

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

KATHLEEN JORDAN, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Plain Local School District, Stark County, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 20, 2011

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Members of the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Plain Local School District, Stark County, Ohio as of and for the fiscal year ended June 30, 2010, which collectively comprise the Plain Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Plain Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Plain Local School District, as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparison for the General fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010 on our consideration of the Plain Local School 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Independent Auditor's Report
Plain Local School District
Page Two

We conducted our audit to opine on the financial statements that collectively comprise Plain Local School District's basic financial statements. The schedule of receipts and expenditures of federal awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. We subjected the schedule of receipts and expenditures of federal awards to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Julian & Grube, Inc.
December 3, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The management's discussion and analysis of the Plain Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. 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 2010 are as follows:

- In total, net assets of governmental activities decreased \$5,128,887 which represents a 25.73% decrease from 2009.
- General revenues accounted for \$49,169,526 in revenue or 83.08% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,016,174 or 16.92% of total revenues of \$59,185,700.
- The District had \$64,314,587 in expenses related to governmental activities; \$10,016,174 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs.
- The District's major governmental funds had \$50,503,278 in revenues and other financing sources and \$53,845,828 in expenditures and other financing uses. The fund balance of the major governmental funds decreased from \$8,066,178 to \$4,711,891.

Using this Financial Report

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include *all non-fiduciary assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The District as a Whole

The table below provides a summary of the District's net assets for 2010 and 2009.

	Net Assets	
	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<u>Assets</u>		
Current and other assets	\$ 48,233,833	\$ 46,661,878
Capital assets, net	<u>66,109,349</u>	<u>68,437,517</u>
 Total assets	 <u>114,343,182</u>	 <u>115,099,395</u>
<u>Liabilities</u>		
Current liabilities	38,482,760	34,884,032
Long-term liabilities	<u>61,053,581</u>	<u>60,279,635</u>
 Total liabilities	 <u>99,536,341</u>	 <u>95,163,667</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	11,632,075	12,291,086
Restricted	4,283,666	4,466,941
Unrestricted (deficit)	<u>(1,108,900)</u>	<u>3,177,701</u>
 Total net assets	 <u>\$ 14,806,841</u>	 <u>\$ 19,935,728</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$14,806,841.

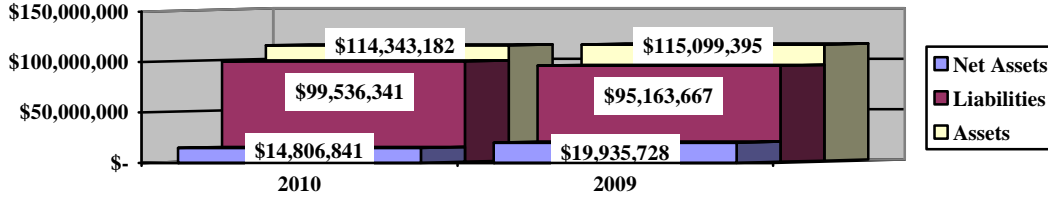
At year-end, capital assets represented 57.82% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$11,632,075. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$4,283,666, represents resources that are subject to external restriction on how they may be used.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Governmental Activities



The table below shows the change in net assets for fiscal years 2010 and 2009.

Change in Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,914,633	\$ 3,183,983
Operating grants and contributions	6,947,689	6,757,679
Capital grants and contributions	153,852	294,051
General revenues:		
Property taxes	27,938,539	25,917,206
Grants and entitlements	21,007,362	19,747,622
Investment earnings	75,922	338,361
Other	<u>147,703</u>	<u>70,948</u>
Total revenues	<u>59,185,700</u>	<u>56,309,850</u>

--continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Change in Net Assets - (Continued)

