

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

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, 2008 through June 30, 2009. 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

December 28, 2009

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

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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 44th 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, 2009 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, 2009, 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 November 20, 2009, 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 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.

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

Julian & Grube, Inc.
November 20, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009. 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 2009 are as follows:

- In total, net assets of governmental activities decreased \$2,127,458 which represents a 9.64% decrease from 2008.
- General revenues accounted for \$46,074,137 in revenue or 81.82% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,235,713 or 18.18% of total revenues of \$56,309,850.
- The District had \$58,437,308 in expenses related to governmental activities; \$10,235,713 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 \$48,751,632 in revenues and other financing sources and \$50,221,655 in expenditures and other financing sources. The fund balance of the major governmental funds decreased from \$9,539,390 to \$8,066,178.

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 2009?" 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, 2009

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 10. 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, 2009

The District as a Whole

The table below provides a summary of the District's net assets for 2009 and 2008.

	Net Assets	
	Governmental Activities 2009	Governmental Activities 2008
<u>Assets</u>		
Current and other assets	\$ 46,661,878	\$ 46,418,548
Capital assets	<u>68,437,517</u>	<u>70,169,705</u>
Total assets	<u>115,099,395</u>	<u>116,588,253</u>
<u>Liabilities</u>		
Current liabilities	34,884,032	32,447,502
Long-term liabilities	<u>60,279,635</u>	<u>62,077,565</u>
Total liabilities	<u>95,163,667</u>	<u>94,525,067</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	12,291,086	12,957,382
Restricted	4,466,941	3,701,234
Unrestricted	<u>3,177,701</u>	<u>5,404,570</u>
Total net assets	<u>\$ 19,935,728</u>	<u>\$ 22,063,186</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$19,935,728.

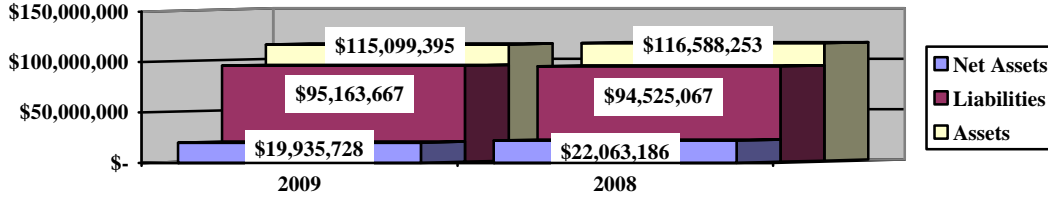
At year-end, capital assets represented 59.46% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$12,291,086. These capital assets are used 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, \$4,466,941, 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, 2009**

Governmental Activities



The table below shows the change in net assets for fiscal years 2009 and 2008. Intergovernmental pass-through expenditures for 2008 have been reclassified to other non-instructional services expenditures to conform to 2009 presentation.

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,183,983	\$ 3,081,656
Operating grants and contributions	6,757,679	6,621,175
Capital grants and contributions	294,051	317,866
General revenues:		
Property taxes	25,917,206	26,687,350
Grants and entitlements	19,747,622	19,484,483
Investment earnings	338,361	933,530
Other	<u>70,948</u>	<u>48,371</u>
Total revenues	<u>56,309,850</u>	<u>57,174,431</u>

--continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Change in Net Assets - (Continued)

	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 25,277,086	\$ 23,792,244
Special	5,377,978	4,987,879
Vocational	1,997,502	2,072,829
Adult/continuing	4,418	56,469
Other	297,706	651,691
Support services:		
Pupil	2,962,909	2,963,783
Instructional staff	3,962,851	3,696,398
Board of education	95,845	154,000
Administration	3,717,664	3,658,410
Fiscal	915,475	905,188
Business	15,753	136,060
Operations and maintenance	4,797,454	5,271,957
Pupil transportation	2,069,306	2,414,322
Central	216,407	228,230
Food service operations	2,392,061	2,522,238
Operations of non-instructional services	665,350	564,162
Extracurricular activities	1,064,028	1,059,959
Interest and fiscal charges	<u>2,607,515</u>	<u>2,638,460</u>
Total	58,437,308	57,774,279
Change in net assets	(2,127,458)	(599,848)
Net assets at beginning of year	<u>22,063,186</u>	<u>22,663,034</u>
Net assets at end of year	<u>\$ 19,935,728</u>	<u>\$ 22,063,186</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$2,127,458. Total governmental expenses of \$58,437,308 were offset by program revenues of \$10,235,713 and general revenues of \$46,074,137. Program revenues supported 17.52% of the total governmental expenses.

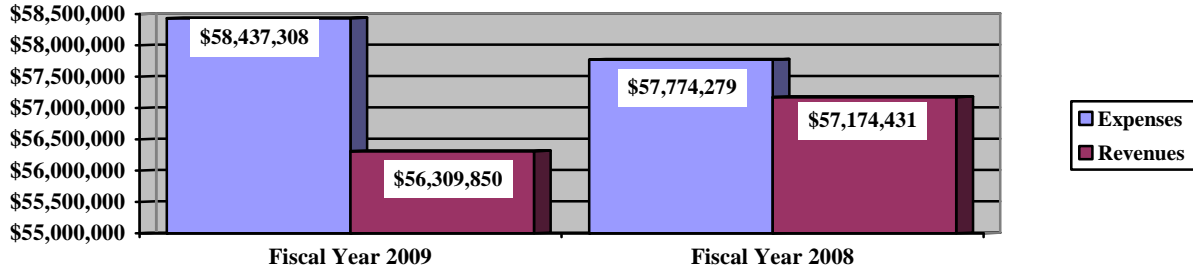
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These two revenue sources represent 81.10% and 80.76% of total governmental revenue in 2009 and 2008, respectively. Real estate property is reappraised every six years and updated 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, 2009**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 and 2008.

