



**PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Plain Local School District
Stark County
901 44th Street, NW
Canton, Ohio 44709

To the Board of Education:

We have audited the accompanying general purpose financial statements of Plain Local School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 3 to the general purpose financial statements, the District restated its July 1, 1999 account balance/retained earnings in the General Long-Term Obligations Account Group and Enterprise Fund to correct for an error in the prior years' accrued compensated absences balances.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plain Local School District
Stark County
Report of Independent Accountants
Page 2

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 11, 2001

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PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$5,145,140	\$704,856	\$1,893	\$364,968	\$528,065	\$212,229			\$6,957,151
Investments	5,958,811								5,958,811
Receivables (net of allowances of uncollectibles):									
Taxes - current & delinquent	22,777,111		125,289						22,902,400
Accounts	25,499	500				350			26,349
Accrued interest	145,345								145,345
Interfund loans	327,809								327,809
Due from other governments		388,732			76,761				465,493
Prepayments	63,676								63,676
Materials and supplies inventory	100,890				94,380				195,270
Restricted assets:									
Equity in pooled cash and cash equivalents	742,294								742,294
Property, plant and equipment (net of accumulated depreciation where applicable)					165,095		\$24,525,538		24,690,633
OTHER DEBITS:									
Amount available in debt service fund								\$1,893	1,893
Amount to be provided for retirement of general long-term obligations								3,579,469	3,579,469
Total assets and other debits	\$35,286,575	\$1,094,088	\$127,182	\$364,968	\$864,301	\$212,579	\$24,525,538	\$3,581,362	\$66,056,593

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 JUNE 30, 2000

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$151,097	\$17,953		\$2,878	\$566				\$172,494
Accrued wages and benefits.	3,692,456	187,207		1,680	64,444				3,945,787
Compensated absences payable	229,850				48,649		\$2,469,329		2,747,828
Pension obligation payable	544,640	24,852		198	52,485		283,414		905,589
Interfund loans payable.		327,809							327,809
Deferred revenue	21,798,248		\$125,289		42,592				21,966,129
Due to other governments.	105,570	7,320		215	2,039	\$106,335			221,479
Due to students						81,466			81,466
Capital lease obligation								88,619	88,619
Energy conservation bonds payable.								740,000	740,000
Total liabilities	26,521,861	565,141	125,289	4,971	210,775	187,801		3,581,362	31,197,200
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets.							\$24,525,538		24,525,538
Retained earnings: unreserved.					653,526				653,526
Fund balances:									
Reserved for encumbrances	2,184,366	323,827		110		4,410			2,512,713
Reserved for materials and supplies inventory.	100,890								100,890
Reserved for prepayments	63,676								63,676
Reserved for debt service			\$1,893						1,893
Reserved for tax advance unavailable for appropriation.	1,128,300								1,128,300
Reserved for budget stabilization	742,294								742,294
Unreserved-undesignated	4,545,188	205,120		359,887		20,368			5,130,563
Total equity and other credits.	8,764,714	528,947	1,893	359,997	653,526	24,778	24,525,538		34,859,393
Total liabilities, equity and other credits	\$35,286,575	\$1,094,088	\$127,182	\$364,968	\$864,301	\$212,579	\$24,525,538	\$3,581,362	\$66,056,593

