



Dave Yost • Auditor of State

**PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plain Local School District, Stark County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Plain Local School District, Stark County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

January 23, 2015

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The discussion and analysis of the Plain Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. 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 2014 are as follows:

- In total, net position of governmental activities increased \$4,257,014 from \$22,723,736 at June 30, 2013 to \$26,980,750 at June 30, 2014.
- General revenues accounted for \$49,286,155 in revenue or 80.44% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$11,982,425 or 19.56% of total revenues of \$61,268,580.
- The District had \$57,011,566 in expenses related to governmental activities; \$11,982,425 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the debt service fund. The general fund had \$50,478,961 in revenues and other financing sources and \$46,163,987 in expenditures. Fund balance of the general fund increased from a balance of \$7,953,394 to \$12,288,704.
- The debt service fund had \$3,561,891 in revenues and \$3,880,803 in expenditures. Fund balance of the debt service fund decreased from a balance of \$2,580,844 to \$2,261,932.

Using this Financial Report

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets, liabilities, deferred inflows and outflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net position and statement of activities can be found on pages 17-18 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 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental 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 position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

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 position and changes in fiduciary net position on pages 24 and 25. 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 27-53 of this report.

The District as a Whole

The table below provides a summary of the District's net position for fiscal years 2014 and 2013.

	Net Position	
	Governmental Activities 2014	Governmental Activities 2013
<u>Assets</u>		
Current and other assets	\$ 53,576,032	\$ 48,337,481
Capital assets, net	<u>59,367,406</u>	<u>61,155,773</u>
Total assets	<u>112,943,438</u>	<u>109,493,254</u>
<u>Deferred outflows of resources</u>	<u>1,358,948</u>	<u>1,486,429</u>
<u>Liabilities</u>		
Current liabilities	5,913,089	6,254,338
Long-term liabilities	<u>51,817,163</u>	<u>54,029,531</u>
Total liabilities	<u>57,730,252</u>	<u>60,283,869</u>
<u>Deferred inflows of resources</u>	<u>29,591,384</u>	<u>27,972,078</u>
<u>Net position</u>		
Net investment in capital assets	11,953,545	11,831,625
Restricted	4,170,592	4,628,389
Unrestricted	<u>10,856,613</u>	<u>6,263,722</u>
Total net position	<u>\$ 26,980,750</u>	<u>\$ 22,723,736</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

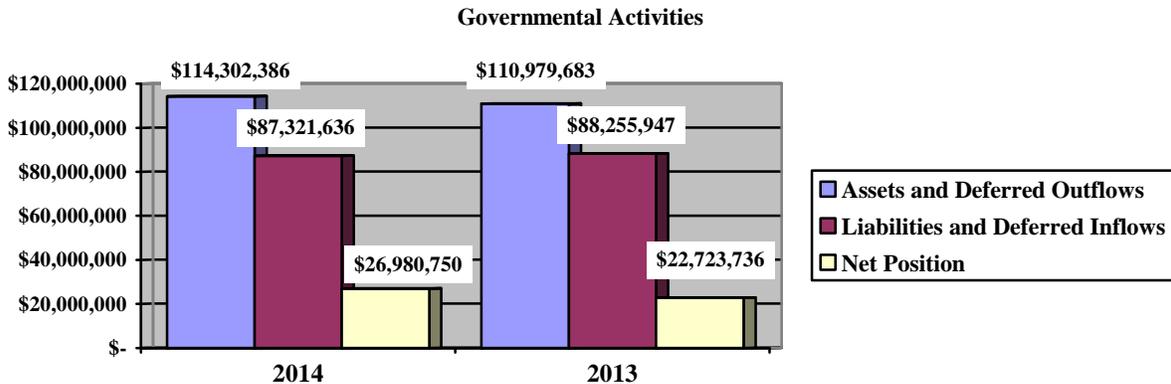
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,980,750.

The overall increase in assets for the District is mostly due to increased cash balances at year-end as the District was able to keep expenses below revenues for the year. At year-end, capital assets represented 52.56% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2014 was \$11,953,545. Capital assets are used to provide services to the students and are not available for future spending.

Both current and long-term liabilities decreased compared to the prior year. For current liabilities, this is primarily related to slight decreases in accrued wages and benefits, and pension obligation and intergovernmental payables. The District's long-term liabilities are mostly comprised of bonds payable. The District made principal payments on the bonds of \$1,930,000 in fiscal year 2014.

A portion of the District's net position, \$4,170,592, represents resources that are subject to external restriction on how they may be used. The remaining portion of the District's net position is an unrestricted balance of \$10,856,613.

The table below illustrates the District's assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2014 and 2013.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The table below shows the change in net position for fiscal years 2014 and 2013.