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. Intergovernmental pass-through expenditures for 2008 have been reclassified to other non-instructional services expenditures to conform to 2009 presentation.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

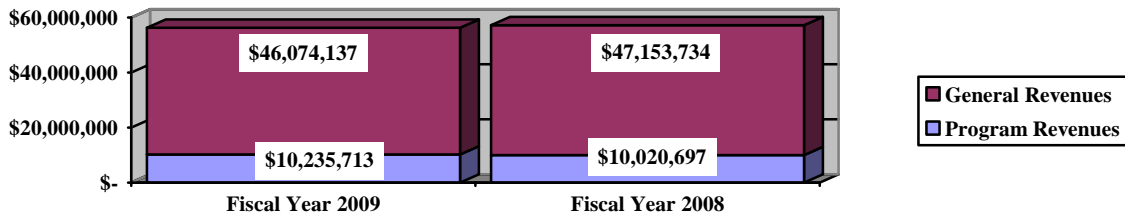
Governmental Activities

	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Program expenses				
Instruction:				
Regular	\$ 25,277,086	\$ 24,125,600	\$ 23,792,244	\$ 23,295,740
Special	5,377,978	2,771,982	4,987,879	2,328,213
Vocational	1,997,502	1,568,115	2,072,829	1,548,223
Adult/continuing	4,418	4,418	56,469	56,410
Other	297,706	287,469	651,691	272,552
Support services:				
Pupil	2,962,909	2,660,006	2,963,783	2,708,532
Instructional staff	3,962,851	2,713,552	3,696,398	2,589,196
Board of education	95,845	95,479	154,000	154,000
Administration	3,717,664	3,489,716	3,658,410	3,446,126
Fiscal	915,475	880,048	905,188	859,624
Business	15,753	15,753	136,060	136,060
Operations and maintenance	4,797,454	4,443,258	5,271,957	4,894,880
Pupil transportation	2,069,306	1,916,961	2,414,322	2,257,024
Central	216,407	210,176	228,230	221,848
Food service operations	2,392,061	17,009	2,522,238	107,349
Operations of non-instructional services	665,350	57,810	564,162	(31,726)
Extracurricular activities	1,064,028	336,728	1,059,959	271,071
Interest and fiscal charges	<u>2,607,515</u>	<u>2,607,515</u>	<u>2,638,460</u>	<u>2,638,460</u>
Total	<u>\$ 58,437,308</u>	<u>\$ 48,201,595</u>	<u>\$ 57,774,279</u>	<u>\$ 47,753,582</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 87.26% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.48%. The District's taxpayers and unrestricted grants and entitlements, 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 2009 and 2008.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$8,963,357, which is lower than last year's total of \$11,562,568. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	<u>Fund Balance</u> <u>June 30, 2009</u>	<u>Fund Balance</u> <u>June 30, 2008</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 5,734,796	\$ 7,606,551	\$ (1,871,755)
Debt Service	2,331,382	1,932,839	398,543
Other Governmental	<u>897,179</u>	<u>2,023,178</u>	<u>(1,125,999)</u>
Total	<u>\$ 8,963,357</u>	<u>\$ 11,562,568</u>	<u>\$ (2,599,211)</u>

General Fund

During fiscal year 2009, the District's general fund balance decreased by \$1,871,755. The table that follows assists in illustrating the financial activities of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>
<u>Revenues</u>			
Taxes	\$ 21,440,967	\$ 22,284,758	\$ (843,791)
Tuition	759,886	638,160	121,726
Earnings on investments	332,457	840,818	(508,361)
Intergovernmental	20,790,856	20,548,051	242,805
Other revenues	<u>822,760</u>	<u>794,999</u>	<u>27,761</u>
Total	<u>\$ 44,146,926</u>	<u>\$ 45,106,786</u>	<u>\$ (959,860)</u>
<u>Expenditures</u>			
Instruction	\$ 28,875,165	\$ 28,441,361	\$ 433,804
Support services	16,570,591	17,363,949	(793,358)
Extracurricular activities	<u>564,851</u>	<u>655,374</u>	<u>(90,523)</u>
Total	<u>\$ 46,010,607</u>	<u>\$ 46,460,684</u>	<u>\$ (450,077)</u>

Debt Service

During fiscal year 2009, the District's debt service fund balance increased \$398,543, due to revenues of \$4,603,991 exceeding expenditures of \$4,205,448 in 2009.

