

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

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008**

**KATHLEEN JORDAN, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Plain Local School District  
901 44th Street NW  
Canton, Ohio 44709

We have reviewed the *Independent Auditor's Report* of the Plain Local School District, Stark County, prepared by Julian & Grube, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 29, 2009

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

TABLE OF CONTENTS

Independent Auditor’s Report .....	1 - 2
Management’s Discussion and Analysis .....	3 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	13
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund .....	19
Statement of Fiduciary Net Assets - Fiduciary Funds .....	20
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund.....	21
Notes to the Basic Financial Statements.....	22 - 49
Supplementary Data	
Schedule of Receipts and Expenditures of Federal Awards .....	50 - 51
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	52 - 53
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	54 - 55
Schedule of Findings <i>OMB Circular A-133 § .505</i> .....	56

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## Independent Auditor's Report

Board of Education  
Plain Local School District  
901 44<sup>th</sup> Street NW  
Canton, Ohio 44709-1699

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plain Local School District, Stark County as of and for the fiscal year ended June 30, 2008, which collectively comprise Plain Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Plain Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the 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 opinions.

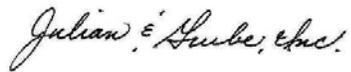
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Plain Local School District, Stark County, Ohio, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of Plain Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report  
Plain Local School District  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plain Local School District's basic financial statements. 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 also not a required part of the basic financial statements of Plain Local School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.  
December 19, 2008

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

The management's discussion and analysis of the Plain Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- The District restated beginning net assets as described in Note 3.B. In total, net assets of governmental activities decreased \$599,848 which represents a 2.65% decrease from 2007.
- General revenues accounted for \$47,153,734 in revenue or 82.47% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,020,697 or 17.53% of total revenues of \$57,174,431.
- The District had \$57,774,279 in expenses related to governmental activities; \$10,020,697 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs.
- The District's major governmental funds had \$49,641,621 in revenues and other financing sources and \$50,665,446 in expenditures. The fund balance of the major governmental funds decreased from \$10,560,856 to \$9,539,390.

**Using this Financial Report**

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

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

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include *all non-fiduciary assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

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

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

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental funds are the general fund and debt service fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

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

The District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-49 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole. The District restated net assets as described in Note 3.B. The table below provides a summary of the District's net assets for 2008 and 2007.

	Net Assets	
	Governmental Activities 2008	Restated Governmental Activities 2007
<b><u>Assets</u></b>		
Current and other assets	\$ 46,418,548	\$ 49,275,673
Capital assets	70,169,705	71,511,563
Total assets	116,588,253	120,787,236
<b><u>Liabilities</u></b>		
Current liabilities	32,447,502	34,468,200
Long-term liabilities	62,077,565	63,656,002
Total liabilities	94,525,067	98,124,202
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	12,957,382	13,318,969
Restricted	3,701,234	3,727,908
Unrestricted	5,404,570	5,616,157
Total net assets	\$ 22,063,186	\$ 22,663,034

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$22,063,186.

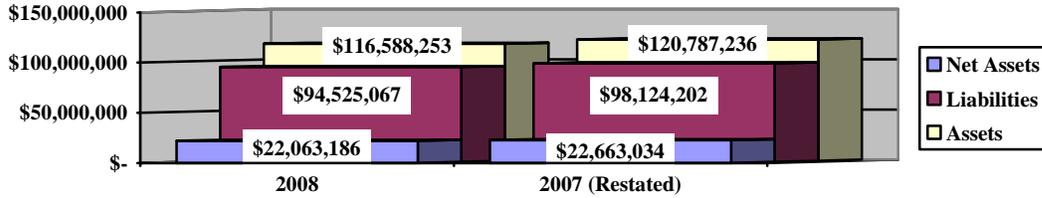
At year-end, capital assets represented 60.19% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$12,957,382. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$3,701,234, represents resources that are subject to external restriction on how they may be used.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2008 and 2007.

**Change in Net Assets**

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 3,081,656	\$ 2,953,785
Operating grants and contributions	6,621,175	6,243,012
Capital grants and contributions	317,866	200,078
General revenues:		
Property taxes	26,687,350	25,525,158
Grants and entitlements	19,484,483	18,751,369
Investment earnings	933,530	1,376,482
Other	<u>48,371</u>	<u>45,919</u>
Total revenues	<u>57,174,431</u>	<u>55,095,803</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

**Change in Net Assets**

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 23,792,244	\$ 23,098,194
Special	4,987,879	4,797,701
Vocational	2,072,829	2,017,397
Adult/continuing	56,469	68,876
Other	651,691	604,733
Support services:		
Pupil	2,963,783	3,004,801
Instructional staff	3,696,398	3,534,060
Board of education	154,000	81,238
Administration	3,658,410	3,760,829
Fiscal	905,188	880,316
Business	136,060	239,556
Operations and maintenance	5,271,957	5,407,314
Pupil transportation	2,414,322	2,516,365
Central	228,230	265,227
Food service operations	2,522,238	2,260,949
Operations of non-instructional services	37,082	89,104
Extracurricular activities	1,059,959	1,121,760
Intergovernmental-pass through	527,080	501,434
Interest and fiscal charges	<u>2,638,460</u>	<u>2,668,127</u>
Total	57,774,279	56,917,981
<b>Special item:</b>		
Gain on sale of land and building	<u>-</u>	<u>312,029</u>
Change in net assets	(599,848)	(1,510,149)
Net assets at beginning of year (restated)	<u>22,663,034</u>	<u>24,173,183</u>
Net assets at end of year	<u>\$ 22,063,186</u>	<u>\$ 22,663,034</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$599,848. Total governmental expenses of \$57,774,279 were offset by program revenues of \$10,020,697 and general revenues of \$47,153,734. Program revenues supported 17.34% of the total governmental expenses.

