	250,614	210,186
Food service operations	2,602,609	2,735,680
Other non-instructional services	723,546	589,347
Extracurricular activities	1,145,972	1,269,516
Interest and fiscal charges	<u>1,805,693</u>	<u>1,844,758</u>
Total	57,147,495	57,011,566
Change in net position	6,108,997	4,257,014
Net position at beginning of year (restated)	<u>(40,598,552)</u>	<u>(44,855,566)</u>
Net position at end of year	<u>\$ (34,489,555)</u>	<u>\$ (40,598,552)</u>

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Governmental Activities**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$3,599,774 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$2,581,044.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 57,147,495
Pension expense under GASB 68	(2,581,044)
2015 contractually required contributions	<u>3,906,696</u>
Adjusted 2015 program expenses	58,473,147
Total 2014 program expenses under GASB 27	<u>57,011,566</u>
Increase in program expenses not related to pension	<u>\$ 1,461,581</u>

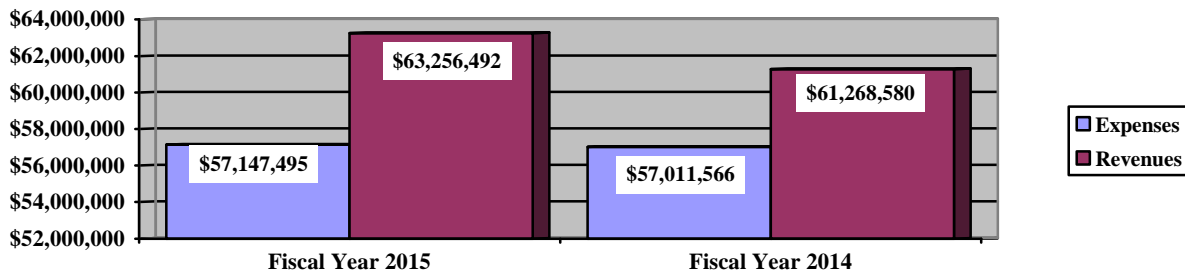
Net position of the District's governmental activities increased \$6,108,997 in fiscal year 2015. Total governmental expenses of \$57,147,495 were offset by program revenues of \$11,737,065 and general revenues of \$51,519,427. Program revenues supported 20.54% of the total governmental expenses.

Program revenues decreased slightly compared to the prior year, but total revenues increased 3.24%. This is mostly due to increased funding from the State Foundation program. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 81.23% and 80.29% of total governmental revenue in 2015 and 2014, respectively.

Total expenses for the District remained consistent with the prior year, increasing only 0.24%. The largest expense of the District is for instructional programs. Instruction expenses totaled \$33,128,002 or 57.97% of total governmental expenses for fiscal year 2015.

The graph below presents the District's governmental revenues and expenses for fiscal years 2015 and 2014.

**Governmental Activities - Revenues and Expenses**





**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

<b>Governmental Activities</b>				
	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 23,751,819	\$ 22,357,399	\$ 24,315,019	\$ 23,107,474
Special	7,698,168	3,561,236	7,303,005	3,172,110
Vocational	1,509,654	931,789	1,433,776	859,092
Other	168,361	168,361	400,338	357,835
Support services:				
Pupil	2,601,391	2,218,215	2,647,224	2,241,488
Instructional staff	1,873,564	1,623,520	1,527,489	1,186,092
Board of education	59,428	59,428	91,083	91,083
Administration	3,697,099	3,460,194	3,831,593	3,505,026
Fiscal	1,010,608	969,931	1,006,722	950,587
Business	266,142	266,142	246,512	246,512
Operations and maintenance	4,876,330	4,315,352	4,740,958	4,152,673
Pupil transportation	3,106,497	2,863,663	2,818,360	2,550,907
Central	250,614	250,614	210,186	210,186
Food service operations	2,602,609	(2,755)	2,735,680	106,739
Other non-instructional services	723,546	35,372	589,347	(27,718)
Extracurricular activities	1,145,972	526,276	1,269,516	474,297
Interest and fiscal charges	<u>1,805,693</u>	<u>1,805,693</u>	<u>1,844,758</u>	<u>1,844,758</u>
<b>Total</b>	<u><u>\$ 57,147,495</u></u>	<u><u>\$ 45,410,430</u></u>	<u><u>\$ 57,011,566</u></u>	<u><u>\$ 45,029,141</u></u>

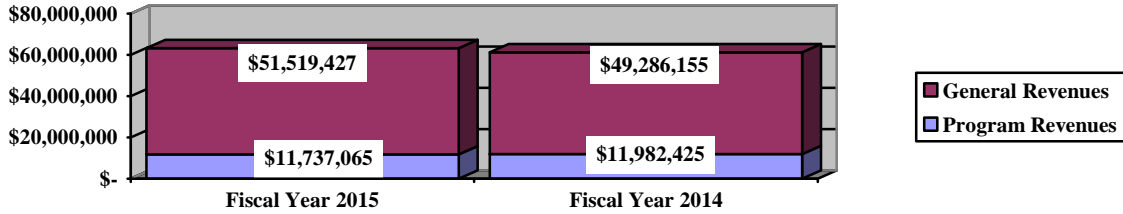
The dependence upon taxes and other general revenues for governmental activities is apparent; 81.56% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.46%. The District's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for District students.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2015 and 2014.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$19,376,192, or \$3,055,984 higher than last year's total of \$16,320,208. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance June 30, 2015	Fund Balance June 30, 2014	Increase (Decrease)
General	\$ 15,711,216	\$ 12,288,704	\$ 3,422,512
Other Governmental	3,664,976	4,031,504	(366,528)
<b>Total</b>	<b>\$ 19,376,192</b>	<b>\$ 16,320,208</b>	<b>\$ 3,055,984</b>

**General Fund**

During fiscal year 2015, the District's general fund balance increased \$3,422,512. The table that follows assists in illustrating the financial activities of the general fund.