	<u>Governmental Activities 2010</u>	<u>Governmental Activities 2009</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 28,537,425	\$ 25,277,086
Special	5,975,291	5,377,978
Vocational	1,805,387	1,997,502
Adult/continuing	2,641	4,418
Other	278,749	297,706
Support services:		
Pupil	3,329,140	2,962,909
Instructional staff	3,898,748	3,962,851
Board of education	64,225	95,845
Administration	4,027,291	3,717,664
Fiscal	947,700	915,475
Business	179,816	15,753
Operations and maintenance	5,498,202	4,797,454
Pupil transportation	2,633,984	2,069,306
Central	208,828	216,407
Food service operations	2,723,073	2,392,061
Other non-instructional services	431,780	665,350
Extracurricular activities	1,207,203	1,064,028
Interest and fiscal charges	<u>2,565,104</u>	<u>2,607,515</u>
Total	64,314,587	58,437,308
Change in net assets	(5,128,887)	(2,127,458)
Net assets at beginning of year	<u>19,935,728</u>	<u>22,063,186</u>
Net assets at end of year	<u>\$ 14,806,841</u>	<u>\$ 19,935,728</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$5,128,887. Although revenues increased in fiscal year 2010, expenses increased even more. Total governmental expenses of \$64,314,587 were offset by program revenues of \$10,016,174 and general revenues of \$49,169,526. Program revenues supported 15.57% of the total governmental expenses.

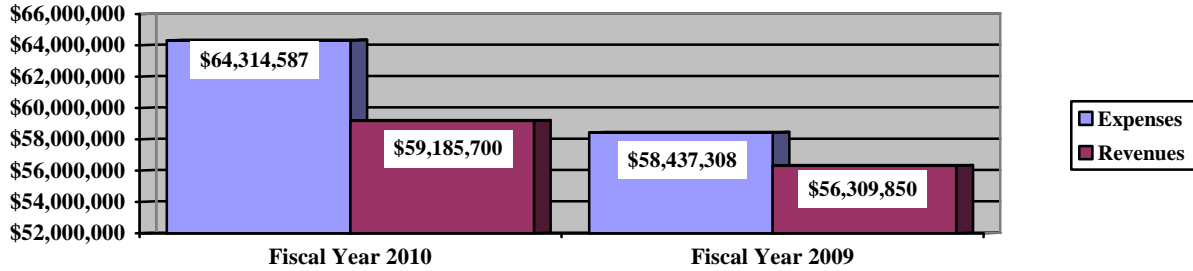
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These two revenue sources represent 82.70% and 81.10% of total governmental revenue in 2010 and 2009, respectively.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2010 and 2009.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

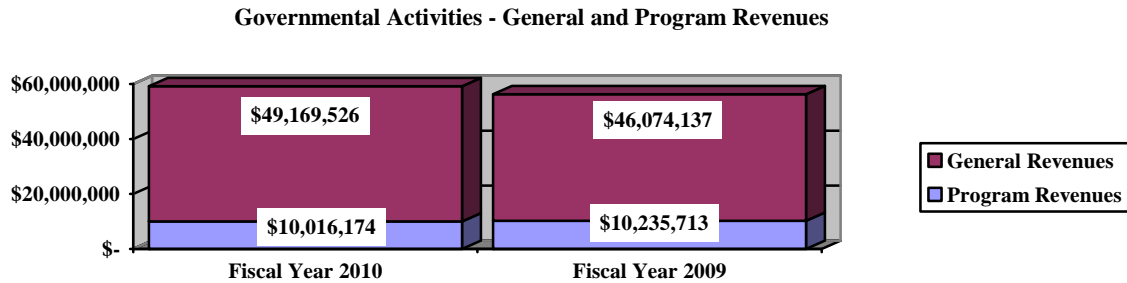
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program expenses				
Instruction:				
Regular	\$ 28,537,425	\$ 27,327,665	\$ 25,277,086	\$ 24,125,600
Special	5,975,291	4,174,744	5,377,978	2,771,982
Vocational	1,805,387	1,405,768	1,997,502	1,568,115
Adult/continuing	2,641	2,641	4,418	4,418
Other	278,749	278,535	297,706	287,469
Support services:				
Pupil	3,329,140	2,311,014	2,962,909	2,660,006
Instructional staff	3,898,748	2,726,394	3,962,851	2,713,552
Board of education	64,225	64,225	95,845	95,479
Administration	4,027,291	3,699,908	3,717,664	3,489,716
Fiscal	947,700	916,577	915,475	880,048
Business	179,816	179,816	15,753	15,753
Operations and maintenance	5,498,202	5,185,703	4,797,454	4,443,258
Pupil transportation	2,633,984	2,539,262	2,069,306	1,916,961
Central	208,828	202,805	216,407	210,176
Food service operations	2,723,073	292,856	2,392,061	17,009
Other non-instructional services	431,780	(168,616)	665,350	57,810
Extracurricular activities	1,207,203	594,012	1,064,028	336,728
Interest and fiscal charges	2,565,104	2,565,104	2,607,515	2,607,515
Total	<u>\$ 64,314,587</u>	<u>\$ 54,298,413</u>	<u>\$ 58,437,308</u>	<u>\$ 48,201,595</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The dependence upon tax and other general revenues for governmental activities is apparent, 90.68% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.43%. 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 2010 and 2009.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$5,377,341, which is lower than last year's total of \$8,963,357. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	<u>Fund Balance</u> <u>June 30, 2010</u>	<u>Fund Balance</u> <u>June 30, 2009</u>	<u>Decrease</u>
General	\$ 2,505,855	\$ 5,734,796	\$ (3,228,941)
Debt Service	2,206,036	2,331,382	(125,346)
Other Governmental	<u>665,450</u>	<u>897,179</u>	<u>(231,729)</u>
Total	<u>\$ 5,377,341</u>	<u>\$ 8,963,357</u>	<u>\$ (3,586,016)</u>