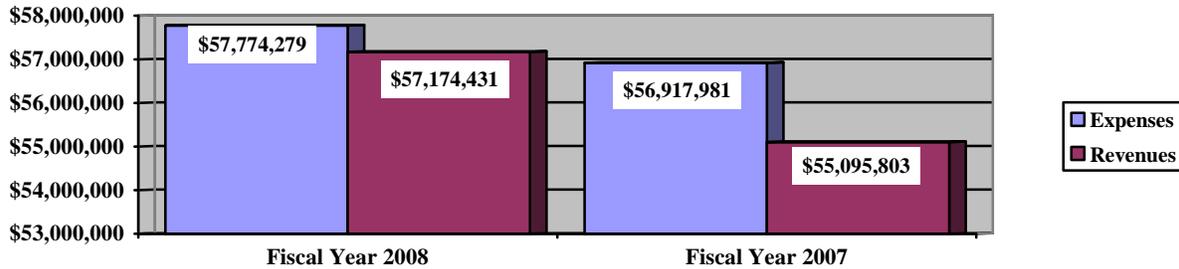
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 80.76% and 80.36% of total governmental revenue in 2008 and 2007, respectively. Real estate property is reappraised every six years and updated every three years. As a result of the latest reappraisal by Stark County in 2003, the District's tax valuation increased by 8.95% that year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

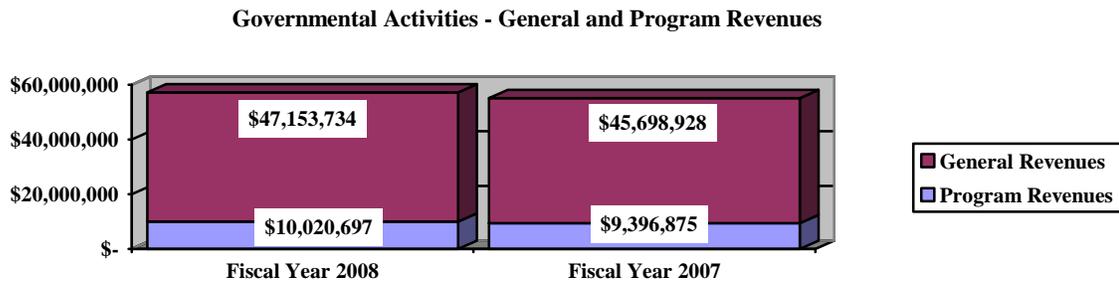
	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 23,792,244	\$ 23,295,740	\$ 23,098,194	\$ 22,676,709
Special	4,987,879	2,328,213	4,797,701	2,926,887
Vocational	2,072,829	1,548,223	2,017,397	712,845
Adult/continuing	56,469	56,410	68,876	67,223
Other	651,691	272,552	604,733	225,712
Support services:				
Pupil	2,963,783	2,708,532	3,004,801	2,707,404
Instructional staff	3,696,398	2,589,196	3,534,060	2,686,613
Board of education	154,000	154,000	81,238	81,238
Administration	3,658,410	3,446,126	3,760,829	3,660,051
Fiscal	905,188	859,624	880,316	847,210
Business	136,060	136,060	239,556	239,556
Operations and maintenance	5,271,957	4,894,880	5,407,314	5,257,537
Pupil transportation	2,414,322	2,257,024	2,516,365	2,357,260
Central	228,230	221,848	265,227	259,021
Food service operations	2,522,238	107,349	2,260,949	70,972
Operations of non-instructional services	37,082	(1,873)	89,104	(125,797)
Extracurricular activities	1,059,959	271,071	1,121,760	216,328
Intergovernmental pass-through	527,080	(29,853)	501,434	(13,790)
Interest and fiscal charges	2,638,460	2,638,460	2,668,127	2,668,127
<b>Total</b>	<u>\$ 57,774,279</u>	<u>\$ 47,753,582</u>	<u>\$ 56,917,981</u>	<u>\$ 47,521,106</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

The dependence upon tax and other general revenues for governmental activities is apparent, 87.14% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.65%. The District's taxpayers, as a whole, are by far the primary support for District students.

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$11,562,568, which is lower than last year's total of \$12,880,955. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	<u>Fund Balance</u> <u>June 30, 2008</u>	<u>Fund Balance</u> <u>June 30, 2007</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 7,606,551	\$ 8,953,236	\$ (1,346,685)
Debt Service	1,932,839	1,607,620	325,219
Other Governmental	<u>2,023,178</u>	<u>2,320,099</u>	<u>(296,921)</u>
Total	<u>\$ 11,562,568</u>	<u>\$ 12,880,955</u>	<u>\$ (1,318,387)</u>

**General Fund**

During fiscal year 2008, the District's general fund balance decreased by \$1,346,685. The increased expenditures of the general fund were still more than the increasing revenues.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

The table that follows assists in illustrating the financial activities of the general fund.

	<u>2008</u>	<u>2007</u>	<u>Increase</u>
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>
<b><u>Revenues</u></b>			
Taxes	\$ 22,284,758	\$21,837,412	\$ 447,346
Tuition	638,160	505,592	132,568
Earnings on investments	840,818	1,035,681	(194,863)
Intergovernmental	20,548,051	19,946,367	601,684
Other revenues	<u>794,999</u>	<u>763,551</u>	<u>31,448</u>
Total	<u>\$ 45,106,786</u>	<u>\$44,088,603</u>	<u>\$ 1,018,183</u>
<b><u>Expenditures</u></b>			
Instruction	\$ 28,441,361	\$28,187,047	\$ 254,314
Support services	17,363,949	17,586,769	(222,820)
Extracurricular activities	<u>655,374</u>	<u>560,207</u>	<u>95,167</u>
Total	<u>\$ 46,460,684</u>	<u>\$46,334,023</u>	<u>\$ 126,661</u>

***Debt Service***

During fiscal year 2008, the District's debt service fund balance increased \$325,219 due to revenues of \$4,529,981 greater than increased expenditures of \$4,204,762 in 2008.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2008, the District amended its general fund budget several times. For the general fund, actual and final budgeted revenues and other financing sources of \$45,451,859 were \$574,539 higher than the original budgeted revenues estimate of \$44,877,320.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$49,167,312 were increased \$598,013 to \$49,765,325 in the final budget and actual expenditures. The District had to increase budgeted and actual expenditures primarily because purchased services proved to be higher than anticipated in the original budget.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2008, the District had \$70,169,705 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. During 2008 the District restated capital assets as described in Note 8. This entire amount is reported in governmental activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

The following table shows fiscal 2008 balances compared to 2007 as restated:

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2008</u>	<u>Restated 2007</u>
Land	\$ 2,370,360	\$ 2,370,360
Land improvements	3,710,084	3,209,280
Buildings and improvements	59,524,881	60,772,233
Furniture and equipment	4,154,589	4,618,611
Vehicles	<u>409,791</u>	<u>541,079</u>
Total	<u>\$ 70,169,705</u>	<u>\$ 71,511,563</u>

Total additions to capital assets for 2008 were \$1,422,130 and depreciation expenses were \$2,763,988.

See Note 8 to the basic financial statements for additional capital asset information.

***Debt Administration***

At June 30, 2008, the District had \$57,544,137 in general obligation bonds outstanding. Of this total, \$1,605,000 is due within one year and \$55,939,137 is due within greater than one year. The following table summarizes the bonds outstanding.

<b>Outstanding Debt, at Year End</b>		
	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
General Obligation Bonds:		
School Improvement	<u>\$ 57,544,137</u>	<u>\$ 59,043,653</u>
Total	<u>\$ 57,544,137</u>	<u>\$ 59,043,653</u>

In 2003, the District passed a 5.1 mill tax levy, providing for various District building improvements. The general obligation bonds are scheduled to mature in fiscal year 2031 and bear an interest rate between 2.00% and 5.25%. Payment of principal and interest on the school improvement bonds will be made from the debt service fund.