	Change in Net Position	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,378,004	\$ 3,540,229
Operating grants and contributions	8,348,208	6,687,727
Capital grants and contributions	256,213	162,469
General revenues:		
Property taxes	29,195,987	28,732,907
Grants and entitlements	19,994,732	19,080,616
Investment earnings	41,479	29,187
Other	<u>53,957</u>	<u>101,143</u>
Total revenues	<u>61,268,580</u>	<u>58,334,278</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	24,315,019	25,030,876
Special	7,303,005	6,752,421
Vocational	1,433,776	1,423,591
Other	400,338	228,979
Support services:		
Pupil	2,647,224	2,778,770
Instructional staff	1,527,489	2,283,556
Board of education	91,083	59,207
Administration	3,831,593	3,499,760
Fiscal	1,006,722	1,091,993
Business	246,512	163,604
Operations and maintenance	4,740,958	5,093,174
Pupil transportation	2,818,360	3,012,411
Central	210,186	193,847
Food service operations	2,735,680	2,585,329
Other non-instructional services	589,347	612,149
Extracurricular activities	1,269,516	1,311,169
Interest and fiscal charges	<u>1,844,758</u>	<u>1,882,058</u>
Total	57,011,566	58,002,894
Change in net position	4,257,014	331,384
Net position at beginning of year	<u>22,723,736</u>	<u>22,392,352</u>
Net position at end of year	<u>\$ 26,980,750</u>	<u>\$ 22,723,736</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Governmental Activities

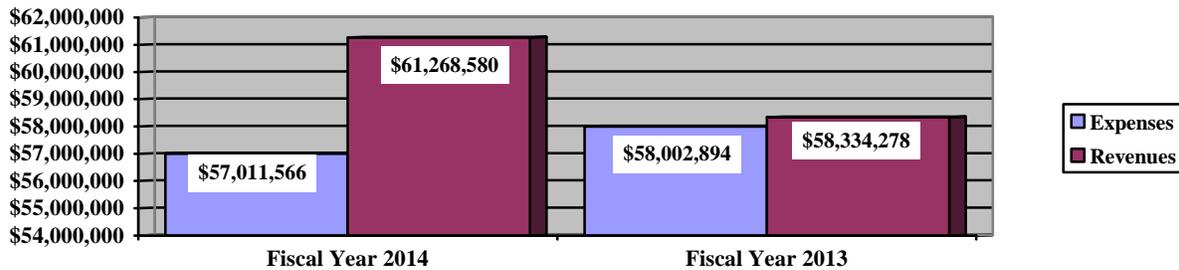
Net position of the District's governmental activities increased \$4,257,014 in fiscal year 2014. Total governmental expenses of \$57,011,566 were offset by program revenues of \$11,982,425 and general revenues of \$49,286,155. Program revenues supported 21.02% of the total governmental expenses.

Total revenues increased 5.03%. The increase in operating grants and contributions is mostly due to an increase in the special education funding allocation from the State Foundation program. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 80.29% and 81.96% of total governmental revenue in 2014 and 2013, respectively. Unrestricted grants and entitlements increased 4.79%, which is primarily related to an increase in State Foundation funding.

Total expenses for the District fell slightly, decreasing 1.71%. The largest expense of the District is for instructional programs. Instruction expenses totaled \$33,452,138 or 58.68% of total governmental expenses for fiscal year 2014.

The graph below presents the District's governmental revenues and expenses for fiscal years 2014 and 2013.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

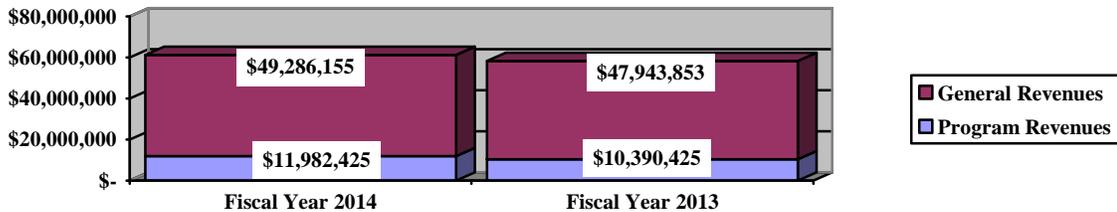
Governmental Activities

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Program expenses				
Instruction:				
Regular	\$ 24,315,019	\$ 23,107,474	\$ 25,030,876	\$ 24,212,307
Special	7,303,005	3,172,110	6,752,421	3,814,025
Vocational	1,433,776	859,092	1,423,591	971,595
Other	400,338	357,835	228,979	228,979
Support services:				
Pupil	2,647,224	2,241,488	2,778,770	2,413,999
Instructional staff	1,527,489	1,186,092	2,283,556	1,380,907
Board of education	91,083	91,083	59,207	59,207
Administration	3,831,593	3,505,026	3,499,760	3,326,019
Fiscal	1,006,722	950,587	1,091,993	1,066,389
Business	246,512	246,512	163,604	163,604
Operations and maintenance	4,740,958	4,152,673	5,093,174	4,598,482
Pupil transportation	2,818,360	2,550,907	3,012,411	2,763,081
Central	210,186	210,186	193,847	193,847
Food service operations	2,735,680	106,739	2,585,329	(78,135)
Other non-instructional services	589,347	(27,718)	612,149	68,444
Extracurricular activities	1,269,516	474,297	1,311,169	547,661
Interest and fiscal charges	<u>1,844,758</u>	<u>1,844,758</u>	<u>1,882,058</u>	<u>1,882,058</u>
Total	<u>\$ 57,011,566</u>	<u>\$ 45,029,141</u>	<u>\$ 58,002,894</u>	<u>\$ 47,612,469</u>

The dependence upon taxes and other general revenues for governmental activities is apparent; 82.20% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.98%. 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 2014 and 2013.