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 2009, the District amended its general fund budget several times. For the general fund, actual and final budgeted revenues and other financing sources of \$44,908,198 were \$951,735 lower than the original budgeted revenues estimate of \$45,859,933.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

General fund original appropriations (appropriated expenditures plus other financing uses) of \$50,907,250 were decreased \$1,881,433 to \$49,025,817 in the final budget and actual expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$68,437,517 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal year 2009 balances compared to 2008:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 2,370,360	\$ 2,370,360
Land improvements	3,796,769	3,710,084
Buildings and improvements	58,186,175	59,524,881
Furniture and equipment	3,684,623	4,154,589
Vehicles	<u>399,590</u>	<u>409,791</u>
Total	<u>\$ 68,437,517</u>	<u>\$ 70,169,705</u>

Total additions to capital assets for 2009 were \$984,923 and depreciation expenses were \$2,699,396. Capital asset disposals, net of accumulated depreciation, were \$17,715 for 2009.

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

Debt Administration

At June 30, 2009, the District had \$56,013,173 in general obligation bonds outstanding. Of this total, \$1,645,000 is due within one year and \$54,368,173 is due in greater than one year. The following table summarizes the bonds outstanding.

	Outstanding Debt, at Year End	
	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
General Obligation Bonds:		
School Improvement	<u>\$ 56,013,173</u>	<u>\$ 57,544,137</u>
Total	<u>\$ 56,013,173</u>	<u>\$ 57,544,137</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009, the District's overall legal debt margin was \$37,552,034 with an unvoted debt margin of \$1,009,173. The District maintains an A+ bond rating.

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

Current Financial Related Activities

The District passed a 6.9 mill continuing operating levy in May 2009. This levy will generate an additional \$6.96 million per year. The passage of this levy will help meet current and future needs.

The District relies heavily on property taxes, the state foundation program, as well as grants and entitlements to remain solvent. In July 2009, the State Legislature approved a new funding formula for school districts. Unfortunately, current economic conditions did not allow for the system to be fully funded. There will be an extended phase in over the next decade of the new system. The intent is to more fairly fund schools and remove the over reliance on property taxes.

The District has been conservative in the use of its resources. The management has always planned well in advance for revenue shortfalls and had made reductions from spending plans over the last six years totaling \$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.

Even with the passage of the 6.9 mill levy, the district will remain extremely conservative in spending in order to extend its life cycle and survive the current economic downturn. The district did experience an increased tax delinquency over the prior year of \$500,000. In order to compensate for losses such as this a portion of American Recovery and Reinvestment Act funds will be used to help meet ongoing needs as allowed by the Federal Government.

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 44th Street, NW, Canton, Ohio 44709-1699.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 15,142,425
Receivables:	
Taxes	30,001,121
Accounts	228
Intergovernmental	782,290
Accrued interest	59,905
Prepayments	29,245
Materials and supplies inventory	107,453
Unamortized bond issue costs	539,211
Capital assets:	
Land	2,370,360
Depreciable capital assets, net	<u>66,067,157</u>
Capital assets, net	<u>68,437,517</u>
 Total assets	 <u>115,099,395</u>
Liabilities:	
Accounts payable	41,957
Accrued wages and benefits	5,227,475
Pension obligation payable	1,226,951
Intergovernmental payable	183,772
Unearned revenue	28,001,269
Accrued interest payable	202,608
Long-term liabilities:	
Due within one year	2,258,251
Due in more than one year	<u>58,021,384</u>
 Total liabilities	 <u>95,163,667</u>
Net Assets:	
Invested in capital assets, net of related debt	12,291,086
Restricted for:	
Capital projects	911,500
Debt service	2,412,604
BWC refunds	203,450
School bus purchases	26,140
Food service	568,084
Locally funded programs	43,833
State funded programs	98,768
Federally funded programs	2,298
Student activities	82,926
Public school support	117,338
Unrestricted	<u>3,177,701</u>
 Total net assets	 <u><u>\$ 19,935,728</u></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, 2009

	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
Governmental activities:					
Instruction:					
Regular	\$ 25,277,086	\$ 569,440	\$ 485,184	\$ 96,862	\$ (24,125,600)
Special	5,377,978	428,840	2,177,156	-	(2,771,982)
Vocational	1,997,502	78,000	351,387	-	(1,568,115)
Adult/continuing.	4,418	-	-	-	(4,418)
Other	297,706	-	10,237	-	(287,469)
Support services:					
Pupil.	2,962,909	-	302,903	-	(2,660,006)
Instructional staff	3,962,851	-	1,249,299	-	(2,713,552)
Board of education	95,845	-	366	-	(95,479)
Administration.	3,717,664	-	227,948	-	(3,489,716)
Fiscal.	915,475	-	35,427	-	(880,048)
Business.	15,753	-	-	-	(15,753)
Operations and maintenance	4,797,454	143,284	57,060	153,852	(4,443,258)
Pupil transportation	2,069,306	-	109,008	43,337	(1,916,961)
Central	216,407	-	6,231	-	(210,176)
Operation of non-instructional services:					
Food service operations	2,392,061	1,240,232	1,134,820	-	(17,009)
Other non-instructional services	665,350	810	606,730	-	(57,810)
Extracurricular activities.	1,064,028	723,377	3,923	-	(336,728)
Interest and fiscal charges	2,607,515	-	-	-	(2,607,515)
Total governmental activities	\$ 58,437,308	\$ 3,183,983	\$ 6,757,679	\$ 294,051	(48,201,595)

General revenues:

Property taxes levied for:	
General purposes	21,862,167
Debt service.	4,055,039
Grants and entitlements not restricted	
to specific programs.	19,747,622
Investment earnings	338,361
Miscellaneous	70,948
Total general revenues	46,074,137
Change in net assets.	(2,127,458)
Net assets at beginning of year	22,063,186
Net assets at end of year.	\$ 19,935,728

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 10,465,238	\$ 2,120,992	\$ 2,326,605	\$ 14,912,835
Receivables:				
Taxes	26,534,781	3,466,340	-	30,001,121
Accounts	228	-	-	228
Intergovernmental	432,798	-	349,492	782,290
Accrued interest	59,905	-	-	59,905
Interfund loans	43,477	-	-	43,477
Prepayments	29,245	-	-	29,245
Materials and supplies inventory	71,640	-	35,813	107,453
Restricted assets:				
Equity in pooled cash and investments	229,590	-	-	229,590
Total assets	<u>\$ 37,866,902</u>	<u>\$ 5,587,332</u>	<u>\$ 2,711,910</u>	<u>\$ 46,166,144</u>
Liabilities:				
Accounts payable	\$ 25,795	\$ -	\$ 16,162	\$ 41,957
Accrued wages and benefits	4,797,314	-	430,161	5,227,475
Compensated absences payable	261,150	-	21,225	282,375
Early retirement incentive payable	120,000	-	-	120,000
Pension obligation payable	1,027,419	-	199,532	1,226,951
Intergovernmental payable	163,698	-	20,074	183,772
Interfund loan payable	-	-	43,477	43,477
Deferred revenue	1,784,545	283,830	7,136	2,075,511
Unearned revenue	23,952,185	2,972,120	1,076,964	28,001,269
Total liabilities	<u>32,132,106</u>	<u>3,255,950</u>	<u>1,814,731</u>	<u>37,202,787</u>
Fund balances:				
Reserved for encumbrances	2,142,890	-	204,621	2,347,511
Reserved for materials and supplies inventory	71,640	-	35,813	107,453
Reserved for prepayments	29,245	-	-	29,245
Reserved for property tax unavailable for appropriation	1,093,740	210,390	-	1,304,130
Reserved for BWC refunds	203,450	-	-	203,450
Reserved for school bus purchases	26,140	-	-	26,140
Unreserved:				
Designation for budget stabilization	1,496,545	-	-	1,496,545
Undesignated (deficit), reported in:				
General fund	671,146	-	-	671,146
Special revenue funds	-	-	674,130	674,130
Debt service fund	-	2,120,992	-	2,120,992
Capital projects funds	-	-	(17,385)	(17,385)
Total fund balances	<u>5,734,796</u>	<u>2,331,382</u>	<u>897,179</u>	<u>8,963,357</u>
Total liabilities and fund balances	<u>\$ 37,866,902</u>	<u>\$ 5,587,332</u>	<u>\$ 2,711,910</u>	<u>\$ 46,166,144</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, 2009

Total governmental fund balances		\$	8,963,357
<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.			68,437,517
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	1,796,450	
Intergovernmental receivable		254,449	
Accrued interest receivable		24,612	
Total		2,075,511	2,075,511
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(202,608)
Unamortized premiums on bond issuance are not recognized in the funds.			(541,518)
Unamortized bond issuance costs are not recognized in the funds.			539,211
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 payable		(3,322,569)	
General obligation bonds payable		(56,013,173)	
Total		(59,335,742)	(59,335,742)
Net assets of governmental activities		\$	19,935,728

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, 2009

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ 21,440,967	\$ 3,973,759	\$ -	\$ 25,414,726
Tuition.	759,886	-	-	759,886
Transportation fees	92,472	-	-	92,472
Charges for services.	-	-	1,240,232	1,240,232
Earnings on investments.	332,457	-	56,541	388,998
Extracurricular.	292,849	-	431,338	724,187
Classroom materials and fees	205,318	-	-	205,318
Gifts and contributions	-	-	153,852	153,852
Other local revenues.	232,121	-	-	232,121
Other revenue.	-	-	46,002	46,002
Intergovernmental - State.	20,790,856	630,232	1,132,264	22,553,352
Intergovernmental - Federal	-	-	3,816,218	3,816,218
Total revenue	<u>44,146,926</u>	<u>4,603,991</u>	<u>6,876,447</u>	<u>55,627,364</u>
Expenditures:				
Current:				
Instruction:				
Regular	22,303,267	-	1,071,092	23,374,359
Special.	4,456,009	-	864,839	5,320,848
Vocational.	1,814,772	-	62,037	1,876,809
Adult/continuing.	4,418	-	-	4,418
Other.	296,699	-	10,668	307,367
Support services:				
Pupil.	2,661,887	-	299,153	2,961,040
Instructional staff	2,571,152	-	1,304,104	3,875,256
Board of education	95,440	-	405	95,845
Administration.	3,443,061	-	230,543	3,673,604
Fiscal	814,309	65,250	36,751	916,310
Business	47,934	-	-	47,934
Operations and maintenance.	4,703,364	-	66,635	4,769,999
Pupil transportation	2,033,469	-	1,769	2,035,238
Central.	199,975	-	6,254	206,229
Operation of non-instructional services:				
Food service operations	-	-	2,219,045	2,219,045
Other non-instructional services.	-	-	696,505	696,505
Extracurricular activities.	564,851	-	490,654	1,055,505
Facilities acquisition and construction	-	-	627,975	627,975
Debt service:				
Principal retirement.	-	1,605,000	-	1,605,000
Interest and fiscal charges	-	2,535,198	-	2,535,198
Total expenditures	<u>46,010,607</u>	<u>4,205,448</u>	<u>7,988,429</u>	<u>58,204,484</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,863,681)</u>	<u>398,543</u>	<u>(1,111,982)</u>	<u>(2,577,120)</u>
Other financing sources (uses):				
Sale of capital assets.	715	-	-	715
Transfers in	-	-	5,600	5,600
Transfers (out).	(5,600)	-	-	(5,600)
Total other financing sources (uses).	<u>(4,885)</u>	<u>-</u>	<u>5,600</u>	<u>715</u>
Net change in fund balances	(1,868,566)	398,543	(1,106,382)	(2,576,405)
Fund balances at beginning of year	7,606,551	1,932,839	2,023,178	11,562,568
Decrease in reserve for inventory.	(3,189)	-	(19,617)	(22,806)
Fund balances at end of year	<u>\$ 5,734,796</u>	<u>\$ 2,331,382</u>	<u>\$ 897,179</u>	<u>\$ 8,963,357</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, 2009