	2015 <u>Amount</u>	2014 <u>Amount</u>	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Property taxes	\$ 26,520,903	\$ 26,103,367	\$ 417,536	1.60 %
Tuition	890,837	824,119	66,718	8.10 %
Earnings on investments	75,478	42,464	33,014	77.75 %
Intergovernmental	23,999,480	22,333,849	1,665,631	7.46 %
Other revenues	1,113,778	1,173,408	(59,630)	(5.08) %
<b>Total</b>	<b>\$ 52,600,476</b>	<b>\$ 50,477,207</b>	<b>\$ 2,123,269</b>	<b>4.21 %</b>
<b><u>Expenditures</u></b>				
Instruction	\$ 30,575,803	\$ 29,342,057	\$ 1,233,746	4.20 %
Support services	17,784,949	15,931,069	1,853,880	11.64 %
Extracurricular activities	817,979	890,861	(72,882)	(8.18) %
<b>Total</b>	<b>\$ 49,178,731</b>	<b>\$ 46,163,987</b>	<b>\$ 3,014,744</b>	<b>6.53 %</b>

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Total general fund revenues increased 4.21%, mostly due to an increase in intergovernmental revenues. Intergovernmental revenues for the general fund consist primarily of formula-based funding received from the State of Ohio under the State Foundation program.

The increase in general fund expenditures is due in part to higher wages and benefits costs, particularly those for the District's non-certified employees. In addition, the District financed various capital improvements from the general fund in fiscal year 2015.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2015, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$52,209,111 were \$160,486 lower than the original budgeted revenues estimate of \$52,369,597. Actual revenues and other financing sources were the same as the final budget amount.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$51,970,800 were decreased to \$51,970,545 in the final budget. Actual expenditures and other financing uses were the same as the final budget.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2015, the District had \$58,371,198 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal year 2015 balances compared to 2014:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 2,370,360	\$ 2,370,360
Land improvements	3,041,244	2,568,356
Buildings and improvements	49,652,167	51,284,649
Furniture and equipment	2,696,724	2,517,733
Vehicles	<u>610,703</u>	<u>626,308</u>
<b>Total</b>	<b><u>\$ 58,371,198</u></b>	<b><u>\$ 59,367,406</u></b>

Total additions to capital assets for fiscal year 2015 were \$1,425,895 and disposals, net of accumulated depreciation were \$4,149. The District recorded depreciation expense of \$2,417,954 during the year.

See Note 8 in the notes to the basic financial statements for additional information on capital assets.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***Debt Administration***

At June 30, 2015, the District had \$44,960,000 in general obligation bonds outstanding. Of this total, \$2,005,000 is due within one year and \$42,955,000 is due in greater than one year. The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year-End**

	<u>Governmental Activities 2015</u>	<u>Governmental Activities 2014</u>
General Obligation Bonds:		
Series 2011 Refunding	\$ 10,615,000	\$ 12,585,000
Series 2011A Refunding	<u>34,345,000</u>	<u>34,345,000</u>
Total	<u>\$ 44,960,000</u>	<u>\$ 46,930,000</u>

At June 30, 2015, the District's overall legal debt margin was \$38,533,623 and the unvoted debt margin was \$904,660. See Note 9 in the notes to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

Plain Local's main source of funding is local real estate tax. Total real estate tax cash receipts decreased by \$515,868 in fiscal year 2015. This is due to an Ohio Department of Taxation decision to change a property status to tax exempt which resulted in a \$533,947 refund given to a taxpayer from the District's February 2015 real estate settlement. The District is projected to see growth in the 2015 triennial update as sales to market values have improved in large areas of the District.

The new state biennial budget passed for fiscal years 2016 and 2017 has increased State funding for the District. During the 2015 fiscal year, unrestricted State funding increased by over \$1.7 million. This formula shows a gain for the District in fiscal year 2016 of over \$1.2 million compared to fiscal year 2015. This increase helps offset the local loss in recent years in tax revenue due to the decrease in valuation and refunds.

The District has been conservative in the use of its resources. The management has always planned well in advance for revenue shortfalls. The District expected the loss of the stimulus funding (after fiscal years 2010 and 2011) and an additional loss in State revenue and had made reductions to planned expenditures. The District also anticipated a reduction in local property values as a result of the tax year 2012 reappraisal and made expenditures reductions as necessary to stabilize the operation.

During fiscal year 2014 the District Board, administration, and all three bargaining units negotiated new three year agreements which became effective July 1, 2014. These contracts are well in line with current market standards and also include increased contributions from employees for health care premiums.

The District continues to manage its resources conservatively and does priority based budgeting to remain financially sound.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Kathleen Jordan, Treasurer/CFO, Plain Local School District, 901 44<sup>th</sup> Street NW, Canton, Ohio 44709.

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**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash, cash equivalents and investments . . . . .	\$ 23,851,251
Receivables:	
Property taxes . . . . .	31,675,053
Accounts . . . . .	215,211
Intergovernmental . . . . .	488,648
Accrued interest . . . . .	36,470
Loans . . . . .	1,941
Prepayments . . . . .	36,202
Materials and supplies inventory . . . . .	98,139
Inventory held for resale . . . . .	33,200
Capital assets:	
Nondepreciable capital assets . . . . .	2,370,360
Depreciable capital assets, net . . . . .	56,000,838
Capital assets, net . . . . .	<u>58,371,198</u>
Total assets . . . . .	<u>114,807,313</u>
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	1,231,468
Pension - STRS. . . . .	3,310,739
Pension - SERS. . . . .	1,158,320
Total deferred outflows of resources . . . . .	<u>5,700,527</u>
<b>Liabilities:</b>	
Accounts payable . . . . .	21,037
Accrued wages and benefits payable . . . . .	4,579,598
Pension obligation payable . . . . .	856,337
Intergovernmental payable. . . . .	212,770
Accrued interest payable. . . . .	147,735
Unearned revenue . . . . .	163,602
Long-term liabilities:	
Due within one year. . . . .	2,558,337
Due in more than one year:	
Net pension liability (See Note 12). . . . .	59,932,298
Other amounts due in more than one year . . . . .	46,562,399
Total liabilities . . . . .	<u>115,034,113</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	29,172,871
Pension - STRS. . . . .	8,664,902
Pension - SERS. . . . .	2,125,509
Total deferred inflows of resources. . . . .	<u>39,963,282</u>
<b>Net position:</b>	
Net investment in capital assets . . . . .	13,036,625
Restricted for:	
Capital projects . . . . .	937,496
Debt service . . . . .	2,097,543
Locally funded programs . . . . .	443
State funded programs. . . . .	48,619
Federally funded programs . . . . .	14,609
Student activities. . . . .	35,176
Food service . . . . .	470,254
Unrestricted (deficit) . . . . .	(51,130,320)
Total net position . . . . .	<u>\$ (34,489,555)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 23,751,819	\$ 776,712	\$ 617,708	\$ -	\$ (22,357,399)
Special . . . . .	7,698,168	289,681	3,847,251	-	(3,561,236)
Vocational . . . . .	1,509,654	110,859	467,006	-	(931,789)
Other . . . . .	168,361	-	-	-	(168,361)
Support services:					
Pupil . . . . .	2,601,391	-	383,176	-	(2,218,215)
Instructional staff . . . . .	1,873,564	-	250,044	-	(1,623,520)
Board of education . . . . .	59,428	-	-	-	(59,428)
Administration . . . . .	3,697,099	-	236,905	-	(3,460,194)
Fiscal . . . . .	1,010,608	-	40,677	-	(969,931)
Business . . . . .	266,142	-	-	-	(266,142)
Operations and maintenance . . . . .	4,876,330	360,937	16,200	183,841	(4,315,352)
Pupil transportation . . . . .	3,106,497	130,603	112,231	-	(2,863,663)
Central . . . . .	250,614	-	-	-	(250,614)
Operation of non-instructional services:					
Food service operations . . . . .	2,602,609	1,032,049	1,573,315	-	2,755
Other non-instructional services . . . . .	723,546	-	688,174	-	(35,372)
Extracurricular activities . . . . .	1,145,972	619,696	-	-	(526,276)
Interest and fiscal charges . . . . .	1,805,693	-	-	-	(1,805,693)
<b>Total governmental activities . . . . .</b>	<b>\$ 57,147,495</b>	<b>\$ 3,320,537</b>	<b>\$ 8,232,687</b>	<b>\$ 183,841</b>	<b>(45,410,430)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes . . . . . 26,615,261					
Debt service . . . . . 3,173,438					
Grants and entitlements not restricted					
to specific programs . . . . . 21,592,572					
Investment earnings . . . . . 101,229					
Miscellaneous . . . . . 36,927					
<b>Total general revenues . . . . . 51,519,427</b>					
Change in net position . . . . . 6,108,997					
<b>Net position at beginning of year (restated) . . . . . (40,598,552)</b>					
<b>Net position at end of year . . . . . \$ (34,489,555)</b>					