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, 2014
(UNAUDITED)

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$16,320,208, or \$4,074,616 higher than last year's total of \$12,245,592. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	<u>Fund Balance</u> <u>June 30, 2014</u>	<u>Fund Balance</u> <u>June 30, 2013</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 12,288,704	\$ 7,953,394	\$ 4,335,310
Debt Service	2,261,932	2,580,844	(318,912)
Other Governmental	<u>1,769,572</u>	<u>1,711,354</u>	<u>58,218</u>
Total	<u>\$ 16,320,208</u>	<u>\$ 12,245,592</u>	<u>\$ 4,074,616</u>

General Fund

During fiscal year 2014, the District's general fund balance increased \$4,335,310. The table that follows assists in illustrating the financial activities of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Property taxes	\$ 26,103,367	\$ 25,949,162	\$ 154,205	0.59 %
Tuition	824,119	956,908	(132,789)	(13.88) %
Earnings on investments	42,464	26,621	15,843	59.51 %
Intergovernmental	22,333,849	20,287,033	2,046,816	10.09 %
Other revenues	<u>1,173,408</u>	<u>1,169,228</u>	<u>4,180</u>	0.36 %
Total	<u>\$ 50,477,207</u>	<u>\$ 48,388,952</u>	<u>\$ 2,088,255</u>	4.32 %
<u>Expenditures</u>				
Instruction	\$ 29,342,057	\$ 30,360,451	\$ (1,018,394)	(3.35) %
Support services	15,931,069	16,770,115	(839,046)	(5.00) %
Extracurricular activities	<u>890,861</u>	<u>927,672</u>	<u>(36,811)</u>	(3.97) %
Total	<u>\$ 46,163,987</u>	<u>\$ 48,058,238</u>	<u>\$ (1,894,251)</u>	(3.94) %

Total general fund revenues increased 4.32%, mostly due to an increase in intergovernmental revenues. Intergovernmental revenues for the general fund consist primarily of formula-based funding received from the State of Ohio under the State Foundation program. These revenues increased under the new funding formula put in place for fiscal year 2014. The only significant decrease in general fund revenues was for tuition, which was lower in 2014 due to a decrease in special education services provided to other school districts.

Total general fund expenditures decreased 3.94%. The main reason is a decrease in salaries and wages due to retirements of certified staff members.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Debt Service

The debt service fund is a major fund and is used to accumulate resources from a property tax levy for the payment of principal and interest on the District's long-term debt obligations. During fiscal year 2014, the debt service fund had revenues of \$3,561,891 and expenditures of \$3,880,803. Fund balance at June 30, 2014 was \$2,261,932.

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 2014, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$50,946,893 were \$1,187,365, or 2.39%, higher than the original budgeted revenues estimate of \$49,759,528. Property taxes revenue was increased \$868,986 (3.39%) from the original to final budget in order to account for an increase in delinquent collections. Tuition revenue increased \$259,771 (32.80%) in order to reflect collections from other school districts which were originally budgeted to be received in the prior fiscal year. Actual revenues and other financing sources were the same as the final budget amount.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$49,543,439 were decreased \$1,096,094, or 2.21%, to \$48,447,345 in the final budget. The decrease is mainly the result of budgeted costs for wages and benefits, which were lowered due to retirements during the year. Actual expenditures and other financing uses were the same as the final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$59,367,406 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 2014 balances compared to 2013:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 2,370,360	\$ 2,370,360
Land improvements	2,568,356	2,779,409
Buildings and improvements	51,284,649	52,917,141
Furniture and equipment	2,517,733	2,684,067
Vehicles	<u>626,308</u>	<u>404,796</u>
Total	<u>\$ 59,367,406</u>	<u>\$ 61,155,773</u>

Total additions to capital assets for fiscal year 2014 were \$569,706 and disposals, net of accumulated depreciation were \$7,500. The District recorded depreciation expense of \$2,350,573 during the year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

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

Debt Administration

At June 30, 2014, the District had \$46,930,000 in general obligation bonds outstanding. Of this total, \$1,970,000 is due within one year and \$44,960,000 is due in greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
General Obligation Bonds:		
Series 2011 Refunding	\$ 12,585,000	\$ 14,515,000
Series 2011A Refunding	<u>34,345,000</u>	<u>34,345,000</u>
 Total	 <u>\$ 46,930,000</u>	 <u>\$ 48,860,000</u>

At June 30, 2014, the District's overall legal debt margin was \$36,355,305 and the unvoted debt margin was \$900,260. See Note 9 in the notes to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

Plain Local's main source of funding is local real estate tax. Total real estate tax receipts declined by nearly \$670,000 in fiscal year 2014. This is due to the decrease in valuation in the 2012 Stark County Tax Reappraisal. This trend is projected to stop in the 2015 triennial update as sales to market values have improved in large areas of the District. Also, total assessed valuation did increase by \$10 million for tax year 2013 and 2014 which will stop the decline in revenue.