General Fund

During fiscal year 2010, the District's general fund balance decreased by \$3,228,941. The table that follows assists in illustrating the financial activities of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>
<u>Revenues</u>			
Taxes	\$ 23,820,229	\$ 21,440,967	\$ 2,379,262
Tuition	755,514	759,886	(4,372)
Earnings on investments	74,629	332,457	(257,828)
Intergovernmental	21,062,341	20,790,856	271,485
Other revenues	<u>721,896</u>	<u>822,760</u>	<u>(100,864)</u>
Total	<u>\$ 46,434,609</u>	<u>\$ 44,146,926</u>	<u>\$ 2,287,683</u>
<u>Expenditures</u>			
Instruction	\$ 31,120,890	\$ 28,875,165	\$ 2,245,725
Support services	17,854,261	16,570,591	1,283,670
Extracurricular activities	<u>630,276</u>	<u>564,851</u>	<u>65,425</u>
Total	<u>\$ 49,605,427</u>	<u>\$ 46,010,607</u>	<u>\$ 3,594,820</u>

Revenues increased by approximately 5.18%, which almost entirely due to increased tax revenues resulting from the District's tax levy. The increase in expenditures is primarily the result of higher wages and benefits costs for the District, but is also due in part to the early retirement incentive program offered by the District. Twenty employees took advantage of this program in fiscal year 2010 which increased expenditures in the general fund by over \$1 million.

Debt Service

During fiscal year 2010, the District's debt service fund balance decreased \$125,346, as expenditures of \$4,192,981 exceeded revenues of \$4,067,635 in 2010.

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 2010, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$47,058,222 were \$369,837 lower than the original budgeted revenues estimate of \$47,428,059. 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 \$50,881,207 were decreased \$1,115,360 to \$49,765,847 in the final budget. Actual expenditures and other financing uses were the same as the final budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$66,109,349 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 2010 balances compared to 2009:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 2,370,360	\$ 2,370,360
Land improvements	3,506,955	3,796,769
Buildings and improvements	56,571,950	58,186,175
Furniture and equipment	3,337,334	3,684,623
Vehicles	<u>322,750</u>	<u>399,590</u>
Total	<u>\$ 66,109,349</u>	<u>\$ 68,437,517</u>

Total additions to capital assets for fiscal year 2010 were \$173,524 and depreciation expenses were \$2,471,910. Capital asset disposals, net of accumulated depreciation, totaled \$29,782.

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

Debt Administration

At June 30, 2010, the District had \$54,445,940 in general obligation bonds outstanding. Of this total, \$1,690,000 is due within one year and \$52,755,940 is due in greater than one year. The following table summarizes the bonds outstanding.

	Governmental	Governmental
	Activities	Activities
	<u>2010</u>	<u>2009</u>
General Obligation Bonds:		
School Improvement	<u>\$ 54,445,940</u>	<u>\$ 56,013,173</u>
Total	<u>\$ 54,445,940</u>	<u>\$ 56,013,173</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

At June 30, 2010, the District's overall legal debt margin was \$36,327,730 and the unvoted debt margin was \$978,685. The District maintains an A+ bond rating.