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$19,485,273		\$126,864			\$19,612,137
Tuition	497,949					497,949
Earnings on investments	701,319	\$16,936		\$17,211	\$255	735,721
Other local revenues	462,750	538,966			39,460	1,041,176
Other revenue		3,317				3,317
Intergovernmental - state	16,011,009	1,128,592		15,936		17,155,537
Intergovernmental - federal	44,887	1,680,142				1,725,029
Total revenue	37,203,187	3,367,953	126,864	33,147	39,715	40,770,866
Expenditures:						
Current:						
Instruction:						
Regular	16,512,141	543,263		135,428		17,190,832
Special	2,936,740	785,515				3,722,255
Vocational	1,608,966	174,352		27,792		1,811,110
Other	311,725	26,551				338,276
Support services:						
Pupil	2,041,374	191,931				2,233,305
Instructional staff	1,519,548	370,540				1,890,088
Board of Education	30,950					30,950
Administration	2,653,590	71,804				2,725,394
Fiscal	553,932					553,932
Business	115,759					115,759
Operations and maintenance	3,325,258	8,613				3,333,871
Pupil transportation	2,261,467	13,228				2,274,695
Central	132,758	32,972			570	166,300
Community services		13,403			18,970	32,373
Extracurricular activities	485,236	526,884				1,012,120
Capital outlay	138,126					138,126
Pass-through intergovernmental		600,653				600,653
Debt service:						
Principal retirement	49,507		85,000			134,507
Interest and fiscal charges	647		41,864			42,511
Total expenditures	34,677,724	3,359,709	126,864	163,220	19,540	38,347,057
Excess (deficiency) of revenues over (under) expenditures	2,525,463	8,244		(130,073)	20,175	2,423,809
Other financing sources (uses):						
Operating transfers in		128,596				128,596
Operating transfers out	(128,596)					(128,596)
Proceeds from capital lease	138,126					138,126
Proceeds from sale of fixed assets	22,115					22,115
Total other financing sources (uses)	31,645	128,596				160,241
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,557,108	136,840	0	(130,073)	20,175	2,584,050
Fund balances, July 1	6,204,511	392,107	1,893	490,070	4,603	7,093,184
Increase in reserve for inventory	3,095					3,095
Fund balances, June 30	\$8,764,714	\$528,947	\$1,893	\$359,997	\$24,778	\$9,680,329