Net change in fund balances - total governmental funds \$ (2,576,405)

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	\$	984,923	
Current year depreciation		(2,699,396)	
Total			(1,714,473)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (17,715)

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

Taxes		502,480	
Intergovernmental revenue		109,291	
Earnings on investments		(26,862)	
Total			584,909

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. More interest is reported in the governmental statement of activities due to the following:

Decrease in accrued interest payable		1,616	
Accreted interest on capital appreciation bonds		(74,036)	
Amortization of bond premiums		24,157	
Amortization of bond issuance costs		(24,054)	
Total			(72,317)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (22,806)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,605,000

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. 86,349

Change in net assets of governmental activities \$ (2,127,458)

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 21,360,784	\$ 21,559,897	\$ 21,559,897	\$ -
Tuition.	566,200	760,485	760,485	-
Transportation fees	68,000	92,472	92,472	-
Earnings on investments.	840,000	321,011	321,011	-
Extracurricular.	321,500	292,849	292,849	-
Classroom materials and fees	216,650	205,318	205,318	-
Other local revenues.	176,800	232,912	232,912	-
Intergovernmental - State	21,785,699	20,711,489	20,711,489	-
Intergovernmental - Federal.	250,000	-	-	-
Total revenue	<u>45,585,633</u>	<u>44,176,433</u>	<u>44,176,433</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	23,382,608	23,334,486	23,334,486	-
Special.	5,616,776	5,205,764	5,205,764	-
Vocational.	2,021,601	1,766,551	1,766,551	-
Adult/continuing.	16,793	4,429	4,429	-
Other.	248,330	269,704	269,704	-
Support services:				
Pupil.	2,931,932	3,048,026	3,048,026	-
Instructional staff	2,703,869	2,569,275	2,569,275	-
Board of education	135,075	120,959	120,959	-
Administration.	3,756,774	3,503,744	3,503,744	-
Fiscal	825,475	813,554	813,554	-
Business	78,791	67,245	67,245	-
Operations and maintenance.	5,671,736	5,158,748	5,158,748	-
Pupil transportation	2,375,351	1,999,145	1,999,145	-
Central.	237,668	207,932	207,932	-
Extracurricular activities.	579,321	574,235	574,235	-
Total expenditures	<u>50,582,100</u>	<u>48,643,797</u>	<u>48,643,797</u>	<u>-</u>
Deficiency of revenues under expenditures.	<u>(4,996,467)</u>	<u>(4,467,364)</u>	<u>(4,467,364)</u>	<u>-</u>
Other financing sources (uses):				
Refund of prior year expenditure.	25,000	305,821	305,821	-
Transfers (out)	(75,150)	(5,600)	(5,600)	-
Advances in.	247,300	425,229	425,229	-
Advances (out)	(250,000)	(376,420)	(376,420)	-
Sale of capital assets	2,000	715	715	-
Total other financing sources (uses)	<u>(50,850)</u>	<u>349,745</u>	<u>349,745</u>	<u>-</u>
Net change in fund balance	(5,047,317)	(4,117,619)	(4,117,619)	-
Fund balance at beginning of year.	10,096,553	10,096,553	10,096,553	-
Prior year encumbrances appropriated	2,563,973	2,563,973	2,563,973	-
Fund balance at end of year	<u>\$ 7,613,209</u>	<u>\$ 8,542,907</u>	<u>\$ 8,542,907</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, 2009

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 2,458	\$ 220,336
Total assets.	2,458	\$ 220,336
Liabilities:		
Accounts payable.	-	\$ 180
Intergovernmental payable	-	121,486
Due to students	-	98,670
Total liabilities	-	\$ 220,336
Net assets:		
Held in trust for scholarships	2,458	
Total net assets	\$ 2,458	

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, 2009

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 31
Gifts and contributions.	100
	131
Total additions.	131
Deductions:	
Scholarships awarded	250
Change in net assets	(119)
Net assets at beginning of year.	2,577
Net assets at end of year	\$ 2,458

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, 2009

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 46th largest by total enrollment among the 922 public and community schools in the State and 2nd largest in Stark County. The District employs 322 non-certified and 406 certified employees to provide services to 6,130 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 and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 districts. However, SPARCC is primarily governed by a five member Executive Board which is made up of two representatives from Stark County, two from Portage County and a Treasurer. The Board meets monthly to address any current issues.