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

Current Financial Related Activities

The District passed a 6.9 mill continuing operating levy in May 2009. This levy will generate an additional \$6.75 million per year. The passage of this levy will help meet current and future needs.

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

The District has been conservative in the use of its resources. The management has always planned well in advance for revenue shortfalls and had made reductions from spending plans over the last seven years totaling over \$9 million. Reductions have been made in every aspect of the organization through the elimination of administrative, certified, and classified positions in addition to reductions to planned purchased services, supplies, and capital outlay.

Even with the passage of the 6.9 mill levy, the District remains extremely conservative in spending in order to extend its life cycle and survive the current economic downturn. During fiscal year 2010, the District spent \$1,900 less per pupil than the average district in the State of Ohio. The District did experience an increased tax delinquency over the prior year of \$721,000. In order to compensate for losses such as this a portion of American Recovery and Reinvestment Act funds will be used to help meet ongoing needs as allowed by the federal government.

Contacting the District's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 14,442,397
Receivables:	
Taxes	32,495,454
Accounts	18,865
Intergovernmental	618,409
Accrued interest	13,525
Prepayments	33,524
Materials and supplies inventory	96,022
Loans	480
Unamortized bond issue costs	515,157
Capital assets:	
Land	2,370,360
Depreciable capital assets, net	63,738,989
Capital assets, net	<u>66,109,349</u>
Total assets	<u>114,343,182</u>
Liabilities:	
Accounts payable	23,257
Accrued wages and benefits	6,556,617
Pension obligation payable	1,349,335
Intergovernmental payable	366,718
Unearned revenue	29,988,068
Accrued interest payable	198,765
Long-term liabilities:	
Due within one year	3,242,753
Due in more than one year	57,810,828
Total liabilities	<u>99,536,341</u>
Net assets:	
Invested in capital assets, net of related debt	11,632,075
Restricted for:	
Capital projects	934,470
Debt service	2,294,351
BWC refunds	203,450
School bus purchases	26,140
Food service	187,465
Locally funded programs	5,234
State funded programs	210,343
Federally funded programs	266,878
Student activities	70,179
Public school support	85,156
Unrestricted (deficit)	<u>(1,108,900)</u>
Total net assets	<u>\$ 14,806,841</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 28,537,425	\$ 527,666	\$ 682,094	\$ -	\$ (27,327,665)
Special	5,975,291	473,356	1,327,191	-	(4,174,744)
Vocational	1,805,387	59,800	339,819	-	(1,405,768)
Adult/continuing.	2,641	-	-	-	(2,641)
Other	278,749	-	214	-	(278,535)
Support services:					
Pupil.	3,329,140	-	1,018,126	-	(2,311,014)
Instructional staff	3,898,748	-	1,172,354	-	(2,726,394)
Board of education	64,225	-	-	-	(64,225)
Administration.	4,027,291	-	327,383	-	(3,699,908)
Fiscal.	947,700	-	31,123	-	(916,577)
Business.	179,816	-	-	-	(179,816)
Operations and maintenance	5,498,202	133,497	25,150	153,852	(5,185,703)
Pupil transportation.	2,633,984	-	94,722	-	(2,539,262)
Central	208,828	-	6,023	-	(202,805)
Operation of non-instructional services:					
Food service operations	2,723,073	1,107,315	1,322,902	-	(292,856)
Other non-instructional services	431,780	2,181	598,215	-	168,616
Extracurricular activities.	1,207,203	610,818	2,373	-	(594,012)
Interest and fiscal charges	2,565,104	-	-	-	(2,565,104)
Total governmental activities	\$ 64,314,587	\$ 2,914,633	\$ 6,947,689	\$ 153,852	(54,298,413)
General revenues:					
Property taxes levied for:					
General purposes.					24,439,849
Debt service					3,498,690
Grants and entitlements not restricted					
to specific programs					21,007,362
Investment earnings					75,922
Miscellaneous					147,703
Total general revenues					49,169,526
Change in net assets					(5,128,887)
Net assets at beginning of year.					19,935,728
Net assets at end of year					\$ 14,806,841