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash, cash equivalents and investments . . . . .	\$ 19,916,786	\$ 3,934,465	\$ 23,851,251
<b>Receivables:</b>			
Property taxes . . . . .	28,326,789	3,348,264	31,675,053
Accounts . . . . .	215,211	-	215,211
Intergovernmental . . . . .	129,659	358,989	488,648
Accrued interest . . . . .	36,470	-	36,470
Interfund loans . . . . .	600	-	600
Loans . . . . .	1,941	-	1,941
Prepayments. . . . .	36,202	-	36,202
Materials and supplies inventory . . . . .	84,007	14,132	98,139
Inventory held for resale. . . . .	-	33,200	33,200
Total assets . . . . .	<u>48,747,665</u>	<u>7,689,050</u>	<u>56,436,715</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 15,235	\$ 5,802	\$ 21,037
Accrued wages and benefits payable . . . . .	4,132,312	447,286	4,579,598
Compensated absences payable . . . . .	278,446	-	278,446
Pension obligation payable . . . . .	727,812	128,525	856,337
Intergovernmental payable. . . . .	193,784	18,986	212,770
Interfund loans payable. . . . .	-	600	600
Unearned revenue. . . . .	9,750	153,852	163,602
Total liabilities. . . . .	<u>5,357,339</u>	<u>755,051</u>	<u>6,112,390</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	26,088,426	3,084,445	29,172,871
Delinquent property tax revenue not available . . . . .	1,453,882	171,068	1,624,950
Intergovernmental revenue not available . . . . .	109,478	13,510	122,988
Accrued interest not available. . . . .	27,324	-	27,324
Total deferred inflows of resources. . . . .	<u>27,679,110</u>	<u>3,269,023</u>	<u>30,948,133</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	84,007	14,132	98,139
Prepayments . . . . .	36,202	-	36,202
Long-term loans . . . . .	506	-	506
Restricted:			
Debt service . . . . .	-	2,074,210	2,074,210
Capital improvements . . . . .	-	937,496	937,496
Food service operations . . . . .	-	539,672	539,672
Non-public schools. . . . .	-	63,296	63,296
Targeted academic assistance . . . . .	-	13,462	13,462
Extracurricular . . . . .	-	35,176	35,176
Other purposes . . . . .	-	5,843	5,843
Committed:			
Capital improvements . . . . .	-	153,310	153,310
Assigned:			
Student instruction . . . . .	1,298,789	-	1,298,789
Student and staff support. . . . .	1,762,874	-	1,762,874
Unassigned (deficit) . . . . .	12,528,838	(171,621)	12,357,217
Total fund balances . . . . .	<u>15,711,216</u>	<u>3,664,976</u>	<u>19,376,192</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 48,747,665</u>	<u>\$ 7,689,050</u>	<u>\$ 56,436,715</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2015