PUBLIC ENTITY RISK POOL

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 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 four-district vocational compact 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, 2009

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

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

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

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

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, 2009, but which were levied to finance fiscal year 2010 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, 2009 are recorded as deferred revenue in the governmental funds.

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, 2009

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 (except agency 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 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 certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2009.
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, 2009

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 2009. 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 2009, 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 2009. 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, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investments are assigned to the general fund, 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 2009 amounted to \$332,457, which includes \$57,620 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, 2009

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 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, 2009

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, 2009 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, 2009

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, property tax 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 property tax 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 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 represents equity in pooled cash and investments 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, 2009

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic 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 and Holy Cross Preschool and Kindergarten, which are privately operated. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of these schools by the Treasurer of the District, as directed by the schools. The fiduciary responsibility of the District for these monies is reflected in a non major governmental fund for financial reporting purposes.

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 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Poverty aid	\$ 71,623
Title VI-B	10,159
Reducing class size	17,021
Building	908,057

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$9,411,447, exclusive of the repurchase agreements reported below. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2009, \$6,806,980 of the District’s bank balance of \$9,956,344 was exposed to custodial risk as discussed below, while \$3,149,364 was covered by the FDIC.

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, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
Federal Home Loan Bank	\$ 503,865	\$ 503,865
Repurchase agreements	450,000	450,000
STAR Ohio	<u>4,999,907</u>	<u>4,999,907</u>
Total	<u>\$ 5,953,772</u>	<u>\$ 5,953,772</u>

The weighted average maturity of investments is 0.02 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in the federal agency securities that underlie the repurchase agreements 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.

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 \$450,000 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, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Federal Home Loan Bank	\$ 503,865	46.00
Repurchase agreements	450,000	7.56
STAR Ohio	<u>4,999,907</u>	<u>83.98</u>
Total	<u>\$ 5,953,772</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, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,411,447
Investments	<u>5,953,772</u>
Total	<u>\$ 15,365,219</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per financial statements</u>	
Governmental activities	\$ 15,142,425
Private purpose trust fund	2,458
Agency funds	<u>220,336</u>
Total	<u>\$ 15,365,219</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2009 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	\$ 43,477

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, 2009 are reported on the statement of net assets.

- B. Interfund transfers for the year ended June 30, 2009 consisted of the following as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	<u>Amount</u>
General fund	\$ 5,600

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated in the statement of activities. All transfers made in fiscal year 2009 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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.

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, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$1,093,740 in the general fund and \$210,390 in the bond retirement debt service fund. This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$1,212,670 in the general fund and \$259,790 in the bond retirement debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 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 the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 982,332,310	96.36	\$ 987,495,780	97.74
Public utility personal	20,974,520	2.06	21,689,040	2.15
Tangible personal property	<u>16,072,824</u>	<u>1.58</u>	<u>1,091,900</u>	<u>0.11</u>
Total	<u>\$ 1,019,379,654</u>	<u>100.00</u>	<u>\$ 1,010,276,720</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Operations	\$52.60		\$52.60	
Debt service	4.90		5.10	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 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	\$ 30,001,121
Accounts	228
Intergovernmental	782,290
Accrued interest	<u>59,905</u>
Total	<u>\$ 30,843,544</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance			Balance
	<u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/09</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,370,360	\$ -	\$ -	\$ 2,370,360
Total capital assets, not being depreciated	<u>2,370,360</u>	<u>-</u>	<u>-</u>	<u>2,370,360</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	5,433,982	387,799	-	5,821,781
Buildings and improvements	75,903,916	261,555	-	76,165,471
Furniture and equipment	7,248,553	227,612	(38,474)	7,437,691
Vehicles	<u>3,705,522</u>	<u>107,957</u>	<u>(53,936)</u>	<u>3,759,543</u>
Total capital assets, being depreciated	<u>92,291,973</u>	<u>984,923</u>	<u>(92,410)</u>	<u>93,184,486</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,723,898)	(301,114)	-	(2,025,012)
Buildings and improvements	(16,379,035)	(1,600,261)	-	(17,979,296)
Furniture and equipment	(3,093,964)	(679,863)	20,759	(3,753,068)
Vehicles	<u>(3,295,731)</u>	<u>(118,158)</u>	<u>53,936</u>	<u>(3,359,953)</u>
Total accumulated depreciation	<u>(24,492,628)</u>	<u>(2,699,396)</u>	<u>74,695</u>	<u>(27,117,329)</u>
Governmental activities capital assets, net	<u>\$ 70,169,705</u>	<u>\$ (1,714,473)</u>	<u>\$ (17,715)</u>	<u>\$ 68,437,517</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,014,155
Special	45,524
Vocational	151,735
<u>Support services:</u>	
Pupil	36,671
Instructional staff	54,344
Administration	61,386
Operations and maintenance	62,683
Pupil transportation	111,700
Extracurricular activities	13,380
Food service operations	<u>147,818</u>
Total depreciation expense	<u>\$ 2,699,396</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS

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

	Average Interest Rate	Balance Outstanding 06/30/08	Additions	Reductions	Balance Outstanding 06/30/09	Amounts Due in One Year
Governmental activities:						
School improvements general obligation bonds	4.583	\$ 57,544,137	\$ 74,036	\$ (1,605,000)	\$ 56,013,173	\$ 1,645,000
Early retirement incentive		250,000	120,000	(250,000)	120,000	120,000
Compensated absences		<u>3,717,753</u>	<u>409,440</u>	<u>(522,249)</u>	<u>3,604,944</u>	<u>493,251</u>
Total governmental activities		61,511,890	<u>\$ 603,476</u>	<u>\$ (2,377,249)</u>	59,738,117	<u>\$ 2,258,251</u>
Add: Unamortized premium on bond issue		<u>565,675</u>			<u>541,518</u>	
Total on statement of net assets		<u>\$ 62,077,565</u>			<u>\$ 60,279,635</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 \$408,260 in accreted interest on the capital appreciation bonds has been included on the statement of net assets at June 30, 2009.

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 2009 on the general obligation bonds:

	Balance 06/30/08	Additions	Reductions	Balance 06/30/09
Current interest bonds	\$ 56,075,000	\$ -	\$ (1,605,000)	\$ 54,470,000
Capital appreciation bonds	1,134,913	-	-	1,134,913
Accreted interest	<u>334,224</u>	<u>74,036</u>	<u>-</u>	<u>408,260</u>
Total G.O. bonds	<u>\$ 57,544,137</u>	<u>\$ 74,036</u>	<u>\$ (1,605,000)</u>	<u>\$ 56,013,173</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ended June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	1,810,000	2,315,268	4,125,268	-	-	-
2015 - 2019	10,360,000	10,181,270	20,541,270	-	-	-
2020 - 2024	13,100,000	7,390,351	20,490,351	-	-	-
2025 - 2029	16,390,000	4,002,669	20,392,669	-	-	-
2030 - 2032	7,730,000	391,250	8,121,250	-	-	-
Total	\$ 54,470,000	\$ 34,007,335	\$ 88,477,335	\$ 1,134,913	\$ 610,087	\$ 1,745,000

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, 2009, are a voted debt margin of \$37,552,034 (including available funds of \$2,331,382) and an unvoted debt margin of \$1,009,173.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - EMPLOYEE BENEFITS - (Continued)

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 2009. 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. Six employees took advantage of the early retirement incentive in fiscal year 2009. These one-time cash payments will be made in January 2010. 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 School 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 2009. 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. No employees took advantage of the \$10,000 early retirement incentive in fiscal year 2009.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 11 - RISK MANAGEMENT - (Continued)

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:	Ohio Casualty		
Each occurrence		\$ 1,000,000	\$ 0
Aggregate		2,000,000	0
Building and contents	Ohio Casualty	176,021,249	10,000
Fleet:	Ohio Casualty		
Comprehensive		Actual Cash Value	250
Collision		Actual Cash Value	250
Liability		1,000,000	0
Umbrella liability	Ohio Casualty	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, 2009

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, 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 2009, 9.09 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, 2009, 2008 and 2007 were \$616,259, \$663,812 and \$736,766, respectively; 42.58 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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.

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, 2009**

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 2009, 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, 2009, 2008 and 2007 were \$3,075,596, \$3,109,169 and \$3,097,975, respectively; 83.53 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributing to the DC and combined plans for fiscal year 2009 were \$27,066 made by the District and \$61,284 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, 2009, 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 105(e). For 2009, 4.16 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 2009, the actuarially determined amount was \$35,800.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$426,035, \$450,442 and \$380,698, respectively; 42.58 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$50,846, \$47,829 and \$50,100, respectively; 42.58 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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 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 2009, 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, 2009, 2008, and 2007 were \$236,584, \$239,167 and \$238,306, respectively; 83.53 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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, 2009

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	\$ (4,117,619)
Net adjustment for revenue accruals	(29,507)
Net adjustment for expenditure accruals	470,758
Net adjustment for other sources/uses	(354,630)
Adjustment for encumbrances	<u>2,162,432</u>
GAAP basis	<u>\$ (1,868,566)</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 any legal proceedings.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside balance as of June 30, 2008	\$ (1,304,627)	\$ -	\$ 203,450
Current year set-aside requirement	1,019,998	1,019,998	-
Qualifying disbursements	<u>(1,275,197)</u>	<u>(1,066,941)</u>	<u>-</u>
Total	<u>\$ (1,559,826)</u>	<u>\$ (46,943)</u>	<u>\$ 203,450</u>
Balance carried forward to FY 2010	<u>\$ (1,559,826)</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, 2009 was \$1,496,545.

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.

A schedule of the restricted assets at June 30, 2009 follows:

Amount restricted for BWC refunds	\$ 203,450
Amount restricted for school bus purchases	<u>26,140</u>
Total restricted cash	<u>\$ 229,590</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009, a payment of \$1,076,964 has been recorded as unearned revenue on the financial statements. Revenue from the lease will be recognized each year it is earned.

The Library paid operating costs of \$5.50 per square foot on 12,000 square feet of the library facility during fiscal year 2009. 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 feet for the leased premises or the fair market value of leased space in the surrounding area. The Library will also be obligated to pay operating expenses as set forth.