At June 30, 2008, the District's overall legal debt margin was \$35,018,705 with an unvoted debt margin of \$1,003,286. The District maintains an A+ bond rating.

See Note 9 to the basic financial statements for additional information on the District's debt administration.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

**Current Financial Related Activities**

During the past 12 years, the District has been financially strong due to extremely conservative spending as well as revenue growth in the first five years which was held for future needs. The District relies heavily on property taxes, the state foundation program, as well as grants and entitlements. Real Estate taxes combined with State reimbursement for Homestead and Rollback payments increased by 1.65% over fiscal year 2007. The District did experience an increase in outstanding real estate and personal property delinquencies over fiscal year 2007. The Stark County Treasurer is actively pursuing delinquency collections. The District will have the funds necessary to meet commitments in the 2009 fiscal year due to the cash balance which has been closely guarded in order to extend the life cycle of the District.

Plain Local's financial condition is declining primarily due to a lack of growth in revenue. The reality for the District is that the State funding formula for basic aid has led to continued declines in the State's share of funding for the District. In fiscal year 2002, the State's share was 43.78%. By fiscal year 2008, the percentage had fallen to 36.03%. The District fell onto the Transitional Aid Guarantee for fiscal year 2008. With all sources of revenue combined, the District receives \$2,971 less per pupil in revenue than the State average amount per pupil. Due to the lack of revenue, the District will be asking voters for additional local funds in 2009.

The District has been conservative in the use of its resources. The management has always planned well in advance for revenue shortfalls and has made reductions from spending plans over the last five years to already conservative spending.

From 2003-2006, the District eliminated nearly \$2.2 million in planned expenditures. In the 2006-2007 school year alone, the plan generated another \$2 million in planned expenditure reductions and savings. During the 2008 fiscal year, two phases were implemented saving another \$2.5 million. With an additional \$2 million to be reduced in fiscal year 2009, the plan now totals over \$8.5 million. Reductions have been made in every aspect of the organization through the elimination of administrative, certified, and classified positions in addition to reductions to planned purchased services, supplies, and capital outlay.

The District had anxiously awaited an answer to the State to the Supreme Court decision made in March 1997 in which the State of Ohio was found by the Ohio Supreme Court to be operating an unconstitutional educational funding system. One that was neither "adequate" nor "equitable." A new funding system has not yet been implemented; however, Governor Strickland has made education a priority in his administration. Until a solution is found, the District does not expect to receive inflationary growth in revenue. Board of Education members, District officials, and residents will continue to work diligently to solve the flawed system of school funding in Ohio.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Kathleen Jordan, CFO, Plain Local School District, 901 44<sup>th</sup> Street, NW, Canton, Ohio 44709-1699.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2008

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 17,889,977
Receivables:	
Taxes . . . . .	27,180,988
Accounts . . . . .	3,221
Intergovernmental . . . . .	546,549
Accrued interest . . . . .	75,266
Prepayments . . . . .	29,023
Materials and supplies inventory . . . . .	130,259
Unamortized bond issue costs . . . . .	563,265
Capital assets:	
Land . . . . .	2,370,360
Depreciable capital assets, net . . . . .	67,799,345
Capital assets, net. . . . .	<u>70,169,705</u>
 Total assets. . . . .	 <u>116,588,253</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	66,423
Contracts payable. . . . .	1,690
Accrued wages and benefits . . . . .	5,066,100
Pension obligation payable. . . . .	1,247,359
Intergovernmental payable . . . . .	193,167
Unearned revenue. . . . .	25,668,539
Accrued interest payable . . . . .	204,224
Long-term liabilities:	
Due within one year. . . . .	2,377,249
Due within more than one year . . . . .	59,700,316
Total liabilities . . . . .	<u>94,525,067</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	12,957,382
Restricted for:	
Capital projects . . . . .	1,039,582
Debt service. . . . .	1,931,165
BWC refunds . . . . .	203,450
School bus purchases . . . . .	60,315
Locally funded programs . . . . .	52,731
State funded programs . . . . .	133,591
Federally funded programs . . . . .	29,606
Student activities . . . . .	51,622
Public school support. . . . .	199,172
Unrestricted . . . . .	<u>5,404,570</u>
Total net assets . . . . .	<u>\$ 22,063,186</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net (Expense) and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular . . . . .	\$ 23,792,244	\$ 448,870	\$ 7,782	\$ 39,852	\$ (23,295,740)
Special . . . . .	4,987,879	424,470	2,235,196	-	(2,328,213)
Vocational . . . . .	2,072,829	74,225	450,381	-	(1,548,223)
Adult/continuing. . . . .	56,469	-	59	-	(56,410)
Other . . . . .	651,691	-	379,139	-	(272,552)
Support services:					
Pupil . . . . .	2,963,783	-	255,251	-	(2,708,532)
Instructional staff . . . . .	3,696,398	-	1,107,202	-	(2,589,196)
Board of education . . . . .	154,000	-	-	-	(154,000)
Administration. . . . .	3,658,410	-	212,284	-	(3,446,126)
Fiscal. . . . .	905,188	-	45,564	-	(859,624)
Business. . . . .	136,060	-	-	-	(136,060)
Operations and maintenance . . . . .	5,271,957	110,152	33,000	233,925	(4,894,880)
Pupil transportation . . . . .	2,414,322	-	113,209	44,089	(2,257,024)
Central . . . . .	228,230	-	6,382	-	(221,848)
Operation of non-instructional services:					
Food service operations . . . . .	2,522,238	1,234,522	1,180,367	-	(107,349)
Other non-instructional services . . . . .	37,082	529	38,426	-	1,873
Extracurricular activities. . . . .	1,059,959	788,888	-	-	(271,071)
Intergovernmental pass-through . . . . .	527,080	-	556,933	-	29,853
Interest and fiscal charges . . . . .	2,638,460	-	-	-	(2,638,460)
<b>Total governmental activities . . . . .</b>	<b>\$ 57,774,279</b>	<b>\$ 3,081,656</b>	<b>\$ 6,621,175</b>	<b>\$ 317,866</b>	<b>(47,753,582)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	22,603,988
Debt service. . . . .	4,083,362
Grants and entitlements not restricted	
to specific programs. . . . .	19,484,483
Investment earnings . . . . .	933,530
Miscellaneous . . . . .	48,371
<b>Total general revenues . . . . .</b>	<b>47,153,734</b>
Change in net assets. . . . .	(599,848)
Net assets at beginning of year (restated) . . . . .	22,663,034
Net assets at end of year. . . . .	<u>\$ 22,063,186</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 12,386,305	\$ 1,673,049	\$ 3,566,858	\$ 17,626,212
Receivables:				
Taxes . . . . .	22,600,833	4,580,155	-	27,180,988
Accounts . . . . .	2,019	-	1,202	3,221
Intergovernmental . . . . .	247,609	-	298,940	546,549
Accrued interest . . . . .	75,266	-	-	75,266
Interfund loans . . . . .	92,286	-	-	92,286
Prepayments . . . . .	29,023	-	-	29,023
Materials and supplies inventory . . . . .	74,829	-	55,430	130,259
Restricted assets:				
Equity in pooled cash and investments . . . . .	<u>263,765</u>	<u>-</u>	<u>-</u>	<u>263,765</u>
Total assets . . . . .	<u>\$ 35,771,935</u>	<u>\$ 6,253,204</u>	<u>\$ 3,922,430</u>	<u>\$ 45,947,569</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 44,372	\$ -	\$ 22,051	\$ 66,423
Contracts payable . . . . .	-	-	1,690	1,690
Accrued wages and benefits . . . . .	4,679,355	-	386,745	5,066,100
Compensated absences payable . . . . .	306,736	-	2,099	308,835
Early retirement incentive payable . . . . .	250,000	-	-	250,000
Pension obligation payable . . . . .	1,103,944	-	143,415	1,247,359
Intergovernmental payable . . . . .	176,684	-	16,483	193,167
Interfund loan payable . . . . .	-	-	92,286	92,286
Deferred revenue . . . . .	1,284,385	202,550	3,667	1,490,602
Unearned revenue . . . . .	<u>20,319,908</u>	<u>4,117,815</u>	<u>1,230,816</u>	<u>25,668,539</u>
Total liabilities . . . . .	<u>28,165,384</u>	<u>4,320,365</u>	<u>1,899,252</u>	<u>34,385,001</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	2,526,799	-	760,695	3,287,494
Reserved for materials and supplies inventory . . . . .	74,829	-	55,430	130,259
Reserved for prepayments . . . . .	29,023	-	-	29,023
Reserved for property tax unavailable for appropriation . . . . .	1,212,670	259,790	-	1,472,460
Reserved for BWC refunds . . . . .	203,450	-	-	203,450
Reserved for school bus purchases . . . . .	60,315	-	-	60,315
Unreserved:				
Designation for budget stabilization . . . . .	1,485,274	-	-	1,485,274
Undesignated, reported in:				
General fund . . . . .	2,014,191	-	-	2,014,191
Special revenue funds . . . . .	-	-	672,601	672,601
Debt service fund . . . . .	-	1,673,049	-	1,673,049
Capital projects funds . . . . .	<u>-</u>	<u>-</u>	<u>534,452</u>	<u>534,452</u>
Total fund balances . . . . .	<u>7,606,551</u>	<u>1,932,839</u>	<u>2,023,178</u>	<u>11,562,568</u>
Total liabilities and fund balances . . . . .	<u>\$ 35,771,935</u>	<u>\$ 6,253,204</u>	<u>\$ 3,922,430</u>	<u>\$ 45,947,569</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2008