<b>Total governmental fund balances</b>		\$	19,376,192
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			58,371,198
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,624,950	
Intergovernmental receivable		122,988	
Accrued interest receivable		27,324	
Total		1,775,262	1,775,262
Unamortized premiums on bonds issued are not recognized in the funds.			(1,606,041)
Unamortized amounts on refundings are not recognized in the funds.			1,231,468
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(147,735)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows and outflows of resources are not reported in governmental funds.			
Deferred outflows of resources - pension		4,469,059	
Deferred inflows of resources - pension		(10,790,411)	
Net pension liability		(59,932,298)	
Total		(66,253,650)	(66,253,650)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable		(44,960,000)	
Compensated absences payable		(2,276,249)	
Total		(47,236,249)	(47,236,249)
<b>Net position of governmental activities</b>		\$	(34,489,555)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 26,520,903	\$ 3,162,736	\$ 29,683,639
Tuition. . . . .	890,837	29,114	919,951
Transportation fees. . . . .	130,603	-	130,603
Earnings on investments . . . . .	75,478	692	76,170
Charges for services . . . . .	-	1,032,049	1,032,049
Extracurricular. . . . .	304,317	315,379	619,696
Classroom materials and fees . . . . .	232,003	-	232,003
Gifts and contributions. . . . .	-	153,852	153,852
Other local revenues . . . . .	446,855	29,989	476,844
Other revenue . . . . .	-	29,721	29,721
Intergovernmental - state . . . . .	23,845,917	1,164,702	25,010,619
Intergovernmental - federal . . . . .	153,563	4,578,100	4,731,663
Total revenues . . . . .	<u>52,600,476</u>	<u>10,496,334</u>	<u>63,096,810</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	22,595,822	648,910	23,244,732
Special . . . . .	6,427,007	1,379,555	7,806,562
Vocational . . . . .	1,384,703	68,199	1,452,902
Other . . . . .	168,271	-	168,271
Support services:			
Pupil . . . . .	2,242,493	388,546	2,631,039
Instructional staff . . . . .	1,680,309	245,748	1,926,057
Board of education . . . . .	59,790	-	59,790
Administration . . . . .	3,556,863	237,048	3,793,911
Fiscal . . . . .	957,068	101,505	1,058,573
Business. . . . .	273,803	-	273,803
Operations and maintenance . . . . .	5,632,370	128,533	5,760,903
Pupil transportation . . . . .	3,123,302	330	3,123,632
Central . . . . .	258,951	-	258,951
Operation of non-instructional services:			
Food service operations. . . . .	-	2,771,903	2,771,903
Other non-instructional services . . . . .	-	736,365	736,365
Extracurricular activities. . . . .	817,979	336,261	1,154,240
Debt service:			
Principal retirement . . . . .	-	1,970,000	1,970,000
Interest and fiscal charges. . . . .	-	1,853,655	1,853,655
Total expenditures . . . . .	<u>49,178,731</u>	<u>10,866,558</u>	<u>60,045,289</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>3,421,745</u>	<u>(370,224)</u>	<u>3,051,521</u>
<b>Other financing sources:</b>			
Proceeds from sale of assets . . . . .	5,421	-	5,421
Total other financing sources . . . . .	<u>5,421</u>	<u>-</u>	<u>5,421</u>
Net change in fund balances. . . . .	3,427,166	(370,224)	3,056,942
<b>Fund balances at beginning of year. . . . .</b>	12,288,704	4,031,504	16,320,208
<b>Increase (decrease) in reserve for inventory .</b>	(4,654)	3,696	(958)
<b>Fund balances at end of year . . . . .</b>	<u>\$ 15,711,216</u>	<u>\$ 3,664,976</u>	<u>\$ 19,376,192</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<b>Net change in fund balances - total governmental funds</b>	\$	3,056,942
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,425,895	
Current year depreciation	<u>(2,417,954)</u>	
Total		(992,059)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) decreased net position.		
		(4,149)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(958)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	105,060	
Intergovernmental	16,316	
Earnings on investments	<u>25,407</u>	
Total		146,783
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,970,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	3,174	
Amortization of bond premiums	172,268	
Amortization of deferred charges on refunding	<u>(127,480)</u>	
Total		47,962
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.		
		3,906,696
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,581,044)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>558,824</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>6,108,997</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 28,604,568	\$ 26,254,321	\$ 26,254,321	\$ -
Tuition . . . . .	585,787	719,021	719,021	-
Transportation fees . . . . .	134,800	130,603	130,603	-
Earnings on investments . . . . .	37,744	77,415	77,415	-
Extracurricular . . . . .	134,800	110,882	110,882	-
Classroom materials and fees . . . . .	-	232,003	232,003	-
Other local revenues . . . . .	98,242	416,640	416,640	-
Intergovernmental - state . . . . .	22,593,396	23,956,761	23,956,761	-
Intergovernmental - federal . . . . .	161,760	149,601	149,601	-
Total revenues . . . . .	<u>52,351,097</u>	<u>52,047,247</u>	<u>52,047,247</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	23,690,705	23,004,000	23,004,000	-
Special . . . . .	7,055,069	7,221,265	7,221,265	-
Vocational . . . . .	1,395,668	1,416,701	1,416,701	-
Other . . . . .	204,587	158,273	158,273	-
Support services:				
Pupil . . . . .	2,507,091	2,776,077	2,776,077	-
Instructional staff . . . . .	1,570,670	1,604,433	1,604,433	-
Board of education . . . . .	114,485	101,626	101,626	-
Administration . . . . .	3,815,511	3,633,384	3,633,384	-
Fiscal . . . . .	889,281	981,832	981,832	-
Business . . . . .	250,198	286,985	286,985	-
Operations and maintenance . . . . .	6,093,805	6,723,030	6,723,030	-
Pupil transportation . . . . .	3,298,838	3,162,216	3,162,216	-
Central . . . . .	228,853	258,824	258,824	-
Extracurricular activities . . . . .	639,539	613,512	613,512	-
Total expenditures . . . . .	<u>51,754,300</u>	<u>51,942,158</u>	<u>51,942,158</u>	<u>-</u>
Excess of revenues over expenditures . . . . .	<u>596,797</u>	<u>105,089</u>	<u>105,089</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	17,000	115,919	115,919	-
Transfers (out) . . . . .	(16,500)	(9,665)	(9,665)	-
Advances in . . . . .	-	40,524	40,524	-
Advances (out) . . . . .	(200,000)	(18,722)	(18,722)	-
Proceeds from sale of assets . . . . .	1,500	5,421	5,421	-
Total other financing sources (uses) . . . . .	<u>(198,000)</u>	<u>133,477</u>	<u>133,477</u>	<u>-</u>
Net change in fund balance . . . . .	398,797	238,566	238,566	-
<b>Fund balance at beginning of year . . . . .</b>	<b>14,378,432</b>	<b>14,378,432</b>	<b>14,378,432</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>2,228,667</b>	<b>2,228,667</b>	<b>2,228,667</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 17,005,896</u></b>	<b><u>\$ 16,845,665</u></b>	<b><u>\$ 16,845,665</u></b>	<b><u>\$ -</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 679,173
Total assets. . . . .	\$ 679,173
<b>Liabilities:</b>	
Intergovernmental payable . . . . .	\$ 601,732
Loans payable . . . . .	1,941
Due to students. . . . .	75,500
Total liabilities . . . . .	\$ 679,173

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 1
Gifts and contributions . . . . .	380
Total additions . . . . .	381
 <b>Deductions:</b>	
Scholarships awarded . . . . .	8,620
Change in net position . . . . .	(8,239)
<b>Net position at beginning of year . . . . .</b>	<b>8,239</b>
<b>Net position at end of year . . . . .</b>	<b>\$ -</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Plain Local School District (the "District") was established through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Articles VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District employs 303 non-certified and 376 certified employees to provide services to 6,176 students in grades K through 12 and various community groups.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATION*

The District is a member of the Stark-Portage Area Computer Consortium (SPARCC), a jointly governed organization which provides computer services to the school districts within the boundaries of Stark and Portage Counties. Each District's superintendent serves as a representative on the Board, which consists of 30 member school districts. However, SPARCC is primarily governed by a five member Executive Board which is made up of two representatives from Stark County, two from Portage County and a Treasurer. The Board meets monthly to address any current issues.