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000

	General			Special Revenue			Debt Service			Capital Projects			Expendable Trust			Total (Memorandum only)			
	Revised	Actual	Variance: Favorable (Unfavorable)	Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	
	Budget			Budget															
Revenues:																			
From local sources:																			
Taxes.....	\$19,033,831	\$19,525,953	\$492,122				\$126,864	\$126,864	\$0							\$19,160,695	\$19,652,817	\$492,122	
Tuition.....	618,625	634,620	15,995													618,625	634,620	15,995	
Earnings on investments.....	707,880	726,182	18,302													742,428	760,584	18,156	
Other local revenues.....	443,680	443,867	11,187													1,025,215	1,021,737	(3,478)	
Other revenue.....	15,273,154	15,770,628	397,474													3,330	3,317	(13)	
Intergovernmental - State.....	43,756	44,887	1,131													16,609,565	17,002,384	392,819	
Intergovernmental - Federal.....	36,209,926	37,146,137	936,211													1,328,577	1,324,807	(3,770)	
Total revenues.....																39,435,035	40,360,551	924,516	
Expenditures:																			
Current:																			
Instruction:																			
Regular.....	17,166,258	17,166,258	0													17,874,380	17,874,380	0	
Special.....	3,238,073	3,238,073	0													4,536,518	4,536,518	0	
Operational.....	1,940,098	1,940,098	0													1,988,535	1,988,535	0	
Other.....	313,279	313,279	0													338,521	338,521	0	
Support services:																			
Instructional staff.....	2,175,687	2,175,687	0													2,377,553	2,377,553	0	
Instructional materials.....	1,520,425	1,520,425	0													1,889,015	1,889,015	0	
Board of Education.....	35,469	35,469	0													35,469	35,469	0	
Administration.....	2,591,276	2,591,276	0													2,669,212	2,669,212	0	
Fiscal.....	590,382	590,382	0													550,382	550,382	0	
Business.....	112,155	112,155	0													112,155	112,155	0	
Operations and maintenance.....	3,854,113	3,854,113	0													3,859,988	3,859,988	0	
Pupil transportation.....	2,256,908	2,256,908	0													2,270,135	2,270,135	0	
Central.....	130,236	130,236	0													164,146	163,797	0	
Community services.....	454,900	454,900	0													30,581	49,654	349	
Extracurricular activities.....																1,165,096	1,165,096	0	
Pass-through intergovernmental.....																744,213	744,213	0	
Debt service:																			
Principal retirement.....																85,000	85,000	0	
Interest and fiscal charges.....																41,864	41,864	0	
Total expenditures.....	36,575,059	36,575,059	0													31,500	40,615,136	0	
Excess (deficiency) of revenues over (under) expenditures.....	(365,133)	571,078	936,211														(1,179,101)	(254,585)	924,516
Other financing sources (uses):																			
Refund of prior year's expenditures.....	242,202	248,464	6,262													242,257	248,519	6,262	
Refund of prior year's receipts.....																(4,087)	(4,087)	0	
Operating transfers in.....																129,088	128,596	(492)	
Operating transfers in (out).....	(147,746)	(147,746)	0													(147,746)	(147,746)	0	
Advances in.....	491,083	503,780	12,697													1,116,013	1,126,326	10,313	
Advances (out).....	(622,846)	(622,846)	0													(1,126,326)	(1,126,326)	0	
Proceeds of sale of fixed assets.....	21,558	22,115	557													21,558	22,115	557	
Total other financing sources (uses).....	(15,749)	3,767	19,516													230,757	247,397	16,640	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(380,882)	574,845	955,727													20,900	20,175	(725)	
Fund balances, July 1.....	7,070,404	7,070,404	0													4,603	4,603	0	
Prior year circumstances appropriated.....	1,963,654	1,963,654	0													2,382,238	2,382,238	0	
Fund balances, June 30.....	\$8,653,176	\$9,208,903	\$955,727													\$25,503	\$24,778	(\$725)	
																\$9,394,631	\$10,335,787	\$941,156	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Sales/charges for services	\$900,871
Total operating revenues.	900,871
Operating expenses:	
Personal services	565,133
Contract services	77,868
Materials and supplies.	760,775
Depreciation.	12,701
Total operating expenses.	1,416,477
Operating loss.	(515,606)
Nonoperating revenues:	
Operating grants.	491,691
Interest revenue	17,377
Federal donated commodities.	145,339
Total nonoperating revenues	654,407
Net income.	138,801
Retained earnings at July 1, as restated	514,725
Retained earnings, June 30	\$653,526

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from charges for services.	\$900,871
Cash payments for personal services.	(575,545)
Cash payments for contract services.	(78,189)
Cash payments for materials and supplies.	(659,339)
Net cash used in operating activities	(412,202)
Cash flows from noncapital financing activities:	
Cash received from operating grants.	485,249
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(86,704)
Cash flows from investing activities:	
Interest received	17,377
Net increase in cash and cash equivalents.	3,720
Cash and cash equivalents at beginning of year.	524,345
Cash and cash equivalents at end of year	\$528,065
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(\$515,606)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation.	12,701
Federal donated commodities.	145,339
Changes in assets and liabilities:	
Decrease in materials and supplies inventory.	17,448
Decrease in accounts payable	(45,208)
Decrease in accrued wages and benefits	(3,381)
Decrease in compensated absences payable	(5,629)
Increase in due to other governments	2,039
Decrease in pension obligation payable.	(3,441)
Decrease in deferred revenue	(16,464)
Net cash used in operating activities	(\$412,202)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 48th largest by total revenue among the 660 public and community school districts in the State, and 2nd largest in Stark County. The District employs 246 non-certified and 438 certified employees providing services to 6,327 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity.” When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the District's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence.

Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with 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 approximately 31 member 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 fifteen Stark County school districts.

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

PROPRIETARY FUND

The proprietary fund is used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type:

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust fund and agency funds. The expendable trust fund is accounted for in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

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

C. Measurement Focus/Basis of Accounting

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

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary fund is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of federal donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as federal donated commodities revenue.