SUPPLEMENTARY DATA

PLAIN LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Nutrition Grant Cluster:				
(D) (E) School Breakfast Program	10.553	2009	\$ 199,390	\$ 199,390
Total School Breakfast Program			<u>199,390</u>	<u>199,390</u>
(D) (E) National School Lunch Program	10.555	2009	775,480	775,480
(C) (D) National School Lunch Program - Food Donation	10.555	2009	118,540	118,540
Total National School Lunch Program			<u>894,020</u>	<u>894,020</u>
(D) (E) Summer Food Service Program for Children	10.559	2009	7,454	7,454
Total Summer Food Service Program			<u>7,454</u>	<u>7,454</u>
Total Nutrition Grant Cluster			<u>1,100,864</u>	<u>1,100,864</u>
(E) Fresh Fruit and Vegetable Program	10.582	2009	1,139	1,139
Total Fresh Fruit and Vegetable Program			<u>1,139</u>	<u>1,139</u>
Total U.S. Department of Agriculture			<u>1,102,003</u>	<u>1,102,003</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(H) Title I Grants to Local Educational Agencies	84.010	2008	144,199	149,444
(H) Title I Grants to Local Educational Agencies	84.010	2009	817,722	807,461
(H) Title I Grants to Local Educational Agencies	84.010	2009	18,226	9,568
Total Title I Grants to Local Educational Agencies			<u>980,147</u>	<u>966,473</u>
Career and Technical Education - Basic Grants to States	84.048	2008	12,530	8,096
Career and Technical Education - Basic Grants to States	84.048	2009	193,937	197,098
Total Career and Technical Education - Basic Grants to States			<u>206,467</u>	<u>205,194</u>
Special Education Cluster:				
(F) (H) Special Education_Grants to States	84.027	2008	94,053	149,275
(F) (H) Special Education_Grants to States	84.027	2009	1,059,937	1,048,671
Total Special Education_Grants to States			<u>1,153,990</u>	<u>1,197,946</u>
(F) Special Education_Preschool Grants	84.173	2009	24,216	24,216
Total Special Education_Preschool Grants			<u>24,216</u>	<u>24,216</u>
Total Special Education Cluster			<u>1,178,206</u>	<u>1,222,162</u>
Safe and Drug-Free Schools and Communities_State Grant:	84.186	2008	-	74
Safe and Drug-Free Schools and Communities_State Grant:	84.186	2009	18,793	18,793
Total Safe and Drug-Free Schools and Communities_State Grant:			<u>18,793</u>	<u>18,867</u>
(H) State Grants for Innovative Programs	84.298	2008	(253)	191
(H) State Grants for Innovative Programs	84.298	2009	9,186	9,186
Total State Grants for Innovative Programs			<u>8,933</u>	<u>9,377</u>
Education Technology State Grants	84.318	2009	8,527	8,527
Total Education Technology State Grants			<u>8,527</u>	<u>8,527</u>
Improving Teacher Quality State Grants	84.367	2008	39,356	45,946
Improving Teacher Quality State Grants	84.367	2009	226,703	231,634
Total Improving Teach Quality State Grants			<u>266,059</u>	<u>277,580</u>
Total U.S. Department of Education			<u>2,667,132</u>	<u>2,708,180</u>
U.S. DEPARTMENT OF HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES				
(G) Medical Assistance Program	93.778	2009	273,275	-
Total Medical Assistance Program			<u>273,275</u>	<u>-</u>
Total U.S. Department of Human Services			<u>273,275</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 4,042,410</u>	<u>\$ 3,810,183</u>

-Continued

**PLAIN LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

- (A) OAKS did not assign pass-through numbers for fiscal year 2009
- (B) This schedule was prepared on the cash basis of accounting
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value
- (D) Included as part of "Nutrition Grant Cluster" in determining major programs
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Cluster" in determining major program
- (G) CAFS amount relates to settlements for services provided in prior years
- (H) 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 2009, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2008	\$ 15,342	
Title I Grants to Local Educational Agencies	84.010	2009		\$ 15,342
Special Education_Grants to States	84.027	2008	5,135	
Special Education_Grants to States	84.027	2009		5,135
State Grants for Innovative Programs	84.298	2008	253	
State Grants for Innovative Programs	84.298	2009		253
Totals			<u>\$ 20,730</u>	<u>\$ 20,730</u>



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**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 44th 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, 2009, which collectively comprise Plain Local School District's basic financial statements and have issued our report thereon dated November 20, 2009. 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." with a period at the end.

Julian & Grube, Inc.
November 20, 2009



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

Board of Education
Plain Local School District
901 44th 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 its major federal program for the fiscal year ended June 30, 2009. Plain Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of 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 its major federal program for the fiscal year ended June 30, 2009.

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.

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

Julian & Grube, Inc.
November 20, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS		
<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 Program's 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 Program (listed):</i>	Nutrition Grant Cluster: National School Breakfast Program CFDA #10.553 National School Lunch Program 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.



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Independent Accountant's Report on Applying Agreed-Upon Procedures

Plain Local School District
Stark County
901 44th Street NW
Canton, Ohio 44709-1699

To the Board of Education:

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school”.

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Plain Local School District has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 5, 2007.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education of Plain Local School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.
November 20, 2009



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
JANUARY 12, 2010