*PUBLIC ENTITY RISK POOL*

The Stark County Schools Council of Government (the "Council") is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool comprised of 86 entities, most of which are school districts.

The Council also sponsors a workers' compensation group rating plan which is an insurance purchasing pool.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows is reported as fund balance. The following is the District's major governmental fund:

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets; (b) financial resources that are restricted to expenditures for debt service principal and interest; and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's two agency funds are the district agency and student managed activities funds.

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable is as follows:

1. On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget, as required by section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. The Budget Commission now requires an alternate tax budget be submitted by January 20 which no longer requires specific Board approval.
2. By no later than January 20, the adopted budget is filed with the Stark County Budget Commission for tax rate determination.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, 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 a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources 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 statement reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2015.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations 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 total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2015. All amounts reported in the budgetary statement reflect the original and final appropriations plus all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash, cash equivalents and investments" on the basic financial statements.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During fiscal year 2015, investments were limited to federal agency securities, negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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 deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2015.

Under existing Ohio statutes, all investment earnings are assigned to the general fund except for those specifically related to the auxiliary services fund, food service fund, permanent improvement fund, building fund and private purpose trust fund individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$75,478, which includes \$15,229 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expensed when received. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported materials and supplies inventory is equally offset by fund balance - nonspendable in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those related to government activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; 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.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 20 years
Buildings and improvements	25 - 40 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 12 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position. Loans between governmental activities and agency funds are classified as "loans receivable/payable" on the government wide and fund financial statements.

**J. Compensated Absences**

Compensated absences of the District consist of vacation and sick leave liabilities to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any age with 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.



**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available 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 noncurrent portion of the liability is not reported.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet and statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, they are reported as nonspendable fund balance on the fund financial statements.

**O. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. There were no interfund transfers during fiscal year 2015. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**Q. Unamortized Bond Premium and Deferred Charges on Refundings**

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the current period.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources on the statement of net position.

A reconciliation between the bond's face value and the amount reported on the statement of net position is presented in Note 9.

**R. Parochial and Private Schools**

Within the District's boundaries, St. Michael's and Our Lady of Peace Schools are operated through the Youngstown Catholic Diocese. Also within the District's boundaries are Canton Country Day School, Holy Cross Preschool and Kindergarten and Weaver Child Development Center, which are privately operated. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of these schools by the Treasurer of the District, as directed by the schools. The fiduciary responsibility of the District for these monies is reflected in a non-major governmental fund for financial reporting purposes.

**S. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 12 to the financial statements, and added required supplementary information which is presented on pages 66-72.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 26,980,750
Deferred outflows - payments subsequent to measurement date	3,599,774
Net pension liability	<u>(71,179,076)</u>
Restated net position at July 1, 2014	<u>\$ (40,598,552)</u>

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**B. Deficit Fund Balances**

Fund balances at June 30, 2015 included the following individual fund deficits:

IDEA Part B	\$ 15,168
Vocational education	637
Improving teacher quality	1,964
Building	153,852

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - 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.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five 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.

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

1. 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;
2. 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;

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the District 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.

Investments in stripped principal or interest obligations, reverse repurchase 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.

**A. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits was \$7,328,163. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$2,524,792 of the District's bank balance of \$7,804,332 was exposed to custodial risk as discussed below, while \$5,279,540 was covered by the FDIC.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**B. Investments**

As of June 30, 2015, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Negotiable CDs	\$ 9,202,870	\$ 496,555	\$ 1,243,992	\$ 3,736,319	\$ 1,245,068	\$ 2,480,936
FFCB	1,973,126	-	-	-	-	1,973,216
FHLB	773,512	-	-	-	-	773,512
FHLMC	1,308,007	-	-	-	-	1,308,007
FNMA	2,738,043	-	-	-	-	2,738,043
U.S. Government money market fund	45,228	45,228	-	-	-	-
STAR Ohio	1,161,475	1,161,475	-	-	-	-
<b>Total</b>	<b>\$ 17,202,261</b>	<b>\$ 1,703,258</b>	<b>\$ 1,243,992</b>	<b>\$ 3,736,319</b>	<b>\$ 1,245,068</b>	<b>\$ 9,273,714</b>

*Interest Rate Risk:* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in the federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CDs	\$ 9,202,870	53.50
FFCB	1,973,126	11.47
FHLB	773,512	4.50
FHLMC	1,308,007	7.60
FNMA	2,738,043	15.92
U.S. Government money market fund	45,228	0.26
STAR Ohio	<u>1,161,475</u>	<u>6.75</u>
Total	<u>\$ 17,202,261</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,328,163
Investments	<u>17,202,261</u>
Total	<u>\$ 24,530,424</u>
<u>Cash and investments per financial statements</u>	
Governmental activities	\$ 23,851,251
Agency funds	<u>679,173</u>
Total	<u>\$ 24,530,424</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2015, as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 600

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2015 are reported on the statement of net position.



**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B. Advances outstanding at June 30, 2015 between governmental funds and fiduciary funds consist of \$1,941 due to the general fund from the District's agency funds. The advances are reported as loans on the government-wide financial statements. All but \$506 is expected to be repaid within one year.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Stark County. 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, 2015 are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$784,481 in the general fund and \$92,751 in the debt service fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$517,899 in the general fund and \$63,233 in the debt service fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 874,243,300	97.11	\$ 876,541,280	96.89
Public utility personal	<u>26,016,400</u>	<u>2.89</u>	<u>28,118,860</u>	<u>3.11</u>
Total	<u>\$ 900,259,700</u>	<u>100.00</u>	<u>\$ 904,660,140</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 63.60		\$ 63.60	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2015 consisted of property taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, accrued interest and loans. 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 year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except \$506 in loans, are expected to be collected in the subsequent year.