The new state biennial budget passed for fiscal year 2014 and fiscal year 2015 has increased State Funding for Plain Local. During the 2014 fiscal year, Unrestricted State Funding increased by over \$1.2 million. This formula shows a gain for Plain Local in fiscal year 2015 of nearly \$1.5 million over fiscal year 2014. This increase helps offset the local loss in tax revenue due to the decrease in valuation.

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

In fiscal year 2014, the District reduced four general fund teaching positions through attrition and nine Individualized Small Group Instructors. These positions were reduced to become more efficient financially but also allowed the District to provide a better educational delivery model to students.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

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

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
Assets:	
Equity in pooled cash, cash equivalents and investments	\$ 21,072,606
Receivables:	
Property taxes	31,692,406
Accounts	16,883
Intergovernmental	620,369
Accrued interest	4,499
Loans	1,396
Prepayments	35,576
Materials and supplies inventory	132,297
Capital assets:	
Land	2,370,360
Depreciable capital assets, net	56,997,046
Capital assets, net	59,367,406
Total assets	112,943,438
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,358,948
Total deferred outflows of resources	1,358,948
Liabilities:	
Accounts payable	6,724
Contracts payable	64,500
Accrued wages and benefits payable	4,337,044
Pension obligation payable	824,876
Intergovernmental payable	204,937
Unearned revenue	324,099
Accrued interest payable	150,909
Long-term liabilities:	
Due within one year	2,563,649
Due in more than one year	49,253,514
Total liabilities	57,730,252
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	29,591,384
Total deferred inflows of resources	29,591,384
Net position:	
Net investment in capital assets	11,953,545
Restricted for:	
Capital projects	937,186
Debt service	2,271,389
School bus purchases	1,887
Food service	749,668
State funded programs	140,443
Federally funded programs	12,155
Student activities	57,864
Unrestricted	10,856,613
Total net position	\$ 26,980,750

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, 2014

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 24,315,019	\$ 408,931	\$ 798,614	\$ -	\$ (23,107,474)
Special	7,303,005	565,802	3,565,093	-	(3,172,110)
Vocational	1,433,776	112,707	461,977	-	(859,092)
Other	400,338	-	42,503	-	(357,835)
Support services:					
Pupil.	2,647,224	-	405,736	-	(2,241,488)
Instructional staff	1,527,489	-	341,397	-	(1,186,092)
Board of education	91,083	-	-	-	(91,083)
Administration.	3,831,593	-	326,567	-	(3,505,026)
Fiscal.	1,006,722	-	56,135	-	(950,587)
Business.	246,512	-	-	-	(246,512)
Operations and maintenance	4,740,958	314,072	18,000	256,213	(4,152,673)
Pupil transportation.	2,818,360	124,679	142,774	-	(2,550,907)
Central	210,186	-	-	-	(210,186)
Operation of non-instructional services:					
Food service operations	2,735,680	1,056,594	1,572,347	-	(106,739)
Other non-instructional services . .	589,347	-	617,065	-	27,718
Extracurricular activities.	1,269,516	795,219	-	-	(474,297)
Interest and fiscal charges	1,844,758	-	-	-	(1,844,758)
Total governmental activities	\$ 57,011,566	\$ 3,378,004	\$ 8,348,208	\$ 256,213	(45,029,141)
General revenues:					
Property taxes levied for:					
General purposes					26,136,817
Debt service.					3,059,170
Grants and entitlements not restricted					
to specific programs					19,994,732
Investment earnings					41,479
Miscellaneous					53,957
Total general revenues					49,286,155
Change in net position					4,257,014
Net position at beginning of year					22,723,736
Net position at end of year.					\$ 26,980,750

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ 16,665,333	\$ 2,198,699	\$ 2,206,687	\$ 21,070,719
Receivables:				
Property taxes	27,939,497	3,752,909	-	31,692,406
Accounts	16,883	-	-	16,883
Intergovernmental	193,646	-	426,723	620,369
Accrued interest	4,499	-	-	4,499
Interfund loans	21,499	-	-	21,499
Loans	1,396	-	-	1,396
Prepayments	35,576	-	-	35,576
Materials and supplies inventory	88,661	-	43,636	132,297
Restricted assets:				
Equity in pooled cash and cash equivalents	1,887	-	-	1,887
Total assets	\$ 44,968,877	\$ 5,951,608	\$ 2,677,046	\$ 53,597,531
Liabilities:				
Accounts payable	\$ 3,955	\$ -	\$ 2,769	\$ 6,724
Contracts payable	64,500	-	-	64,500
Accrued wages and benefits payable	3,948,616	-	388,428	4,337,044
Compensated absences payable	244,704	-	29,077	273,781
Pension obligation payable	709,188	-	115,688	824,876
Intergovernmental payable	185,596	-	19,341	204,937
Interfund loans payable	-	-	21,499	21,499
Unearned revenue	16,395	-	307,704	324,099
Total liabilities	5,172,954	-	884,506	6,057,460
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	26,062,074	3,529,310	-	29,591,384
Delinquent property tax revenue not available	1,359,524	160,366	-	1,519,890
Accrued interest not available	1,917	-	-	1,917
Intergovernmental revenue not available	83,704	-	22,968	106,672
Total deferred inflows of resources	27,507,219	3,689,676	22,968	31,219,863
Fund balances:				
Nonspendable:				
Materials and supplies inventory	88,661	-	43,636	132,297
Prepayments	35,576	-	-	35,576
Long-term loans	355	-	-	355
Restricted:				
Debt service	-	2,261,932	-	2,261,932
Capital improvements	-	-	937,186	937,186
Food service operations	-	-	785,344	785,344
Non-public schools	-	-	115,245	115,245
Extracurricular	-	-	57,864	57,864
Targeted academic assistance	-	-	129	129
Vocational education	-	-	1,438	1,438
Other purposes	-	-	41,885	41,885
School bus purchases	1,887	-	-	1,887
Committed:				
Capital improvements	-	-	123,287	123,287
Assigned:				
Student instruction	1,260,596	-	-	1,260,596
Student and staff support	955,031	-	-	955,031
Unassigned (deficit)	9,946,598	-	(336,442)	9,610,156
Total fund balances	12,288,704	2,261,932	1,769,572	16,320,208
Total liabilities, deferred inflows of resources and fund balances	\$ 44,968,877	\$ 5,951,608	\$ 2,677,046	\$ 53,597,531