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 9,532,437	\$ 2,063,236	\$ 2,617,134	\$ 14,212,807
Receivables:				
Taxes	28,756,374	3,739,080	-	32,495,454
Accounts	18,865	-	-	18,865
Intergovernmental	-	-	618,409	618,409
Accrued interest	13,525	-	-	13,525
Interfund loans	87,985	-	-	87,985
Prepayments	33,524	-	-	33,524
Materials and supplies inventory	59,903	-	36,119	96,022
Loans	480	-	-	480
Restricted assets:				
Equity in pooled cash and cash equivalents	229,590	-	-	229,590
Total assets	<u>\$ 38,732,683</u>	<u>\$ 5,802,316</u>	<u>\$ 3,271,662</u>	<u>\$ 47,806,661</u>
Liabilities:				
Accounts payable	\$ 4,149	\$ -	\$ 19,108	\$ 23,257
Accrued wages and benefits	5,714,960	-	841,657	6,556,617
Compensated absences payable	197,823	-	19,745	217,568
Early retirement incentive payable	1,088,520	-	-	1,088,520
Pension obligation payable	1,174,368	-	174,967	1,349,335
Intergovernmental payable	329,199	-	37,519	366,718
Interfund loans payable	-	-	87,985	87,985
Deferred revenue	2,135,040	287,080	329,132	2,751,252
Unearned revenue	<u>25,582,769</u>	<u>3,309,200</u>	<u>1,096,099</u>	<u>29,988,068</u>
Total liabilities	<u>36,226,828</u>	<u>3,596,280</u>	<u>2,606,212</u>	<u>42,429,320</u>
Fund balances:				
Reserved for encumbrances	1,760,064	-	368,356	2,128,420
Reserved for supplies inventory	59,903	-	36,119	96,022
Reserved for prepayments	33,524	-	-	33,524
Reserved for tax revenue unavailable for appropriation	1,060,760	142,800	-	1,203,560
Reserved for BWC refunds	203,450	-	-	203,450
Reserved for school bus purchases	26,140	-	-	26,140
Unreserved, undesignated (deficit), reported in:				
General fund	(637,986)	-	-	(637,986)
Special revenue funds	-	-	174,725	174,725
Debt service fund	-	2,063,236	-	2,063,236
Capital projects funds	-	-	86,250	86,250
Total fund balances	<u>2,505,855</u>	<u>2,206,036</u>	<u>665,450</u>	<u>5,377,341</u>
Total liabilities and fund balances	<u>\$ 38,732,683</u>	<u>\$ 5,802,316</u>	<u>\$ 3,271,662</u>	<u>\$ 47,806,661</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$	5,377,341
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			66,109,349
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	2,419,320	
Intergovernmental receivable		329,132	
Accrued interest receivable		2,800	
Total		2,751,252	2,751,252
On the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.			(198,765)
Unamortized premiums on bond issuance are not recognized in the funds.			(517,361)
Unamortized bond issuance costs are not recognized in the funds.			515,157
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(3,430,859)	
Early retirement incentives payable		(1,353,333)	
General obligation bonds payable		(54,445,940)	
Total		(59,230,132)	(59,230,132)
Net assets of governmental activities		\$	14,806,841