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**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/15</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,370,360	\$ -	\$ -	\$ 2,370,360
Total capital assets, not being depreciated	<u>2,370,360</u>	<u>-</u>	<u>-</u>	<u>2,370,360</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	5,982,146	780,701	-	6,762,847
Buildings and improvements	77,319,171	-	-	77,319,171
Furniture and equipment	5,861,697	554,795	(5,927)	6,410,565
Vehicles	3,624,372	90,399	(137,191)	3,577,580
Total capital assets, being depreciated	<u>92,787,386</u>	<u>1,425,895</u>	<u>(143,118)</u>	<u>94,070,163</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(3,413,790)	(307,813)	-	(3,721,603)
Buildings and improvements	(26,034,522)	(1,632,482)	-	(27,667,004)
Furniture and equipment	(3,343,964)	(371,655)	1,778	(3,713,841)
Vehicles	(2,998,064)	(106,004)	137,191	(2,966,877)
Total accumulated depreciation	<u>(35,790,340)</u>	<u>(2,417,954)</u>	<u>138,969</u>	<u>(38,069,325)</u>
Governmental activities capital assets, net	<u>\$ 59,367,406</u>	<u>\$ (992,059)</u>	<u>\$ (4,149)</u>	<u>\$ 58,371,198</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,685,155
Special	45,469
Vocational	165,802
<u>Support services:</u>	
Pupil	36,613
Instructional staff	53,431
Administration	30,770
Operations and maintenance	106,007
Pupil transportation	92,564
Extracurricular activities	18,100
Food service operations	<u>184,043</u>
Total depreciation expense	<u>\$ 2,417,954</u>

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. The long-term obligations at June 30, 2014 have been restated as described in Note 3.A. The District's long-term obligations during the year consist of the following:

	Average Interest Rate	Restated Balance Outstanding 06/30/14	Additions	Reductions	Balance Outstanding 06/30/15	Amounts Due in One Year
<b>Governmental activities:</b>						
General obligation refunding bonds, Series 2011	3.136	\$ 12,585,000	\$ -	\$ (1,970,000)	\$ 10,615,000	\$ 2,005,000
General obligation refunding bonds, Series 2011A	4.348	34,345,000	-	-	34,345,000	-
Compensated absences		3,108,854	274,891	(829,050)	2,554,695	553,337
Net pension liability		<u>71,179,076</u>	<u>-</u>	<u>(11,246,778)</u>	<u>59,932,298</u>	<u>-</u>
Total governmental activities		<u>\$ 121,217,930</u>	<u>\$ 274,891</u>	<u>\$ (14,045,828)</u>	107,446,993	<u>\$ 2,558,337</u>
Add: Unamortized premium on bond issue					<u>1,606,041</u>	
Total on statement of net position					<u>\$ 109,053,034</u>	

*Compensated Absences:* Compensated absences will be paid from the fund from which the employee's salaries are paid, which primarily consist of the general fund and the following nonmajor governmental funds: food service, auxiliary services, Title VI-B and Title I.

*Net Pension Liability:* See Note 12 for detail.

- B. On July 27, 2011, the District issued general obligation refunding bonds in the amount of \$16,290,000 (Series 2011 issue) for the purpose of advance refunding a portion of the outstanding school improvements general obligation bonds. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The source of payment is derived from a current 4.10 mil bonded debt tax levy.

The bonds bear an interest rate ranging from 2.0% to 5.0% and have a final maturity date of November 1, 2019. Interest payments are due on May 1 and November 1 of each year. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the non-major debt service fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$542,418. This amount is reported as a deferred outflow of resources and is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

- C. On October 26, 2011, the District issued general obligation refunding bonds in the amount of \$34,345,000 (Series 2011A issue) for the purpose of advance refunding the remaining outstanding school improvements general obligation bonds. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The source of payment is derived from a current 4.10 mil bonded debt tax levy.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The bonds bear an interest rate ranging from 4.0% to 4.5% and have a final maturity date of November 1, 2030. Interest payments are due on May 1 and November 1 of each year. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the non-major debt service fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,172,914. This amount is reported as a deferred outflow of resources and is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

- D.** The following is a summary of the future debt service requirements to maturity for the District's general obligation bonds:

Fiscal Year Ended June 30,	General Obligation Bonds		
	Principal	Interest	Total
2016	\$ 2,005,000	\$ 1,813,906	\$ 3,818,906
2017	2,050,000	1,773,356	3,823,356
2018	2,090,000	1,700,606	3,790,606
2019	2,195,000	1,607,196	3,802,196
2020	2,275,000	1,527,365	3,802,365
2021 - 2025	13,630,000	5,989,689	19,619,689
2026 - 2030	16,885,000	2,647,593	19,532,593
2031	3,830,000	76,600	3,906,600
Total	<u>\$ 44,960,000</u>	<u>\$ 17,136,311</u>	<u>\$ 62,096,311</u>

**F. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effect of these debt limitations at June 30, 2015 is a voted debt margin of \$38,533,623 (including available funds of \$2,074,210) and an unvoted debt margin of \$904,660.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per 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 or 15 days for each completed year of service. Sick leave may be accumulated up to a maximum of 355 days for all personnel. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 65 days for all employees, except for certain administrators, who receive a maximum of 71 days. For all employees except administrators, an additional \$10 per day shall be paid for sick leave accumulated between 200 and 250 days and an additional \$20 per day shall be paid for sick leave accumulated over 250 days.

**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, vehicles, and builder's risk. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100% coinsured.

The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	The Netherlands Insurance Co		
Each occurrence		\$ 1,000,000	\$ 2,500
Aggregate		2,000,000	0
Building and contents	The Netherlands Insurance Co	209,708,427	10,000
Fleet:	The Netherlands Insurance Co		
Comprehensive		Actual Cash Value	250
Collision		Actual Cash Value	500
Liability		1,000,000	0
Umbrella liability	The Netherlands Insurance Co	5,000,000	10,000
Violent Event			
Response Coverage	The Netherlands Insurance Co	1,000,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in coverage.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 11 - RISK MANAGEMENT - (Continued)**

**B. Shared Risk Pool**

The District is a participant in the Stark County Schools Council of Government (the “COG”) for the purpose of obtaining benefits at a reduced premium for both health care and workers’ compensation.

The District’s insurance program for health care is administered by Mutual Health Services Company. Payments are made to the COG for monthly attachment point, monthly stop-loss premiums and administrative charges. The fiscal agent of the COG is the Stark County Educational Service Center.

The Treasurer of the Stark County Educational Service Center pays Mutual Health Services monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges.

The District also participates in a program within the COG to obtain workers’ compensation coverage. This program is administered by CompManagement, Inc. The experience rating of each of the participating districts is calculated as one experience rate and applied to all participants in the program. Premiums paid to the State are based on this calculation. Total savings are then determined and each participant’s performance is compared to the overall savings percentage of the program. The districts will then either receive money back or be required to contribute additional money to the program. This process ensures that each participant pays an equitable share of the cost.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension obligation payable* on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.