<b>Total governmental fund balances</b>		\$	11,562,568
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			70,169,705
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	1,293,970	
Intergovernmental revenue		145,158	
Accrued interest		51,474	
Total		1,490,602	1,490,602
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(204,224)
Unamortized premiums on bond issuance are not recognized in the funds.			(565,675)
Unamortized bond issuance costs are not recognized in the funds.			563,265
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(3,408,918)	
General obligation bonds payable		(57,544,137)	
Total		(60,953,055)	(60,953,055)
<b>Net assets of governmental activities</b>		\$	22,063,186

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 22,284,758	\$ 3,994,872	\$ -	\$ 26,279,630
Tuition . . . . .	638,160	-	1,202	639,362
Transportation fees . . . . .	63,999	-	-	63,999
Charges for services . . . . .	-	-	1,234,522	1,234,522
Earnings on investments . . . . .	840,818	-	151,559	992,377
Extracurricular . . . . .	331,925	-	457,492	789,417
Classroom materials and fees . . . . .	228,704	-	-	228,704
Gifts and contributions . . . . .	-	-	153,852	153,852
Other local revenues . . . . .	170,371	-	80,073	250,444
Other revenue . . . . .	-	-	67,825	67,825
Intergovernmental - State . . . . .	20,548,051	535,109	1,109,795	22,192,955
Intergovernmental - Federal . . . . .	-	-	3,906,388	3,906,388
Total revenue . . . . .	<u>45,106,786</u>	<u>4,529,981</u>	<u>7,162,708</u>	<u>56,799,475</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	22,456,352	-	52,415	22,508,767
Special . . . . .	3,810,801	-	1,106,545	4,917,346
Vocational . . . . .	1,836,122	-	58,868	1,894,990
Adult/continuing . . . . .	56,344	-	125	56,469
Other . . . . .	281,742	-	368,604	650,346
Support services:				
Pupil . . . . .	2,700,197	-	269,736	2,969,933
Instructional staff . . . . .	2,515,569	-	1,128,088	3,643,657
Board of education . . . . .	92,411	-	-	92,411
Administration . . . . .	3,466,468	-	222,089	3,688,557
Fiscal . . . . .	796,278	63,802	46,712	906,792
Business . . . . .	155,159	-	-	155,159
Operations and maintenance . . . . .	5,150,893	-	33,000	5,183,893
Pupil transportation . . . . .	2,263,890	-	9,791	2,273,681
Central . . . . .	223,084	-	6,382	229,466
Operation of non-instructional services:				
Food service operations . . . . .	-	-	2,366,886	2,366,886
Other non-instructional services . . . . .	-	-	39,777	39,777
Extracurricular activities . . . . .	655,374	-	535,317	1,190,691
Intergovernmental pass-through . . . . .	-	-	527,080	527,080
Facilities acquisition and construction . . . . .	-	-	673,674	673,674
Debt service:				
Principal retirement . . . . .	-	1,570,000	-	1,570,000
Interest and fiscal charges . . . . .	-	2,570,960	-	2,570,960
Total expenditures . . . . .	<u>46,460,684</u>	<u>4,204,762</u>	<u>7,445,089</u>	<u>58,110,535</u>
Deficiency of revenues under expenditures . . . . .	<u>(1,353,898)</u>	<u>325,219</u>	<u>(282,381)</u>	<u>(1,311,060)</u>
<b>Other financing sources:</b>				
Sale of capital assets . . . . .	4,854	-	-	4,854
Total other financing sources . . . . .	<u>4,854</u>	<u>-</u>	<u>-</u>	<u>4,854</u>
Net change in fund balances . . . . .	(1,349,044)	325,219	(282,381)	(1,306,206)
<b>Fund balances at beginning of year . . . . .</b>	8,953,236	1,607,620	2,320,099	12,880,955
<b>Increase (decrease) in reserve for inventory . . . . .</b>	2,359	-	(14,540)	(12,181)
<b>Fund balances at end of year . . . . .</b>	<u>\$ 7,606,551</u>	<u>\$ 1,932,839</u>	<u>\$ 2,023,178</u>	<u>\$ 11,562,568</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Net change in fund balances - total governmental funds** \$ (1,306,206)

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$	1,422,130	
Current year depreciation		(2,763,988)	
Total			(1,341,858)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes		407,720	
Intergovernmental revenue		(50,601)	
Earnings on investments		(17,017)	
Total			340,102

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in additional interest being recorded in the statement of activities:

Accrued interest		2,881	
Accreted interest on capital appreciation bonds		(70,484)	
Bond premium		24,157	
Bond issuance costs		(24,054)	
Total			(67,500)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.