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, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 23,820,229	\$ 3,495,440	\$ -	\$ 27,315,669
Tuition	755,514	-	-	755,514
Transportation fees	104,965	-	-	104,965
Charges for services	-	-	1,107,315	1,107,315
Earnings on investments	74,629	-	49,540	124,169
Extracurricular	136,422	-	476,577	612,999
Classroom materials and fees	200,198	-	-	200,198
Gifts and contributions	-	-	153,852	153,852
Other local revenues	280,311	-	-	280,311
Other revenue	-	-	4,010	4,010
Intergovernmental - state	21,042,309	572,195	602,061	22,216,565
Intergovernmental - federal	20,032	-	5,613,326	5,633,358
Total revenue	<u>46,434,609</u>	<u>4,067,635</u>	<u>8,006,681</u>	<u>58,508,925</u>
Expenditures:				
Current:				
Instruction:				
Regular	24,559,892	-	749,618	25,309,510
Special	4,633,101	-	1,288,115	5,921,216
Vocational	1,649,911	-	48,463	1,698,374
Adult/continuing	2,641	-	-	2,641
Other	275,345	-	1,300	276,645
Support services:				
Pupil	2,318,105	-	1,003,504	3,321,609
Instructional staff	2,725,254	-	1,118,000	3,843,254
Board of education	64,225	-	-	64,225
Administration	3,638,368	-	353,817	3,992,185
Fiscal	859,497	56,698	29,178	945,373
Business	148,536	-	-	148,536
Operations and maintenance	5,373,918	-	38,009	5,411,927
Pupil transportation	2,519,314	-	2,647	2,521,961
Central	207,044	-	6,054	213,098
Operation of non-instructional services:				
Food service operations	-	-	2,570,845	2,570,845
Other non-instructional services	-	-	435,803	435,803
Extracurricular activities	630,276	-	568,755	1,199,031
Facilities acquisition and construction	-	-	72,028	72,028
Debt service:				
Principal retirement	-	1,645,000	-	1,645,000
Interest and fiscal charges	-	2,491,283	-	2,491,283
Total expenditures	<u>49,605,427</u>	<u>4,192,981</u>	<u>8,286,136</u>	<u>62,084,544</u>
Excess of expenditures over revenues	(3,170,818)	(125,346)	(279,455)	(3,575,619)
Other financing sources (uses):				
Sale/loss of assets	1,034	-	-	1,034
Transfers in	-	-	53,038	53,038
Transfers (out)	(47,420)	-	(5,618)	(53,038)
Total other financing sources (uses)	<u>(46,386)</u>	<u>-</u>	<u>47,420</u>	<u>1,034</u>
Net change in fund balances	(3,217,204)	(125,346)	(232,035)	(3,574,585)
Fund balances at beginning of year	5,734,796	2,331,382	897,179	8,963,357
Increase (decrease) in reserve for inventory	(11,737)	-	306	(11,431)
Fund balances at end of year	<u><u>\$ 2,505,855</u></u>	<u><u>\$ 2,206,036</u></u>	<u><u>\$ 665,450</u></u>	<u><u>\$ 5,377,341</u></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, 2010

Net change in fund balances - total governmental funds \$ (3,574,585)

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

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

Capital asset additions	\$	173,524	
Current year depreciation		(2,471,910)	
Total			(2,298,386)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (29,782)

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

Taxes		622,870	
Intergovernmental revenue		74,683	
Earnings on investments		(21,812)	
Total			675,741

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

Decrease in accrued interest payable		3,843	
Accrued interest on capital appreciation bonds		(77,767)	
Amortization of bond premiums		24,157	
Amortization of bond issuance costs		(24,054)	
Total			(73,821)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (11,431)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,645,000

Some expenses reported in the statement of activities, such as compensated absences and early retirement incentives, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (1,461,623)

Change in net assets of governmental activities \$ (5,128,887)