**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,046,859 for fiscal year 2015. Of this amount \$113,966 is reported as pension obligation payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,859,837 for fiscal year 2015. Of this amount, \$473,756 is reported as pension obligation payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 13,095,949	\$ 46,836,349	\$ 59,932,298
Proportion of the Net Pension Liability	0.25876500%	0.19255627%	
Pension Expense	\$ 764,235	\$ 1,816,809	\$ 2,581,044

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 111,461	\$ 450,902	\$ 562,363
School District contributions subsequent to the measurement date	<u>1,046,859</u>	<u>2,859,837</u>	<u>3,906,696</u>
Total Deferred Outflows of Resources	<u>\$ 1,158,320</u>	<u>\$ 3,310,739</u>	<u>\$ 4,469,059</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 2,125,509</u>	<u>\$ 8,664,902</u>	<u>\$ 10,790,411</u>

\$3,906,696 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	\$ (503,512)	\$ (2,053,500)	\$ (2,557,012)
2017	(503,512)	(2,053,500)	(2,557,012)
2018	(503,512)	(2,053,500)	(2,557,012)
2019	<u>(503,512)</u>	<u>(2,053,500)</u>	<u>(2,557,012)</u>
Total	<u>\$ (2,014,048)</u>	<u>\$ (8,214,000)</u>	<u>\$ (10,228,048)</u>

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 18,684,028	\$ 13,095,949	\$ 8,395,892

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 67,051,340	\$ 46,836,349	\$ 29,741,269

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$138,641.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$194,730, \$136,579, and \$123,023, respectively. For fiscal year 2015, 89.75 percent has been contributed, with the balance being reported as pension obligation payable. The full amount has been contributed for fiscal years 2014 and 2013.

**B. State Teachers Retirement System**

Plan Description - The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$204,120, and \$214,519 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis);
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).



**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund are as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 238,566
Net adjustment for revenue accruals	359,774
Net adjustment for expenditure accruals	(62,166)
Net adjustment for other sources/uses	(128,056)
Funds budgeted elsewhere	1,911
Adjustment for encumbrances	3,017,137
GAAP basis	\$ 3,427,166

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

**NOTE 15 - CONTINGENCIES**

**A. 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 are 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, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2015, if applicable, cannot be determined at this time.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 16 - DISTRICT AS A FISCAL AGENT**

Career Technical Education Program Agreement

The District serves as the fiscal agent for a four-district career/technical compact formed to provide vocational (career/technical) education programs for the students in each district in the most effective and efficient manner possible. The other districts included in the agreement are: North Canton City Schools, Jackson Local Schools and Lake Local Schools. The term of the present agreement is July 1, 2014 through June 30, 2018. The districts offer career/technical programs which conform to the regulations and statutes of the State of Ohio. Lake Local reimburses the other districts at a constant rate of \$1,300 per pupil for each Lake Local student enrolled in a compact program. Each District contributes \$150 per Career-Tech student to a permanent improvement, capital equipment, and supply fund to provide for needed equipment, computer software and site licenses (per State allowances) and facility improvements.

**NOTE 17 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	1,031,437
Current year qualifying expenditures	<u>(1,977,923)</u>
Total	<u>\$ (946,486)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u><u>\$ -</u></u>

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 18 - OPERATING LEASE - LESSOR DISCLOSURE**

On June 30, 2005, the District and the Stark County District Library (the "Library") entered into an agreement in which the Library would lease a 12,000 square foot area which is part of the new library facility constructed at Glen Oak High School. During fiscal year 2006, the Library contributed \$1,716,913 to the District towards the construction of the new library. Included in this contribution is a \$1,538,520 one-time lease payment/construction payment for the term of ten years. There shall be no termination by either party during the first five years of the lease term, which commenced on June 30, 2006. After five years, the District may terminate the lease agreement at its sole discretion. If terminated, the District shall pay the Library a sum of \$153,852 times the remaining years on the lease, prorated from the date of termination. At June 30, 2015, a payment of \$153,852 has been recorded as unearned revenue in the building fund (a nonmajor governmental fund). Revenue from the lease will be recognized each year it is earned.

The Library paid operating costs of \$6.76 per square foot on 12,000 square feet of the library facility during fiscal year 2015. The square footage rate is adjusted annually based on actual operating costs for the 10 year lease term.

After ten years, the Library has the option to renew the lease for three additional terms of five years each. The renewal rate shall equal a base cost of \$12.82 per square foot of the 12,000 square feet for the leased premises or the fair market value of leased space in the surrounding area. The Library will also be obligated to pay operating expenses as set forth.

**NOTE 19 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year-end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 3,008,365
Nonmajor governmental funds	<u>139,732</u>
Total	<u>\$ 3,148,097</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.25876500%	0.25876500%
District's proportionate share of the net pension liability	\$ 13,095,949	\$ 15,387,924
District's covered-employee payroll	\$ 7,519,206	\$ 7,420,383
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	207.37%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.19255627%	0.19255627%
District's proportionate share of the net pension liability	\$ 46,836,349	\$ 55,791,152
District's covered-employee payroll	\$ 19,673,938	\$ 21,451,908
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	260.08%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,046,859	\$ 1,042,162	\$ 1,026,981	\$ 1,037,617
Contributions in relation to the contractually required contribution	<u>(1,046,859)</u>	<u>(1,042,162)</u>	<u>(1,026,981)</u>	<u>(1,037,617)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,942,785	\$ 7,519,206	\$ 7,420,383	\$ 7,714,625
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 975,276	\$ 989,327	\$ 667,105	\$ 711,641	\$ 786,866	\$ 693,664
<u>(975,276)</u>	<u>(989,327)</u>	<u>(667,105)</u>	<u>(711,641)</u>	<u>(786,866)</u>	<u>(693,664)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,758,759	\$ 7,306,699	\$ 6,779,522	\$ 7,246,853	\$ 7,367,659	\$ 6,556,371
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 2,859,837	\$ 2,557,612	\$ 2,788,748	\$ 2,999,304
Contributions in relation to the contractually required contribution	<u>(2,859,837)</u>	<u>(2,557,612)</u>	<u>(2,788,748)</u>	<u>(2,999,304)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 20,427,407	\$ 19,673,938	\$ 21,451,908	\$ 23,071,569
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 3,023,902	\$ 3,040,822	\$ 3,075,596	\$ 3,109,169	\$ 3,097,975	\$ 3,055,512
<u>(3,023,902)</u>	<u>(3,040,822)</u>	<u>(3,075,596)</u>	<u>(3,109,169)</u>	<u>(3,097,975)</u>	<u>(3,055,512)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,260,785	\$ 23,390,938	\$ 23,658,431	\$ 23,916,685	\$ 23,830,577	\$ 23,503,938
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$278,215		\$278,215	
National School Lunch Program	10.555	1,118,680	\$123,376	1,118,680	\$123,376
Summer Food Service Program for Children	10.559	23,500		23,500	
Total Child Nutrition Cluster		<u>1,420,395</u>	<u>123,376</u>	<u>1,420,395</u>	<u>123,376</u>
<b>Total U.S. Department of Agriculture</b>		<u><b>1,420,395</b></u>	<u><b>123,376</b></u>	<u><b>1,420,395</b></u>	<u><b>123,376</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	1,271,873		1,271,641	
Special Education Cluster:					
Special Education Grants to States	84.027	1,234,699		1,233,842	
Special Education Preschool Grants	84.173	23,595		23,595	
Total Special Education Cluster		<u>1,258,294</u>		<u>1,257,437</u>	
Career and Technical Education - Basic Grants to States	84.048	238,180		237,890	
Improving Teacher Quality State Grants	84.367	212,524		212,354	
ARRA - Race to the Top Incentive Grants, Recovery Act - Resident Educator Program	84.395	60,247		50,047	
<b>Total U.S. Department of Education</b>		<u><b>3,041,118</b></u>		<u><b>3,029,369</b></u>	
<b>Total Federal Awards Receipts and Expenditures</b>		<u><b>\$4,461,513</b></u>	<u><b>\$123,376</b></u>	<u><b>\$4,449,764</b></u>	<u><b>\$123,376</b></u>