(12,181)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

1,570,000

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

217,795

**Change in net assets of governmental activities** \$ (599,848)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 22,713,213	\$ 22,132,948	\$ 22,132,948	\$ -
Tuition . . . . .	519,000	632,625	632,625	-
Transportation fees . . . . .	10,000	67,518	67,518	-
Earnings on investments . . . . .	641,300	882,186	882,186	-
Extracurricular . . . . .	335,000	331,925	331,925	-
Classroom materials and fees . . . . .	236,500	228,896	228,896	-
Other local revenues . . . . .	176,000	176,418	176,418	-
Intergovernmental - State . . . . .	19,759,392	20,441,933	20,441,933	-
Total revenue . . . . .	<u>44,390,405</u>	<u>44,894,449</u>	<u>44,894,449</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	23,075,579	23,064,499	23,064,499	-
Special . . . . .	4,648,898	5,250,401	5,250,401	-
Vocational . . . . .	1,996,693	1,939,015	1,939,015	-
Adult/continuing . . . . .	70,424	73,137	73,137	-
Other . . . . .	251,863	245,840	245,840	-
Support services:				
Pupil . . . . .	2,939,192	2,809,974	2,809,974	-
Instructional staff . . . . .	2,581,112	2,553,594	2,553,594	-
Board of education . . . . .	110,738	137,650	137,650	-
Administration . . . . .	3,684,445	3,529,247	3,529,247	-
Fiscal . . . . .	819,915	801,990	801,990	-
Business . . . . .	139,796	154,743	154,743	-
Operations and maintenance . . . . .	5,755,531	5,639,169	5,639,169	-
Pupil transportation . . . . .	1,866,435	2,425,083	2,425,083	-
Central . . . . .	211,276	231,371	231,371	-
Extracurricular activities . . . . .	655,415	659,371	659,371	-
Total expenditures . . . . .	<u>48,807,312</u>	<u>49,515,084</u>	<u>49,515,084</u>	<u>-</u>
Deficiency of revenues under expenditures . . . . .	<u>(4,416,907)</u>	<u>(4,620,635)</u>	<u>(4,620,635)</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	55,100	15,636	15,636	-
Transfers (out) . . . . .	(110,000)	-	-	-
Advances in . . . . .	431,315	536,920	536,920	-
Advances (out) . . . . .	(250,000)	(250,241)	(250,241)	-
Sale of capital assets . . . . .	500	4,854	4,854	-
Total other financing sources (uses) . . . . .	<u>126,915</u>	<u>307,169</u>	<u>307,169</u>	<u>-</u>
Net change in fund balance . . . . .	(4,289,992)	(4,313,466)	(4,313,466)	-
<b>Fund balance at beginning of year . . . . .</b>	11,996,376	11,996,376	11,996,376	-
<b>Prior year encumbrances appropriated . . . . .</b>	2,413,643	2,413,643	2,413,643	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 10,120,027</u>	<u>\$ 10,096,553</u>	<u>\$ 10,096,553</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 2,577	\$ 255,919
Total assets. . . . .	2,577	\$ 255,919
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 944
Intergovernmental payable . . . . .	-	147,197
Due to students . . . . .	-	107,778
Total liabilities . . . . .	-	\$ 255,919
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	2,577	
Total net assets . . . . .	\$ 2,577	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 322
Total additions. . . . .	322
<b>Deductions:</b>	
Scholarships awarded . . . . .	249
Change in net assets . . . . .	73
Net assets at beginning of year. . . . .	2,504
Net assets at end of year . . . . .	\$ 2,577

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

The District ranks as the 42<sup>nd</sup> largest by total enrollment among the 896 public and community schools in the State and 2<sup>nd</sup> largest in Stark County. The District employs 256 non-certified and 419 certified employees to provide services to 6,231 students in grades K through 12 and various community groups.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

*JOINTLY GOVERNED ORGANIZATION*

The District is a member of the Stark-Portage 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 district. 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 39 entities, most of which are school districts.

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

*Debt Service Fund* - The debt service fund is used to account for the accumulation of resources and payment of general obligation bonds and principal and interest from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation or resources and payment of general obligation bonds and notes payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (b) for grants and other resources whose use is restricted to a particular purpose.

*FIDUCIARY FUNDS*

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

**D. Basis of Accounting**

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

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

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

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

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

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

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

**E. Budgets**

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

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Stark County Budget Commission for tax rate determination.
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 certificated of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2008.
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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2008. All amounts reported in the budgetary statement reflect the original and final appropriations plus all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2008, investments were limited to federal agency securities, repurchase agreements and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

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, building fund and private purpose trust fund individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$840,818, which includes \$139,870 assigned from other District funds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

**G. Inventory**

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

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**J. Compensated Absences**

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**L. Fund Reserves/Designations**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Designated fund balance indicates that portion of fund equity for which management has an intended use of the resources. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, tax advance unavailable for appropriation, Bureau of Workers' Compensation (BWC) refunds and school bus purchases. 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 revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute. The amount set-aside by the Board of Education for budget stabilization is reported as a designation of fund balance in the general fund.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 17 for details.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basis financial statements.

**R. Unamortized Bond Issuance Costs and Bond Premium**

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the financial statements.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds. Capital appreciation bond discounts are accreted over the term of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

**S. Parochial and Private Schools**

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

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 13) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

**B. Prior Period Adjustment**

A restatement of capital assets and net assets of governmental activities was required to properly state capital assets at June 30, 2007 (see Note 8 for detail). Net assets as previously reported at June 30, 2007, decreased \$1,028,641 from \$23,691,675 to \$22,663,034.

**C. Deficit Fund Balances**

Fund balances at June 30, 2008 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Poverty aid	\$ 55,912

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**A. Deposits with Financial Institutions**

At June 30, 2008, the carrying amount of all District deposits was \$9,937,469. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2008, \$9,662,566 of the District’s bank balance of \$10,173,094 was exposed to custodial risk as discussed below, while \$510,528 was covered by the Federal Deposit Insurance Corporation.