D. 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. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Stark County Budget Commission for tax rate determination.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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 June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.
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 throughout 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 2000. The amounts reported in the budgetary statement reflect the original appropriations plus all modifications legally enacted by the Board.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. For enterprise funds, encumbrances outstanding at year end appear as a footnote disclosure in Note 12. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting and disclosure of the encumbrances outstanding for governmental fund types at fiscal year end.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary 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 and Cash Equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to federal agency notes, investments in the State Asset Treasury Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposit. The federal agency notes and investments in STAR Ohio are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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 share price which is the price the investment could be sold for on June 30, 2000.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

Under existing Ohio statutes all investment earnings are assigned to the general fund except for those specifically related to the auxiliary services fund, public schools support fund, permanent improvement fund and certain trust funds individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$701,319, which includes \$68,459 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with 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 Treasurer's investment account at year end is provided in Note 4.

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventory in governmental funds consists of expendable supplies held for consumption.

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased. Inventories of proprietary funds consist of donated and purchased food held for resale.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than one year, except for the cost of textbooks and library books. This is based primarily on the uniqueness of these items to a school operation and on an existing five-year textbook adoption policy.

No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. Proprietary Fund

Equipment reflected in the proprietary fund is stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over an estimated useful life of ten years.

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General
State Foundation Program

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

Non-Reimbursable Grants

Special Revenue Funds

Management Information Systems
Teacher Development
Career Development
Disadvantaged Pupil Impact Aid
Raising The Bar Program
Networking For Systemic Improvement
Career Enhancement Program
Vocational Education
Auxiliary Services
Title VI-B
Title I
Title VI
Drug-Free Schools Grant
EHA Preschool Grant
Consumer Education Projects
LEAD Grant
Post Secondary Education
School Net Professional Development
Ohio Reads
Summer Intervention

Reimbursable Grants

General

Driver Education Reimbursement
School Bus Reimbursement

Capital Projects Fund

Vocational Education Equipment Fund

Proprietary Fund

National School Breakfast Program
National School Lunch Program

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

Grants and entitlements amounted to approximately 41% of the District's operating revenue during the 2000 fiscal year.

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is 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. A liability for sick pay 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 pay on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service at any age 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 the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, debt service, tax advance unavailable for appropriation and budget stabilization. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax advance unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction of expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 2000.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

4. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2000.

An analysis of interfund transactions is presented in Note 5.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, textbook reserve and capital maintenance reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. A schedule of statutory reserves is presented in Note 18.

N. Estimates

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

O. Prepaids

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment is not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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

P. Parochial and Private Schools

Within the District boundaries, St. Michael's Schools and Our Lady of Peace Schools are operated through the Youngstown Catholic Diocese. Also within the District boundaries, is Canton County Day School which is 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 special revenue fund for financial reporting purposes.

Q. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

Due to an error, the District understated the liability for compensated absences at June 30, 1999. A prior period adjustment is required to properly report the estimated severance component of the liability. The effect of this adjustment on the balance of the general long-term obligations account group and on retained earnings as previously reported as of June 30, 1999, is as follows:

	General Long-Term Obligations Account Group	Enterprise
Account balance/retained earnings as previously reported	\$2,453,054	\$521,141
Restatement for understated/overstated compensated absences liability	913,822	(6,416)
Restated account balance/retained earnings as of July 1, 1999	\$3,366,876	\$514,725

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balance at June 30, 2000 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Economic Education Projects	\$ 2,422
Post Secondary Education	1,886
Career Development	14,521
Drug-Free School	12,690
Vocational Education	21,165
Disadvantaged Pupil Impact Aid	824
EHA Preschool Grant	68
Management Information Systems	84
Miscellaneous Federal Grants	20,276

Each of these funds complied with Ohio state law, which does not permit a cash basis deficit at year end.