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total governmental fund balances		\$ 16,320,208
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		59,367,406
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 1,519,890	
Intergovernmental receivable	106,672	
Accrued interest receivable	1,917	
Total	1,628,479	1,628,479
Unamortized premiums on bonds issued are not recognized in the funds.		(1,778,309)
Unamortized deferred amounts on refundings are not recognized in the funds.		1,358,948
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(150,909)
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	(2,835,073)	
General obligation bonds payable	(46,930,000)	
Total	(49,765,073)	(49,765,073)
Net position of governmental activities		\$ 26,980,750

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, 2014

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 26,103,367	\$ 3,047,304	\$ -	\$ 29,150,671
Tuition.	824,119	-	-	824,119
Transportation fees.	124,679	-	-	124,679
Charges for services	-	-	1,056,594	1,056,594
Earnings on investments	42,464	-	872	43,336
Extracurricular.	419,133	-	376,086	795,219
Classroom materials and fees	222,128	-	-	222,128
Gifts and contributions.	-	-	153,852	153,852
Other local revenues	407,468	-	102,361	509,829
Other revenue.	-	-	30,005	30,005
Intergovernmental - state	22,169,682	514,587	758,262	23,442,531
Intergovernmental - federal	164,167	-	4,743,952	4,908,119
Total revenues	<u>50,477,207</u>	<u>3,561,891</u>	<u>7,221,984</u>	<u>61,261,082</u>
Expenditures:				
Current:				
Instruction:				
Regular.	21,830,189	-	782,932	22,613,121
Special	5,933,480	-	1,335,500	7,268,980
Vocational	1,215,251	-	63,183	1,278,434
Other	363,137	-	33,223	396,360
Support services:				
Pupil	2,198,011	-	410,324	2,608,335
Instructional staff	1,130,960	-	345,083	1,476,043
Board of education	91,083	-	-	91,083
Administration	3,486,091	-	346,730	3,832,821
Fiscal	887,446	58,148	57,982	1,003,576
Business.	236,878	-	-	236,878
Operations and maintenance	4,602,872	-	133,792	4,736,664
Pupil transportation	3,090,004	-	14,203	3,104,207
Central	207,724	-	-	207,724
Operation of non-instructional services:				
Food service operations.	-	-	2,694,143	2,694,143
Other non-instructional services	-	-	587,798	587,798
Extracurricular activities.	890,861	-	360,379	1,251,240
Debt service:				
Principal retirement.	-	1,930,000	-	1,930,000
Interest and fiscal charges	-	1,892,655	-	1,892,655
Total expenditures	<u>46,163,987</u>	<u>3,880,803</u>	<u>7,165,272</u>	<u>57,210,062</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>4,313,220</u>	<u>(318,912)</u>	<u>56,712</u>	<u>4,051,020</u>
Other financing sources:				
Proceeds from sale of assets	1,754	-	-	1,754
Total other financing sources.	<u>1,754</u>	<u>-</u>	<u>-</u>	<u>1,754</u>
Net change in fund balances	4,314,974	(318,912)	56,712	4,052,774
Fund balances at beginning of year.	7,953,394	2,580,844	1,711,354	12,245,592
Increase in reserve for inventory	20,336	-	1,506	21,842
Fund balances at end of year	<u>\$ 12,288,704</u>	<u>\$ 2,261,932</u>	<u>\$ 1,769,572</u>	<u>\$ 16,320,208</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, 2014

Net change in fund balances - total governmental funds \$ 4,052,774

*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.

Capital asset additions	\$ 569,706	
Current year depreciation	(2,350,573)	
Total		(1,780,867)

The net effect of various miscellaneous transactions involving
capital assets (i.e., sales, disposals, trade-ins, and donations) is to
decrease net position.

(7,500)

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

Property taxes	45,316	
Intergovernmental revenue	(37,077)	
Earnings on investments	(1,372)	
Total		6,867

In the statement of activities, interest is accrued on outstanding bonds,
whereas in governmental funds, an interest expenditure is reported
when due. The following items resulted in less interest being
reported in the statement of activities:

Decrease in accrued interest payable	3,110	
Amortization of bond premiums	172,268	
Amortization of deferred charges on refunding	(127,481)	
Total		47,897

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

21,842

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

1,930,000

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.