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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 24,792,413	\$ 23,853,209	\$ 23,853,209	\$ -
Tuition.	714,867	751,145	751,145	-
Transportation fees.	90,204	104,966	104,966	-
Earnings on investments	350,794	88,686	88,686	-
Extracurricular.	107,092	136,421	136,421	-
Classroom materials and fees	194,650	199,488	199,488	-
Other local revenues	229,069	262,384	262,384	-
Intergovernmental - state	20,437,061	21,255,014	21,255,014	-
Intergovernmental - federal	10,023	20,032	20,032	-
Total revenue	<u>46,926,173</u>	<u>46,671,345</u>	<u>46,671,345</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	24,785,014	23,215,154	23,215,154	-
Special.	4,729,383	5,261,404	5,261,404	-
Vocational.	1,662,832	1,811,386	1,811,386	-
Adult/continuing	4,825	2,642	2,642	-
Other.	280,700	320,513	320,513	-
Support services:				
Pupil.	2,373,505	2,659,166	2,659,166	-
Instructional staff	2,884,670	2,588,456	2,588,456	-
Board of education	108,282	76,718	76,718	-
Administration.	3,792,208	3,527,336	3,527,336	-
Fiscal	867,791	851,845	851,845	-
Business	159,872	131,459	131,459	-
Operations and maintenance.	5,057,319	5,769,207	5,769,207	-
Pupil transportation	3,003,150	2,393,580	2,393,580	-
Central.	225,467	201,098	201,098	-
Extracurricular activities	608,896	607,791	607,791	-
Total expenditures	<u>50,543,914</u>	<u>49,417,755</u>	<u>49,417,755</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(3,617,741)</u>	<u>(2,746,410)</u>	<u>(2,746,410)</u>	<u>-</u>
Other financing sources (uses):				
Refund of prior year's expenditures	220,499	130,159	130,159	-
Transfers (out).	(77,837)	(47,420)	(47,420)	-
Advances in.	280,635	255,684	255,684	-
Advances (out)	(259,456)	(300,672)	(300,672)	-
Sale of capital assets	752	1,034	1,034	-
Total other financing sources (uses)	<u>164,593</u>	<u>38,785</u>	<u>38,785</u>	<u>-</u>
Net change in fund balance	(3,453,148)	(2,707,625)	(2,707,625)	-
Fund balance at beginning of year	8,542,907	8,542,907	8,542,907	-
Prior year encumbrances appropriated	2,162,432	2,162,432	2,162,432	-
Fund balance at end of year	<u>\$ 7,252,191</u>	<u>\$ 7,997,714</u>	<u>\$ 7,997,714</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 2,086	\$ 321,221
Total assets	2,086	\$ 321,221
Liabilities:		
Intergovernmental payable	-	\$ 221,798
Loans payable	-	480
Due to students.	-	98,943
Total liabilities	-	\$ 321,221
Net assets:		
Held in trust for scholarships	2,086	
Total net assets	\$ 2,086	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 3
Gifts and contributions.	125
	128
Total additions.	128
Deductions:	
Scholarships awarded	500
	(372)
Change in net assets.	(372)
Net assets at beginning of year	2,458
Net assets at end of year.	\$ 2,086

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District ranks as the 47th largest by total enrollment among the 905 public and community schools in the State and 2nd largest in Stark County. The District employs 334 non-certified and 413 certified employees to provide services to 5,973 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

JOINTLY GOVERNED ORGANIZATION

The District is a member of the Stark-Portage Computer Consortium (SPARCC), a jointly governed organization which provides computer services to the school districts within the boundaries of Stark and Portage Counties. Each District's superintendent serves as a representative on the Board, which consists of approximately 31 member districts. However, SPARCC is primarily governed by a five member Executive Board which is made up of two representatives from Stark County, two from Portage County and a Treasurer. The Board meets monthly to address any current issues.

PUBLIC ENTITY RISK POOL

The Stark County Schools Council of Government (the "Council") is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool comprised of 70 entities, most of which are school districts.

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bonds and principal and interest from governmental resources when the government is obligated in some manner for payment.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

D. Basis of Accounting

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue in the governmental funds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

E. Budgets

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

1. 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 Board-adopted budget is filed with the Stark County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to 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 certificated of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2010.
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, 2010

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 2010. All amounts reported in the budgetary statement reflect the original and final appropriations plus all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2010, investments were limited to repurchase agreements and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2010. 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, 2010.

Under existing Ohio statutes all investment earnings are assigned to the general fund except for those specifically related to the auxiliary services fund, public schools support fund, permanent improvement fund, building fund and private purpose trust fund individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$74,629, which does not include interest assigned from other District funds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

G. Inventory

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

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

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net assets. 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, 2010

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

J. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 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 and early retirement incentives that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

L. Fund Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, tax advance unavailable for appropriation, Bureau of Workers' Compensation (BWC) refunds and school bus purchases. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute.

M. Net Assets

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

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

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

Q. Interfund Activity

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

R. Unamortized Bond Issuance Costs and Bond Premium

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

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

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

S. Parochial and Private Schools

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Management information system	\$ 57
Miscellaneous state grants	5
IDEA - Part B	197,317
Education stabilization	178,577
Stimulus Title II-D	4
Stimulus School Improvement Subsidy G	208
Title I	20,519
Drug free schools	3,141
IDEA - Part B preschool	22,289
Improving teacher quality	10,039
Building	836,220