The deficit balances in the Economic Education Projects, Post Secondary Education, Management Information Systems, Disadvantaged Pupil Impact Aid, and EHA Preschool Grant funds are caused by the application of GAAP, namely in the reporting of a liability for accrued wages and benefits attributable to the fiscal year. This deficit will be eliminated as revenues become available to cover these costs as they are incurred.

The deficit balances in the Vocational Education, Drug Free School, Career Development and Miscellaneous Federal Grants funds are caused by the application of GAAP, namely in the reporting of a liability for short-term interfund loans received and for accrued wages attributable to the fiscal year. These deficit balances will be eliminated as revenues become available to repay the short-term interfund loans and to cover the costs of the wages as they are incurred.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Agency Funds

The following are accruals for the agency funds, which, in another fund type, would be recognized in the combined balance sheet:

<u>LIABILITIES</u>	
Accounts payable	\$7,322
Due to other governments	165

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of 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 the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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 Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested or deposited 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 or 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;
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 division (1) or (2) of this section 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 Treasury Asset Reserve of Ohio (STAR Ohio);

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days 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 debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At year end, the carrying amount of the District's deposits, including nonnegotiable certificates of deposit, was \$871,201 and the bank balance, including nonnegotiable certificates of deposit and a checking account, was \$1,349,126. Of the bank balance:

1. \$209,453 was covered by federal depository insurance.
2. \$1,139,673 was uninsured and unregistered because it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments: Investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are not categorized because they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Reported Amount	Fair Value
Federal agency securities	<u>\$8,301,126</u>	\$ 8,301,126	\$ 8,301,126
Investment in STAR Ohio		<u>4,485,929</u>	<u>4,485,929</u>
Total Investments		<u>\$12,787,055</u>	<u>\$12,787,055</u>

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of equity in pooled cash and cash equivalents on the Combined Balance Sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 7,699,445	\$ 5,958,811
Investments of the cash management pool:		
Federal agency securities	(2,342,315)	2,342,315
Investment in STAR Ohio	<u>(4,485,929)</u>	<u>4,485,929</u>
GASB Statement No. 3	<u>\$ 871,201</u>	<u>\$12,787,055</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$327,809	\$ ---
<u>Special Revenue Funds</u>		
Consumer Education Projects	---	2,400
Career Development	---	14,048
District Managed Student Activities	---	14,000
Vocational Education	---	27,561
Title I	---	192,500
Drug-Free School Grant	---	8,100
Corporate Cup	---	500
Miscellaneous Federal Grants	---	68,700
Totals	<u>\$327,809</u>	<u>\$327,809</u>

- B. The following is a summarized breakdown of the District's operating transfers for fiscal year 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$128,596
<u>Special Revenue Funds</u>		
Public School Support	24,000	---
District Managed Student Activity	104,135	---
Miscellaneous State Grants	461	---
Totals	<u>\$128,596</u>	<u>\$128,596</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. Real property tax collections by the County are remitted to the School District a year after they are assessed by the County. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 88% of market value and personal property is assessed at 25% of market value except for the personal property of rural electric companies which is assessed at 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are at 25% of true value. The assessed value upon which the 1999 taxes were collected was \$679,610,253. Agricultural/residential and public utility/minerals real estate represented 75.43% or \$512,611,330 of this total; Commercial & industrial real estate represented 15.75% or \$107,071,950 of this total, public utility tangible represented 4.26% or \$28,932,020 of this total and general tangible property represented 4.56% or \$30,994,953 of this total. The voted general tax rate at the fiscal year ended June 30, 2000 was \$52.60 per \$1,000 of assessed valuation for operations.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The Stark County Treasurer collects property taxes on behalf of the District. The Stark County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. The amount of tax advance available at year end was \$1,128,300 and has been recorded as revenue.