*The accompanying notes are an integral part of this schedule.*

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Plain Local School District's (the District's) federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

Plain Local School District  
Stark County  
901 44<sup>th</sup> Street NW  
Canton, Ohio 447409

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Plain Local School District, Stark County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2015, wherein we noted the District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

***Entity's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



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

December 31, 2015





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Plain Local School District  
Stark County  
901 44<sup>th</sup> Street NW  
Canton, Ohio 44709

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Plain Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Plain Local School District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

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

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Plain Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



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

December 31, 2015

**PLAIN LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	No
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster: 10.555 National School Lunch Program; 10.553 School Breakfast Program; 10.559 Summer Food service Program for Children
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Finding for Recovery Repaid Under Audit**

<i>Finding Number</i>	2015-001
-----------------------	----------

NONCOMPLIANCE

Article XXVIII of the Contract between the Plain Local Teachers' Association and the Plain Local Board of Education provides for severance pay. Article XXVIII provides an individual who elects to retire from teaching service in the District shall be paid an additional \$10 per day for sick leave accumulated between 200 and 250 days.

Article X of the Contract between the O.A.P.S.E. Local 293 and the Plain Local Board of Education provides for severance pay. Article X provides an employee who elects to retire from service in the District shall be paid an additional \$10 per day for sick leave accumulated between 200 and 250 days.

Article IX of the Contract between the O.A.P.S.E. Local 428 and the Plain Local Board of Education provides for severance pay. Article IX provides an employee who elects to retire from service in the District shall be paid an additional \$10 per day for sick leave accumulated between 200 and 250 days.

During fiscal year 2015, the District paid retiring employees an additional \$10 per day for sick leave accumulated between 200 days and the actual number of sick leave days accumulated at the time of retirement. As a result, all employees with sick leave accumulated greater than 250 days that retired from the District during fiscal year 2015 were overpaid.

Employees overpaid and the amounts were as follows: William Bartlett \$1,050; Jeffrey Burrows \$430; Don Feller \$27; Crystal Fuciu \$1,050; Deb Larson \$425; Sharon McConnell \$587; Deb Middleton \$400; Patricia Niewerski \$655; James Pucci \$1,050; Mark Reiman \$62; and Connie Wilkinson \$225.

The District should review contracts/negotiated agreements along with severance calculations to help ensure employees are paid the proper amounts.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against William Bartlett, Jeffrey Burrows, Don Feller, Deb Larson, Sharon McConnell, Deb Middleton, Patricia Niewerski, James Pucci, Mark Reiman and Connie Wilkinson in the amounts listed above and in favor of the General Fund; and Crystal Fuciu in the amount listed above and in favor of the Food Service Fund.

As of December 31, 2015 full payment has been received from William Bartlett, Jeffrey Burrows, Don Feller, Crystal Fuciu, Deb Larson, Sharon McConnell, Deb Middleton, Patricia Niewerski, James Pucci and Connie Wilkinson repaid \$1,050, \$430, \$27, \$1,050, \$425, \$587, \$400, \$655, \$1,050 and \$225, respectively, via check numbers 3682, 1897, 652, 8398, 4439, 1072, 4766, 1394, 2396 and 2600, respectively.

Mark Reiman repaid \$62 by cash payment.

**Official's Response:**

A representative contract reads: "An individual who elects to retire from teaching service in the district shall receive in one lump sum, one-quarter (1/4) of the value of his/her accrued and unused sick leave to a maximum of seventy-one (71) days multiplied times his/her per diem rates at the time of separation from the district. An additional ten dollars (\$10) per day shall be paid for sick leave accumulated between two hundred (200) and two hundred fifty (250) days. An additional twenty dollars (\$20) per day shall be paid for sick leave accumulated above two hundred fifty (250) days."

The language for payments over 250 days can be interpreted in two different ways. One interpretation is that one only gets \$20 per day - the additional modified the compensation for 71 paid sick days. The other interpretation is that an additional twenty dollars is paid in addition to the \$10 paid between 200 and 250 days or \$30 is paid over 250 days.

Labeling the extra \$10 paid per day over 250 days as an illegal payment and issuing a finding for recovery does not seem warranted by the language of the contracts. The District agrees that the payments were in excess of the historic interpretation of the contracts but does not agree that the payments were illegal as they were supported by a reasonable interpretation of the contracts.

Each of the former employees impacted acted with speed to repay the contested amounts and should be commended for their actions rather than being greeted with a finding for recovery.

**AOS Conclusion:**

The above finding meets the definition of an illegal expenditure since the public office did not possess the legal authority for the expenditure in question. If the intent of the contract was to pay an individual \$30 a day for leave over 250 days, the contract should have specified that payment amount.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.

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# Dave Yost • Auditor of State

**PLAIN LOCAL SCHOOL DISTRICT**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 26, 2016**