(13,999)

Change in net position of governmental activities \$ 4,257,014

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 25,666,274	\$ 26,535,260	\$ 26,535,260	\$ -
Tuition.	792,035	1,051,806	1,051,806	-
Transportation fees.	120,184	124,679	124,679	-
Earnings on investments	28,568	36,736	36,736	-
Extracurricular.	114,274	114,069	114,069	-
Classroom materials and fees	65,707	222,128	222,128	-
Other local revenues	359,569	414,577	414,577	-
Intergovernmental - state	22,221,003	22,075,959	22,075,959	-
Intergovernmental - federal	71,914	157,670	157,670	-
Total revenues.	49,439,528	50,732,884	50,732,884	-
Expenditures:				
Current:				
Instruction:				
Regular	24,581,927	22,193,686	22,193,686	-
Special.	5,878,685	6,965,244	6,965,244	-
Vocational.	1,223,801	1,351,060	1,351,060	-
Other.	237,161	186,507	186,507	-
Support services:				
Pupil.	2,535,722	2,554,581	2,554,581	-
Instructional staff	1,598,755	1,313,440	1,313,440	-
Board of education	90,664	119,353	119,353	-
Administration.	3,427,895	3,454,395	3,454,395	-
Fiscal	1,074,133	872,018	872,018	-
Business	174,867	222,859	222,859	-
Operations and maintenance.	4,324,655	5,196,573	5,196,573	-
Pupil transportation	3,235,736	3,028,711	3,028,711	-
Central.	227,746	210,588	210,588	-
Extracurricular activities.	615,192	607,182	607,182	-
Total expenditures	49,226,939	48,276,197	48,276,197	-
Excess of revenues over expenditures.	212,589	2,456,687	2,456,687	-
Other financing sources (uses):				
Refund of prior year's expenditures	10,000	16,372	16,372	-
Transfers (out).	(16,500)	(15,187)	(15,187)	-
Advances in.	300,000	195,883	195,883	-
Advances (out)	(300,000)	(155,961)	(155,961)	-
Proceeds from sale of assets.	10,000	1,754	1,754	-
Total other financing sources (uses)	3,500	42,861	42,861	-
Net change in fund balance	216,089	2,499,548	2,499,548	-
Fund balance at beginning of year	10,821,379	10,821,379	10,821,379	-
Prior year encumbrances appropriated	1,057,505	1,057,505	1,057,505	-
Fund balance at end of year	\$ 12,094,973	\$ 14,378,432	\$ 14,378,432	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 8,683	\$ 640,228
Total assets	<u>8,683</u>	<u>\$ 640,228</u>
Liabilities:		
Pension obligation payable.	434	\$ -
Intergovernmental payable	10	561,214
Loans payable.	-	1,396
Due to students.	<u>-</u>	<u>77,618</u>
Total liabilities	<u>444</u>	<u>\$ 640,228</u>
Net position:		
Held in trust for scholarships.	<u>8,239</u>	
Total net position.	<u>\$ 8,239</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 1
Gifts and contributions.	10,709
Total additions.	10,710
 Deductions:	
Scholarships awarded	13,203
Change in net position.	(2,493)
Net position at beginning of year	10,732
Net position at end of year.	\$ 8,239

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District employs 393 non-certified and 379 certified employees to provide services to 6,215 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

JOINTLY GOVERNED ORGANIZATION

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

PUBLIC ENTITY RISK POOL

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Debt service fund - The debt service fund is used to account and report financial resources that are restricted to expenditures for principal and interest.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the timing requirements are met, and delinquent property taxes due at June 30, 2014 are recorded as deferred inflows on the governmental fund financial statements.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

E. Budgets

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

1. On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget, as required by section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. The Budget Commission now requires an alternate tax budget be submitted by January 20 which no longer requires specific Board approval.
2. By no later than January 20, the adopted budget is filed with the Stark County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2014.
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, 2014

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 2014. 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, cash equivalents and investments" on the basic financial statements.

During fiscal year 2014, investments were limited to federal agency securities, nonnegotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2014. 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, 2014.

Under existing Ohio statutes, all investment earnings are assigned to the general fund except for those specifically related to the auxiliary services fund, food service fund, permanent improvement fund, building fund and private purpose trust fund individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$42,464, which includes \$10,517 assigned from other District funds.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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 expended/expensed when received. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

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

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

J. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014 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.