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

**B. Investments**

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>13 to 18 months</u>
Federal Home Loan Bank	\$ 508,142	\$ -	\$ 508,142
Federal National Mortgage Association	2,004,803	2,004,803	-
Repurchase agreement	115,000	115,000	-
STAR Ohio	<u>5,583,059</u>	<u>5,583,059</u>	<u>-</u>
Total	<u>\$ 8,211,004</u>	<u>\$ 7,702,862</u>	<u>\$ 508,142</u>

The weighted average maturity of investments is 0.13 years.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. Of the District's \$115,000 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Federal Home Loan Bank	\$ 508,142	6.19
Federal National Mortgage Association	2,004,803	24.42
Repurchase agreement	115,000	1.40
STAR Ohio	<u>5,583,059</u>	<u>67.99</u>
Total	<u>\$ 8,211,004</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,937,469
Investments	<u>8,211,004</u>
Total	<u>\$ 18,148,473</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 17,889,977
Private purpose trust fund	2,577
Agency funds	<u>255,919</u>
Total	<u>\$ 18,148,473</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2008 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 92,286

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2008 are reported on the statement of net assets.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Stark County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available as an advance at June 30, 2008 was \$1,212,670 in the general fund and \$259,790 in the debt service fund. The amount that was available for advance at June 30, 2007 was \$1,060,860 in the general fund and \$185,270 in the debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary depending upon when the tax bills are sent by the County Auditor.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 966,478,040	96.47	\$ 982,332,310	96.36
Public utility personal	23,920,990	2.39	20,974,520	2.06
Tangible personal property	<u>11,416,981</u>	<u>1.14</u>	<u>16,072,824</u>	<u>1.58</u>
Total	<u>\$ 1,001,816,011</u>	<u>100.00%</u>	<u>\$ 1,019,379,654</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation:				
Operations	\$52.60		\$52.60	
Debt service	4.00		4.90	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities**

Property taxes	\$ 27,180,998
Accounts	3,221
Intergovernmental	546,549
Accrued interest	<u>75,266</u>
Total	<u>\$ 27,806,034</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**NOTE 8 - CAPITAL ASSETS**

- A. Capital assets were restated at June 30, 2007 as a result of various adjustments required to properly state capital asset balances and accumulated depreciation.

	Balance at <u>06/30/07</u>	<u>Adjustment</u>	Restated Balance at <u>06/30/07</u>
<b>Governmental Activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 2,370,360	\$ -	\$ 2,370,360
Total capital assets, not being depreciated	<u>2,370,360</u>	<u>-</u>	<u>2,370,360</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	3,463,891	1,193,814	4,657,705
Buildings and improvements	76,534,707	(976,119)	75,558,588
Furniture and equipment	6,512,882	465,146	6,978,028
Vehicles	<u>3,724,783</u>	<u>(4,175)</u>	<u>3,720,608</u>
Total capital assets, being depreciated	<u>90,236,263</u>	<u>678,666</u>	<u>90,914,929</u>
<i>Less: accumulated depreciation:</i>			
Land improvements	(1,316,140)	(132,285)	(1,448,425)
Buildings and improvements	(13,193,189)	(1,593,166)	(14,786,355)
Furniture and equipment	(2,354,111)	(5,306)	(2,359,417)
Vehicles	<u>(3,202,979)</u>	<u>23,450</u>	<u>(3,179,529)</u>
Total accumulated depreciation	<u>(20,066,419)</u>	<u>(1,707,307)</u>	<u>(21,773,726)</u>
Governmental activities capital assets, net	<u>\$ 72,540,204</u>	<u>\$ (1,028,641)</u>	<u>\$ 71,511,563</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Restated Balance <u>06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,370,360	\$ -	\$ -	\$ 2,370,360
Total capital assets, not being depreciated	<u>2,370,360</u>	<u>-</u>	<u>-</u>	<u>2,370,360</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,657,705	776,277	-	5,433,982
Buildings and improvements	75,558,588	345,328	-	75,903,916
Furniture and equipment	6,978,028	270,525	-	7,248,553
Vehicles	<u>3,720,608</u>	<u>30,000</u>	<u>(45,086)</u>	<u>3,705,522</u>
Total capital assets, being depreciated	<u>90,914,929</u>	<u>1,422,130</u>	<u>(45,086)</u>	<u>92,291,973</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,448,425)	(275,473)	-	(1,723,898)
Buildings and improvements	(14,786,355)	(1,592,680)	-	(16,379,035)
Furniture and equipment	(2,359,417)	(734,547)	-	(3,093,964)
Vehicles	<u>(3,179,529)</u>	<u>(161,288)</u>	<u>45,086</u>	<u>(3,295,731)</u>
Total accumulated depreciation	<u>(21,773,726)</u>	<u>(2,763,988)</u>	<u>45,086</u>	<u>(24,492,628)</u>
Governmental activities capital assets, net	<u>\$ 71,511,563</u>	<u>\$ (1,341,858)</u>	<u>\$ -</u>	<u>\$ 70,169,705</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,027,968
Special	44,996
Vocational	148,539
<u>Support Services:</u>	
Pupil	36,486
Instructional staff	53,581
Administration	61,589
Operations and maintenance	82,810
Pupil transportation	156,652
Extracurricular activities	13,214
Food service operations	<u>138,153</u>
Total depreciation expense	<u>\$ 2,763,988</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. The District's long-term obligations during the year consist of the following:

	Average Interest Rate	Balance Outstanding 06/30/07	Additions	Reductions	Balance Outstanding 06/30/08	Amounts Due in One Year
<b>Governmental activities:</b>						
School improvements general obligation bonds	4.583	\$ 59,043,653	\$ 70,484	\$ (1,570,000)	\$ 57,544,137	\$ 1,605,000
Early retirement incentive		210,000	250,000	(210,000)	250,000	250,000
Compensated absences		<u>3,812,517</u>	<u>310,068</u>	<u>(404,832)</u>	<u>3,717,753</u>	<u>522,249</u>
Total governmental activities		63,066,170	<u>\$ 630,552</u>	<u>\$ (2,184,832)</u>	61,511,890	<u>\$ 2,377,249</u>
Add: Unamortized premium on bond issue		<u>589,832</u>			<u>565,675</u>	
Total on statement of net assets		<u>\$ 63,656,002</u>			<u>\$ 62,077,565</u>	

*Compensated Absences/Early Retirement Incentive:* Compensated absences and early retirement incentives will be paid from the fund from which the employee's salaries are paid, which primarily consist of the general fund and the following nonmajor governmental funds: food service, auxiliary services, poverty aid, Title VI-B, Title I and miscellaneous federal grants.

B. During fiscal year 2003, the District issued \$64,899,913 in general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund.