Taxes available for advance and recognized as revenue but not received by the district prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts, accrued interest, interfund loans, and intergovernmental grants (to the extent such grants relate to the current fiscal year). Intergovernmental grants receivable have been presented as "Due from other governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current & delinquent	\$22,777,111
Accounts	25,499
Accrued interest	145,345
Interfund loans	327,809
<u>Special Revenue Fund</u>	
Due from other governments	388,732
Accounts	500
<u>Debt Service Fund</u>	
Taxes - current & delinquent	125,289
<u>Enterprise Fund</u>	
Due from other governments	76,761
Accounts	350

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 8 - FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 1999</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>June 30, 2000</u>
Land/improvements	\$ 336,325	\$ 2,200	\$ - - -	\$ 338,525
Buildings/improvements	11,315,391	- - -	- - -	11,315,391
Furniture, fixtures and equipment	10,018,335	1,903,068	(494,314)	11,427,089
Textbooks and library books	<u>1,194,391</u>	<u>250,142</u>	<u>- - -</u>	<u>1,444,533</u>
Total	<u>\$22,864,442</u>	<u>\$2,155,410</u>	<u>\$(494,314)</u>	<u>\$24,525,538</u>

There was no significant construction in progress at June 30, 2000.

A summary of the proprietary fixed assets at June 30, 2000 follows:

Furniture, fixtures and equipment	\$ 571,422
Less: accumulated depreciation	<u>(406,327)</u>
Net fixed assets	<u>\$ 165,095</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal year 2000, the District entered into a capital lease for computer equipment. The terms of the lease agreement provide options to purchase the computer equipment at lease end. The lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments are reflected as debt service in the Combined Financial Statements for the Governmental Funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed asset account group in an amount equal to the present value of the future minimum lease payments as of the date of their inception (\$138,126). A corresponding liability was recorded in the general long-term obligation account group. Principal payments in the 2000 fiscal year totaled \$49,507. This amount is reflected as debt service principal retirement in the general fund.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2000:

<u>Year Ending</u>	<u>General Long-Term Obligations</u>
2001	\$ 50,154
2002	<u>50,154</u>
Total minimum lease payments	100,308
Less: amount representing interest	<u>(11,689)</u>
Present value of future minimum lease payments	<u>\$ 88,619</u>

NOTE 10 - LONG-TERM OBLIGATIONS

During fiscal year 1997, the District issued \$980,000 in energy conservation bonds to provide for energy improvements to various District buildings. The primary source of repayment of these bonds is through energy savings as a result of the improvements.

Payments of principal and interest relating to this liability are recorded as expenditures in the debt service fund. The unmatured obligation at year end is accounted for in the general long-term debt account group.

A. The following is a description of the District's energy conservation bonds outstanding as of June 30, 2000:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Bonds Outstanding July 1, 1999</u>	<u>Bonds Issued in 2000</u>	<u>Bonds Retired in 2000</u>	<u>Bonds Outstanding June 30, 2000</u>
Energy conservation bonds	5.35%	11/1/06	<u>\$825,000</u>	<u>\$ - - -</u>	<u>\$(85,000)</u>	<u>\$ 740,000</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation bonds:

<u>Fiscal Year Ending</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2001	\$ 90,000	\$ 37,183	\$ 127,183
2002	95,000	32,234	127,234
2003	100,000	27,018	127,018
2004	105,000	21,534	126,534
2005	110,000	15,783	125,783
2006 - 2007	<u>240,000</u>	<u>13,108</u>	<u>253,108</u>
Total	<u>\$ 740,000</u>	<u>\$ 146,860</u>	<u>\$ 886,860</u>

C. During the year ended June 30, 2000, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligations will be paid from the fund in which the employee was paid. Compensated absences and the pension obligation are presented net of actual increases and decreases because of the practicality of determining these values. The beginning balance of the general long-term obligations account group has been restated (See Note 3.A).