L. Fund Balance

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

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

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

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

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

M. Net Position

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

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

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. There were no interfund transfers during fiscal year 2014. 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 Premium and Deferred Charges on Refundings

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

S. Parochial and Private Schools

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

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 2014.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Other grants	\$ 150
Race to the top	536
IDEA Part B	10,671
Title I	17,381
Building	307,704

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits was \$15,804,606. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$8,793,243 of the District's bank balance of \$16,798,665 was exposed to custodial risk as discussed below, while \$8,005,422 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, 2014, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
FFCB	\$ 2,000,590	\$ 2,000,590	\$ -	\$ -
FHLB	2,002,220	-	1,000,710	1,001,510
STAR Ohio	<u>1,914,101</u>	<u>1,914,101</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,916,911</u>	<u>\$ 3,914,691</u>	<u>\$ 1,000,710</u>	<u>\$ 1,001,510</u>

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, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FFCB	\$ 2,000,590	33.81
FHLB	2,002,220	33.84
STAR Ohio	<u>1,914,101</u>	<u>32.35</u>
Total	<u>\$ 5,916,911</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 15,804,606
Investments	<u>5,916,911</u>
Total	<u>\$ 21,721,517</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 21,072,606
Private purpose trust fund	8,683
Agency funds	<u>640,228</u>
Total	<u>\$ 21,721,517</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2014, as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 21,499

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, 2014 are reported on the statement of net assets.

- B. Advances outstanding at June 30, 2014 between governmental funds and fiduciary funds consist of \$1,396 due to the general fund from the District’s agency funds. The advances are reported as loans on the government-wide financial statements. All but \$355 is expected to be repaid within one year.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Stark County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014 are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$517,899 in the general fund and \$63,233 in the debt service fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$949,792 in the general fund and \$105,390 in the 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 866,726,990	97.22	\$ 874,243,300	97.11
Public utility personal	<u>24,799,720</u>	<u>2.78</u>	<u>26,016,400</u>	<u>2.89</u>
Total	<u>\$ 891,526,710</u>	<u>100.00</u>	<u>\$ 900,259,700</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Operations	\$59.50		\$59.50	
Debt service	3.90		4.10	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, accrued interest and loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except \$355 in loans, 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, 2014

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/14</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	5,917,646	64,500	-	5,982,146
Buildings and improvements	77,319,171	-	-	77,319,171
Furniture and equipment	5,682,028	179,669	-	5,861,697
Vehicles	<u>3,540,971</u>	<u>325,537</u>	<u>(242,136)</u>	<u>3,624,372</u>
Total capital assets, being depreciated	<u>92,459,816</u>	<u>569,706</u>	<u>(242,136)</u>	<u>92,787,386</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(3,138,237)	(275,553)	-	(3,413,790)
Buildings and improvements	(24,402,030)	(1,632,492)	-	(26,034,522)
Furniture and equipment	(2,997,961)	(346,003)	-	(3,343,964)
Vehicles	<u>(3,136,175)</u>	<u>(96,525)</u>	<u>234,636</u>	<u>(2,998,064)</u>
Total accumulated depreciation	<u>(33,674,403)</u>	<u>(2,350,573)</u>	<u>234,636</u>	<u>(35,790,340)</u>
Governmental activities capital assets, net	<u>\$ 61,155,773</u>	<u>\$ (1,780,867)</u>	<u>\$ (7,500)</u>	<u>\$ 59,367,406</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,680,317
Special	45,393
Vocational	164,980

Support services:

Pupil	36,568
Instructional staff	53,323
Administration	33,134
Operations and maintenance	74,427
Pupil transportation	79,868
Extracurricular activities	18,100
Food service operations	<u>164,463</u>
Total depreciation expense	<u>\$ 2,350,573</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - LONG-TERM OBLIGATIONS

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

	Average Interest <u>Rate</u>	Balance Outstanding <u>06/30/13</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/14</u>	Amounts Due in <u>One Year</u>
Governmental activities:						
General obligation refunding bonds, Series 2011	3.136	\$ 14,515,000	\$ -	\$ (1,930,000)	\$ 12,585,000	\$ 1,970,000
General obligation refunding bonds, Series 2011A	4.348	34,345,000	-	-	34,345,000	-
Compensated absences		<u>3,218,954</u>	<u>656,309</u>	<u>(766,409)</u>	<u>3,108,854</u>	<u>593,649</u>
Total governmental activities		<u>\$ 52,078,954</u>	<u>\$ 656,309</u>	<u>\$ (2,696,409)</u>	50,038,854	<u>\$ 2,563,649</u>
Add: Unamortized premium on bond issue					<u>1,778,309</u>	
Total on statement of net position					<u>\$ 51,817,163</u>	

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

B. On July 27, 2011, the District issued general obligation refunding bonds in the amount of \$16,290,000 (Series 2011 issue) for the purpose of advance refunding a portion of the outstanding school improvements general obligation bonds. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The source of payment is derived from a current 3.90 mil bonded debt tax levy.

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

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

C. On October 26, 2011, the District issued general obligation refunding bonds in the amount of \$34,345,000 (Series 2011A issue) for the purpose of advance refunding the remaining outstanding school improvements general obligation bonds. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The source of payment is derived from a current 3.90 mil bonded debt tax levy.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

Fiscal Year Ended June 30,	General Obligation Bonds		
	Principal	Interest	Total
2015	\$ 1,970,000	\$ 1,853,656	\$ 3,823,656
2016	2,005,000	1,813,906	3,818,906
2017	2,050,000	1,773,356	3,823,356
2018	2,090,000	1,700,606	3,790,606
2019	2,195,000	1,607,196	3,802,196
2020 - 2024	12,945,000	6,560,769	19,505,769
2025 - 2029	16,165,000	3,377,078	19,542,078
2030 - 2031	<u>7,510,000</u>	<u>303,400</u>	<u>7,813,400</u>
Total	<u>\$ 46,930,000</u>	<u>\$ 18,989,967</u>	<u>\$ 65,919,967</u>

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effect of these debt limitations at June 30, 2014 is a voted debt margin of \$36,355,305 (including available funds of \$2,261,932) and an unvoted debt margin of \$900,260.