This issue is comprised of both current interest bonds, par value \$63,765,000, and capital appreciation bonds, par value \$1,134,913. The interest rates on the current interest bonds range from 2.00% to 5.25%. The capital appreciation bonds mature on December 1, 2011 (effective interest 5.039%), at redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,745,000. A total of \$334,224 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2031.

The following is a schedule of activity for fiscal 2008 on the general obligation bonds:

	Balance <u>06/30/07</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/08</u>
Current interest bonds	\$ 57,645,000	\$ -	\$ (1,570,000)	\$ 56,075,000
Capital appreciation bonds	1,134,913	-	-	1,134,913
Accreted interest	<u>263,740</u>	<u>70,484</u>	<u>-</u>	<u>334,224</u>
Total G.O. bonds	<u>\$ 59,043,653</u>	<u>\$ 70,484</u>	<u>\$ (1,570,000)</u>	<u>\$ 57,544,137</u>

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Fiscal Year Ended June 30.	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,605,000	\$ 2,535,198	\$ 4,140,198	\$ -	\$ -	\$ -
2010	1,645,000	2,491,283	4,136,283	-	-	-
2011	1,690,000	2,440,390	4,130,390	-	-	-
2012	-	2,413,350	2,413,350	1,134,913	610,087	1,745,000
2013	1,745,000	2,381,504	4,126,504	-	-	-
2014 - 2018	9,910,000	10,659,038	20,569,038	-	-	-
2019 - 2023	12,500,000	7,992,676	20,492,676	-	-	-
2024 - 2028	15,660,000	4,761,594	20,421,594	-	-	-
2029 - 2032	<u>11,320,000</u>	<u>867,500</u>	<u>12,187,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 56,075,000</u>	<u>\$ 36,542,533</u>	<u>\$ 92,617,533</u>	<u>\$ 1,134,913</u>	<u>\$ 610,087</u>	<u>\$ 1,745,000</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$35,018,705 (including available funds of \$1,932,839) and an unvoted debt margin of \$1,003,286.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 10 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month or 15 days for each completed year of service. Sick leave may be accumulated up to a maximum of 320 days for all personnel. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 60 days for all employees, except for administrators, who receive a maximum of 65 days. An additional \$10 per day shall be paid for sick leave accumulated between 200 and 250 days and an additional \$20 per day shall be paid for sick leave accumulated over 250 days.

**B. Early Retirement Incentive**

The District provides an early retirement incentive plan for State Teacher's Retirement System of Ohio (STRS Ohio) employees who become first time eligible for retirement or reach 30 years of service under STRS Ohio guidelines and retire effective at the end of the school year in which they qualify. This is a one time opportunity for those eligible in fiscal year 2008. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before the April 1 of the year of retirement. The one time cash payment of \$20,000 shall be made within 30 days of the retirement date in January of the following year. Twelve employees took advantage of the early retirement incentive in fiscal year 2009. These one-time cash payments will be made in January 2009. A liability for the early retirement incentive payments has been recorded in the fund financial statements and the statement of net assets.

The District also provides an early retirement incentive plan for the State Employees Retirement System (SERS) employees who become first time eligible for retirement or reach 30 years of service under SERS guidelines and retire effective at the end of the school year in which they qualify. This is a one-time opportunity for those eligible in fiscal year 2008. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before the April 1 of the year of retirement. The employee must have at least 10 years of service with the District. The one-time cash payment of \$10,000, for employees that have contracted for six hours or more and \$5,000 for employees that have contracted for less than six hours, will be made in January of the following year. One employee took advantage of the \$10,000 early retirement incentive in fiscal year 2008. These one-time cash payment will be made in January 2009. A liability for the early retirement incentive payments has been recorded in the fund financial statements and the statement of net assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

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

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

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	Indiana Insurance		
Each occurrence		\$ 1,000,000	\$ 0
Aggregate		2,000,000	0
Building and contents	Indiana Insurance	137,938,369	10,000
Fleet:	Indiana Insurance		
Comprehensive		Actual Cash Value	0
Collision		Actual Cash Value	0
Liability		1,000,000	
Umbrella liability	Indiana Insurance	5,000,000	10,000

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

**B. Shared Risk Pool**

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

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

The District also participates in a program within the COG to obtain workers' compensation coverage. This program is administered by 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$663,812, \$736,766 and \$642,524, respectively; 42.04 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$3,109,169, \$3,097,975 and \$3,055,512, respectively; 84.61 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$26,714 made by the District and \$64,461 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$450,442, \$380,698 and \$351,884, respectively; 42.04 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$47,829, \$50,100 and \$51,140 respectively; 42.04 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$239,167, \$238,306 and \$235,039, respectively; 84.61 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis);and
- (e) Advance-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (4,313,466)
Net adjustment for revenue accruals	212,337
Net adjustment for expenditure accruals	490,427
Net adjustment for other sources/uses	(302,315)
Adjustment for encumbrances	<u>2,563,973</u>
GAAP basis	<u>\$ (1,349,044)</u>

**NOTE 15 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not a party to legal proceeding.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 16 - 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, 2007 through June 30, 2009. The districts 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 \$1,300 per pupil for each Lake Local student enrolled in a compact program. Each District contributes \$150 per vocational student to a permanent improvement, capital equipment, and supply fund to provide for needed equipment, computer software and site licenses (per State allowances), and facility improvements.

**NOTE 17 - 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, 2008, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside balance as of June 30, 2007	\$ (1,237,716)	\$ -	\$ 203,450
Current year set-aside requirement	1,013,234	1,013,234	-
Qualifying disbursements	<u>(1,080,145)</u>	<u>(1,166,364)</u>	<u>-</u>
Total	<u>\$ (1,304,627)</u>	<u>\$ (153,130)</u>	<u>\$ 203,450</u>
Balance carried forward to FY 2009	<u>\$ (1,304,627)</u>	<u>\$ -</u>	<u>\$ 203,450</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. Monies set-aside by the Board of Education for budget stabilization is reported as a designation of fund balance in the general fund. The balance in the budget stabilization designation at June 30, 2008 was \$1,485,274.

Although the District had qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year. The amount of qualifying disbursements exceeding the set-aside requirement in the textbooks reserve may be carried forward to reduce the set-aside requirement for future years. The District also has monies restricted for school bus purchases.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 17 - STATUTORY RESERVES - (Continued)**

A schedule of the restricted assets at June 30, 2008 follows:

Amount restricted for BWC refunds	\$ 203,450
Amount restricted for school bus purchases	<u>60,315</u>
Total restricted cash	<u>\$ 263,765</u>

**NOTE 18 - OPERATING LEASE - LESSOR DISLCOSURE**

On June 30, 2005, the District and the Stark County Public Library (the "Library") entered into an agreement in which the Library would lease a 12,000 square foot area which is part of the new library facility constructed at Glen Oak High School. During fiscal year 2006, the Library contributed \$1,716,913 to the District towards the construction of the new library. Included in this contribution is a \$1,538,520 one-time lease payment/construction payment for the term of ten years. There shall be no termination by either party during the first five years of the lease term, which commenced on June 30, 2006. After five years, the District may terminate the lease agreement at its sole discretion. If terminated, the District shall pay the Library a sum of \$153,852 times the remaining years on the lease, prorated from the date of termination. At June 30, 2008, payment of \$1,230,816 has been recorded as unearned revenue on the financial statements. Revenue from the lease will be recognized each year it is earned.