	<u>Restated Balance July 1, 1999</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance June 30, 2000</u>
Compensated absences	\$2,265,074	\$204,255	\$ ---	\$2,469,329
Pension obligation	276,802	283,414	(276,802)	283,414
Energy conservation bonds payable	825,000	---	(85,000)	740,000
Capital lease obligation	<u>0</u>	<u>138,126</u>	<u>(49,507)</u>	<u>88,619</u>
Total	<u>\$3,366,876</u>	<u>\$625,795</u>	<u>\$(411,309)</u>	<u>\$3,581,362</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

D. 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 effects of these debt limitations at June 30, 2000 are a voted debt margin of \$60,426,816 (including available funds of \$1,893) and an unvoted debt margin of \$679,610.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% 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:	Nationwide/Wausau		
Each occurrence		\$ 2,000,000	\$ 0
Aggregate		\$ 5,000,000	\$ 0
Building and contents	Indiana Insurance	\$95,382,833	\$ 5,000
Fleet:	Indiana Insurance		
Comprehensive		\$ 1,000,000	\$ 500
Collision		\$ 1,000,000	\$ 250
Umbrella liability	Nationwide/Wausau	\$ 2,000,000	\$ 10,000

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

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 the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the COG is the Stark County Board of Education. The Treasurer of the Stark County Board of Education 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 Comp Management 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 insures that each participant pays an equitable share of the cost.

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains one enterprise fund which provides lunchroom/cafeteria services, therefore segment information for the year ended June 30, 2000 is not presented in these notes. The enterprise fund had \$12,630 in encumbrances outstanding at June 30, 2000.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.5 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$683,979, \$670,212, and \$647,838, respectively; 47.4 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$360,018, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$2,741,681, \$2,606,580, and \$2,467,912, respectively; 83.3 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$457,752, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

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

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$1,566,675 during fiscal 2000.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$509,572 during the 2000 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types 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:

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures 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, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

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

**Excess Deficiency and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ 574,845	\$(449,505)	\$ 0	\$(132,528)
Net adjustment for revenue accruals	57,050	313,550	---	---
Net adjustment for expenditure accruals	(437,413)	45,985	---	(533)
Net adjustment for other financing sources (uses)	27,878	(115,034)	---	---
Encumbrances (budget basis)	<u>2,334,748</u>	<u>341,844</u>	<u>---</u>	<u>2,938</u>
GAAP basis	<u>\$2,557,108</u>	<u>\$ 136,840</u>	<u>\$ 0</u>	<u>\$(130,073)</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

B. Litigation

From time to time, the District is party to legal proceedings. The District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$12,591,200 of school foundation support for its general fund.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 16 - CONTINGENCIES - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “...the mandate of the (Ohio) Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...,” including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 17 - DISTRICT AS A FISCAL AGENT

Vocational Agreement

The District serves as the fiscal agent for a four-district vocational compact formed to provide vocational 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, 1996 through June 30, 2001. North Canton, Jackson and Plain offer vocational programs which conform to the regulations and statutes of the State of Ohio. Lake Local reimburses the other districts at a constant rate of \$900 per pupil for a minimum of 20% of its eleventh (11th) and twelfth (12th) grade enrollment as certified to the State Department of Education the first full week of October each year. Payment to each district will be based on the percentage of students in each district's program. Lake also pays North Canton, Jackson and Plain \$500 for each pupil above the minimum.

Each district also contributes \$100 toward permanent improvement and capital equipment for each student they have in attendance at a site. The District redistributes this allocation to North Canton, Jackson and Plain.

NOTE 18 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Capital Textbooks</u>	<u>Budget Acquisition</u>	<u>Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$ 0	\$ 0	\$ 474,165
Current year set-aside requirement	804,387	804,387	268,129
Current year offsets	0	0	0
Qualifying disbursements	<u>(932,615)</u>	<u>(1,223,620)</u>	<u>0</u>
Total	<u>(128,228)</u>	<u>(419,233)</u>	<u>742,294</u>
Cash balance carried forward to FY 2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 742,294</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)

NOTE 18 - STATUTORY RESERVES - (Continued)

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. Effective in the current fiscal year these extra amounts may be used to reduce the set-aside requirements for future years.