NOTE 10 - EMPLOYEE BENEFITS

Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 355 days for all personnel. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 65 days for all employees, except for certain administrators, who receive a maximum of 70 days. For all employees except administrators, an additional \$10 per day shall be paid for sick leave accumulated between 200 and 250 days and an additional \$20 per day shall be paid for sick leave accumulated over 250 days.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

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

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

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	The Netherlands Insurance Co		
Each occurrence		\$ 1,000,000	\$ 0
Aggregate		2,000,000	0
Building and contents	The Netherlands Insurance Co	195,651,722	10,000
Fleet:	The Netherlands Insurance Co		
Comprehensive		Actual Cash Value	250
Collision		Actual Cash Value	500
Liability		1,000,000	0
Umbrella liability	The Netherlands Insurance Co	5,000,000	10,000
Violent Event			
Response Coverage	The Netherlands Insurance Co	1,000,000	0

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

B. Shared Risk Pool

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 11 - RISK MANAGEMENT - (Continued)

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

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

NOTE 12 - 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, disability, survivor 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 "*Employers/Audit Resources*".

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 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 14 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 and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$972,121, \$972,070 and \$979,757, respectively; 82.79 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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 website at www.strsoh.org, under "*Publications*".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 12 - PENSION PLANS - (Continued)

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.

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 2014, plan members were required to contribute 11 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 14 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, 2014, 2013 and 2012 were \$2,653,563, \$2,788,748 and \$2,999,304, respectively; 85.46 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$114,571 made by the District and \$90,020 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, 2014, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, 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, 2014, 2013 and 2012 were \$136,579, \$123,023 and \$157,460, respectively; 82.79 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$56,398, \$54,911 and \$57,860, respectively; 82.79 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

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, under "Publications" 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 2014, 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, 2014, 2013 and 2012 were \$204,120, \$214,519 and \$230,716, respectively; 85.46 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 2,499,548
Net adjustment for revenue accruals	(560,765)
Net adjustment for expenditure accruals	165,929
Net adjustment for other sources/uses	(41,107)
Funds budgeted elsewhere	22,702
Adjustment for encumbrances	2,228,667
GAAP basis	<u>\$ 4,314,974</u>

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

NOTE 15 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

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

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, 2012 through June 30, 2014. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	1,015,071
Current year qualifying expenditures	<u>(1,127,730)</u>
Total	<u>\$ (112,659)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

In addition to the above statutory set-asides, the District also has \$1,887 in monies restricted for school bus purchases.

NOTE 18 - OPERATING LEASE - LESSOR DISCLOSURE

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, 2014, a payment of \$307,704 has been recorded as unearned revenue in the building fund (a nonmajor governmental fund). Revenue from the lease will be recognized each year it is earned.

The Library paid operating costs of \$7.04 per square foot on 12,000 square feet of the library facility during fiscal year 2014. The square footage rate is adjusted annually based on actual operating costs for the 10 year lease term.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 19 - OTHER COMMITMENTS

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 2,165,735
Nonmajor governmental funds	<u>141,375</u>
Total	<u>\$ 2,307,110</u>

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**PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
<i>Child Nutrition Cluster:</i>					
School Breakfast Program	10.553	\$326,997		\$326,997	
National School Lunch Program	10.555	1,186,996	\$118,383	1,186,996	\$118,383
Summer Food Service Program for Children	10.559	13,491		13,491	
Total Child Nutrition Cluster		<u>1,527,484</u>	<u>118,383</u>	<u>1,527,484</u>	<u>118,383</u>
Total U.S. Department of Agriculture		<u>1,527,484</u>	<u>118,383</u>	<u>1,527,484</u>	<u>118,383</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	1,375,685		1,316,187	
<i>Special Education Cluster:</i>					
Special Education Grants to States	84.027	1,312,028		1,312,576	
Special Education Preschool Grants	84.173	23,589		23,589	
Total Special Education Cluster		<u>1,335,617</u>		<u>1,336,165</u>	
Improving Teacher Quality State Grants	84.367	198,470		197,563	
ARRA - Race to the Top Incentive Grants, Recovery Act - Resident Educator Program	84.395	149,997		160,197	
Career and Technical Education - Basic Grants to States	84.048	244,893		245,184	
Total U.S. Department of Education		<u>3,304,662</u>		<u>3,255,296</u>	
Total		<u><u>\$4,832,146</u></u>	<u><u>\$118,383</u></u>	<u><u>\$4,782,780</u></u>	<u><u>\$118,383</u></u>

The accompanying notes are an integral part of this schedule.

**PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Plain Local School District, Stark County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

January 23, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Plain Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Plain Local School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Plain Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost
Auditor of State
Columbus, Ohio

January 23, 2015

**PLAIN LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title 1 Grants to Local Educational Agencies CFDA 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None