The Library will pay operating costs of \$5.50 per square foot on 12,000 square feet of the library facility during fiscal year 2008. The square footage rate will then be adjusted annually based on actual operating costs for the 10 year lease term.

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

## **SUPPLEMENTARY DATA**

PLAIN LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(G) PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(B) Food Donation	10.550	2008	\$ 166,508	\$ 166,508
(C) Fresh Fruit & Vegetable Program	10.582	2008	26,619	26,619
<b>Nutrition Cluster:</b>				
(A), (C) School Breakfast Program	10.553	2008	261,678	261,678
(A), (C) National School Lunch	10.555	2008	936,005	936,005
(A), (C) Summer Food Service Program for Children	10.559	2008	42,097	42,097
<b>Total Nutrition Cluster</b>			1,239,780	1,239,780
<b>Total U.S. Department of Agriculture</b>			1,432,907	1,432,907
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(F) Title I - Grants to Local Educational Agencies	84.010	2007	106,186	144,176
(F) Title I - Grants to Local Educational Agencies	84.010	2008	579,152	573,908
Title I - Grants to Local Educational Agencies	84.010			
<b>Total Title I</b>			685,338	718,084
<b>Special Education Cluster:</b>				
(E),(F) Special Education: Grants to States	84.027	2007	420,762	167,752
(E),(F) Special Education: Grants to States	84.027	2008	1,448,361	1,393,138
<b>Total Special Education: Grants to States</b>			1,869,123	1,560,890
(E) Special Education: Preschool Grants	84.173			
(E) Special Education: Preschool Grants	84.173	2008	30,806	30,806
<b>Total Special Education: Preschool Grants</b>			30,806	30,806
<b>Total Special Education Cluster</b>			1,899,929	1,591,696
Career and Technical Education - Basic Grants to States	84.048	2007	11,230	12,170
Career and Technical Education - Basic Grants to States	84.048	2008	190,247	194,681
<b>Total Career and Technical Education - Basic Grants to States</b>			201,477	206,851
(F) Safe and Drug-Free Schools and Communities_State Grants	84.186	2007	(412)	48
(F) Safe and Drug-Free Schools and Communities_State Grants	84.186	2008	22,711	22,637
<b>Total Safe and Drug-Free Schools and Communities_State Grants</b>			22,299	22,685
(F) State Grants for Innovative Programs	84.298	2007	(56)	505
(F) State Grants for Innovative Programs	84.298	2008	12,803	12,359
<b>Total State Grants for Innovative Programs</b>			12,747	12,864
(F) Education Technology State Grants	84.318	2007	(483)	-
(F) Education Technology State Grants	84.318	2008	7,928	7,928
<b>Total Education Technology State Grants</b>			7,445	7,928
Improving Teacher Quality State Grants	84.367	2007	25,204	46,593
Improving Teacher Quality State Grants	84.367	2008	210,775	204,185
<b>Total Improving Teacher Quality State Grants</b>			235,979	250,778
<b>Total U.S. Department of Education</b>			3,065,214	2,810,886
<b>Total Federal Financial Assistance</b>			\$ 4,498,121	\$ 4,243,793

-continued

**PLAIN LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at their entitlement value.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) This schedule was prepared on the cash basis of accounting.
- (E) Included as part of "Special Education Cluster" in determining major programs.
- (F) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2008, the ODE authorized the following transfers:

<b>Program Title</b>	<b>CFDA Number</b>	<b>Grant Year</b>	<b>Transfers Out</b>	<b>Transfers In</b>
Title I - Grants to Local Educational Agencies	84.010	2007	\$ 66,718	
Title I - Grants to Local Educational Agencies	84.010	2008		\$ 66,718
Special Education: Grants to States	84.027	2007	51,478	
Special Education: Grants to States	84.027	2008		51,478
Safe and Drug-Free Schools and Communities	84.186	2007	412	
Safe and Drug-Free Schools and Communities	84.186	2008		412
State Grants for Innovative Programs	84.298	2007	56	
State Grants for Innovative Programs	84.298	2008		56
Education Technology State Grants	84.318	2007	483	
Education Technology State Grants	84.318	2008		483
Totals			<u>\$ 119,147</u>	<u>\$ 119,147</u>

- (G) OAKS did not assign pass-through numbers for fiscal year 2008.



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Accounting Standards***

Board of Education  
Plain Local School District  
901 44<sup>th</sup> Street NW  
Canton, Ohio 44709-1699

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plain Local School District, Stark County, Ohio as of and for the fiscal year ended June 30, 2008, which collectively comprise Plain Local School District's basic financial statements and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Plain Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plain Local School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Plain Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Plain Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Plain Local School District's financial statements that is more than inconsequential will not be prevented or detected by the Plain Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Plain Local School District's internal control.

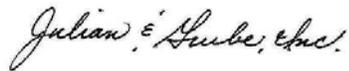
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Education  
Plain Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plain Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and Board of Education of Plain Local School District 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 19, 2008



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Each  
Major Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

Board of Education  
Plain Local School District  
901 44<sup>th</sup> Street NW  
Canton, Ohio 44709-1699

Compliance

We have audited the compliance of Plain Local School 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 fiscal year ended June 30, 2008. Plain Local School 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 each of its major federal programs is the responsibility of Plain Local School District's management. Our responsibility is to express an opinion on Plain Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Plain Local School 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 Plain Local School District's compliance with those requirements.

In our opinion, Plain Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008.

Internal Control Over Compliance

The management of Plain Local School 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 Plain Local School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Plain Local School District's internal control over compliance.

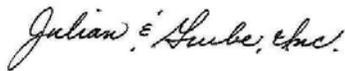
Board of Education  
Plain Local School District

A control deficiency in Plain Local School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Plain Local School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Plain Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Plain Local School District's internal control.

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

This report is intended for the information and use of management and Board of Education of Plain Local School District 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.



Julian & Grube, Inc.  
December 19, 2008

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2008**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I - Grants to Local Educational Agencies CFDA #84.010; Nutrition Cluster - School Breakfast Program CFDA #10.553; National School Lunch CFDA #10.555; Summer Food Service Program for Children CFDA #10.559
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



**Mary Taylor, CPA**  
Auditor of State

**PLAIN LOCAL SCHOOL DISTRICT**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 10, 2009**