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	<u>\$742,294</u>
Total restricted assets	<u>\$742,294</u>

PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000

Federal Grantor/ Sub Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Education</u> (Passed Through the State Department of Education)							
Special Education Cluster:							
Special Education Grants to States	84.027	6B-SF-00	\$384,243	\$350,632		\$350,255	
		6B-SF-99	324,008	29,016		71,686	
Total Special Education Grants to States				379,648		421,941	
Special Education Preschool Grants	84.173	PG-S1-00	24,265	24,265		24,265	
Total Special Education Cluster				403,913		446,206	
Title I Grants to Local Educational Agencies	84.010	C1-S1-00	\$591,627	296,506		477,930	
		C1-S1-99C	78,340	78,340		78,340	
		C1-S1-99	591,627	156,406		114,769	
Total Title I Grants to Local Education Agencies				531,252		671,039	
Vocational Education Basic Grants to States	84.048	VECP11-S99-093	166,669	25,000			
		VECP11-S00-093	183,741	156,180		178,703	
Total Vocational Education Basis Grants to States				181,180		178,703	
Innovative Education Program Strategies	84.298	CS-S1-00	42,944	42,944		37,326	
		C2-S1-99C	6,080	5,896		8,959	
Total Innovative Education Program Strategies				48,840		46,285	
Safe and Drug-Free Schools and Communities State Grants	84.186	DR-S1-00	29,766	19,905		27,296	
		DR-S1-99	35,966	1,125		8,294	
Total Safe and Drug-Free Schools and Communities State Grants				21,030		35,590	
Goals 2000 - State and Local Education Systemic Improvement	84.276	GS-S2-00	93,750	45,700		79,449	
		G2-S2-98	250,000			43,215	
Total Goals 2000 - State and Local Education Systemic Improvement				45,700		122,664	
Technology Literacy Challenge Fund Grants	84.318	N/A	62,500	62,500		95,698	
Title VI-R Class Size Reduction	84.340	CR-S1-00	113,151	33,945		56,911	
Architectural and Transportation Barriers Compliance Board	88.001	N/A	6,951	(2,739)		4,212	
Medical Assistance Program	93.778	N/A	N/A	44,887		44,887	
Total U.S. Department of Education				1,370,508		1,702,195	
<u>U.S. Department of Agriculture</u> (Passed Through the State Department of Education)							
Child Nutrition Cluster:							
National School Lunch Program	10.555	N/A	N/A	380,102		380,102	
National School Breakfast Program	10.553	N/A	N/A	72,643		72,643	
Food Distribution Program	10.550	N/A	N/A		128,875		145,339
Total U.S. Department of Agriculture - Child Nutrition Cluster				452,745	128,875	452,745	145,339
Totals				\$1,823,253	\$128,875	\$2,154,940	\$145,339

The accompanying notes are an integral part of these statements.

**PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Plain Local School District
Stark County
901 44th Street, NW
Canton, Ohio 44709

To the Board of Education:

We have audited the general purpose financial statements of the Plain Local School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 11, 2001 in which we noted the District restated its July 1, 1999 account balance/retained earnings in the General Long-Term Obligation Account Group and Enterprise Fund to correct for an error in the prior years' accrued compensated absences balances. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Plain Local School District
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 11, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Plain Local School District
Stark County
901 44th Street, NW
Canton, Ohio 44709

To the Board of Education:

Compliance

We have audited the compliance of the Plain Local School District, Stark County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 11, 2001

**PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Program (list):	Child Nutrition Cluster - 10.555, 10.553, 10.550 Vocational Education Basic Grant #84.048
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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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
FEBRUARY 20, 2001**