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$9,679,118 exclusive of the \$1,260,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$5,578,982 of the District's bank balance of \$10,510,889 was exposed to custodial risk as discussed below, while \$4,931,907 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, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
Repurchase agreement	\$ 1,260,000	\$ 1,260,000
STAR Ohio	<u>3,826,586</u>	<u>3,826,586</u>
Total	<u>\$ 5,086,586</u>	<u>\$ 5,086,586</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, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$1,260,000 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreements	\$ 1,260,000	24.77
STAR Ohio	<u>3,826,586</u>	<u>75.23</u>
Total	<u>\$ 5,086,586</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,679,118
Investments	<u>5,086,586</u>
Total	<u>\$ 14,765,704</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 14,442,397
Private purpose trust fund	2,086
Agency funds	<u>321,221</u>
Total	<u>\$ 14,765,704</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2010 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	\$ 87,985

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, 2010 are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2010 consisted of the following as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	<u>Amount</u>
General fund	\$ 47,420
Nonmajor governmental funds	5,618

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between nonmajor governmental funds consist of a residual equity transfer from the Title I fund to the Stimulus School Improvement Subsidy G fund in order to close out the 2009 Title I program. Transfers between governmental funds are eliminated in the statement of activities.

- C.** Advances outstanding at June 30, 2010 between governmental funds and fiduciary funds consist of \$480 due to the general fund from the District's student managed activity agency fund. The advance is reported as a loan on the government-wide financial statements and the statement of fiduciary net assets, and 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 fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Stark County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$1,060,760 in the general fund and \$142,800 in the bond retirement debt service fund. This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$1,093,740 in the general fund, \$210,390 in the bond retirement debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 987,495,780	97.74	\$ 955,352,480	97.67
Public utility personal	21,689,040	2.15	22,267,700	2.28
Tangible personal property	<u>1,091,900</u>	<u>0.11</u>	<u>545,950</u>	<u>0.05</u>
Total	<u>\$ 1,010,276,720</u>	<u>100.00</u>	<u>\$ 978,166,130</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Operations	\$52.60		\$59.50	
Debt service	5.10		4.10	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010 consisted of 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. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Property taxes	\$ 32,495,454
Accounts	18,865
Intergovernmental	618,409
Accrued interest	13,525
Loans	<u>480</u>
Total	<u>\$ 33,146,733</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance			Balance
	<u>06/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/10</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	5,821,781	-	-	5,821,781
Buildings and improvements	76,165,471	12,311	(75,206)	76,102,576
Furniture and equipment	7,437,691	137,173	(10,530)	7,564,334
Vehicles	<u>3,759,543</u>	<u>24,040</u>	<u>-</u>	<u>3,783,583</u>
Total capital assets, being depreciated	<u>93,184,486</u>	<u>173,524</u>	<u>(85,736)</u>	<u>93,272,274</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(2,025,012)	(289,814)	-	(2,314,826)
Buildings and improvements	(17,979,296)	(1,602,721)	51,391	(19,530,626)
Furniture and equipment	(3,753,068)	(478,495)	4,563	(4,227,000)
Vehicles	<u>(3,359,953)</u>	<u>(100,880)</u>	<u>-</u>	<u>(3,460,833)</u>
Total accumulated depreciation	<u>(27,117,329)</u>	<u>(2,471,910)</u>	<u>55,954</u>	<u>(29,533,285)</u>
Governmental activities capital assets, net	<u>\$ 68,437,517</u>	<u>\$ (2,298,386)</u>	<u>\$ (29,782)</u>	<u>\$ 66,109,349</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,814,047
Special	45,017
Vocational	161,477
<u>Support services:</u>	
Pupil	36,533
Instructional staff	53,117
Administration	49,230
Operations and maintenance	64,505
Pupil transportation	89,193
Extracurricular activities	14,175
Food service operations	<u>144,616</u>
Total depreciation expense	<u>\$ 2,471,910</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - LONG-TERM OBLIGATIONS

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

	Average Interest Rate	Balance Outstanding 06/30/09	Additions	Reductions	Balance Outstanding 06/30/10	Amounts Due in One Year
Governmental activities:						
School improvements general obligation bonds	4.583	\$ 56,013,173	\$ 77,767	\$ (1,645,000)	\$ 54,445,940	\$ 1,690,000
Early retirement incentive		120,000	2,441,853	(120,000)	2,441,853	1,088,520
Compensated absences		<u>3,604,944</u>	<u>536,734</u>	<u>(493,251)</u>	<u>3,648,427</u>	<u>464,233</u>
Total governmental activities		59,738,117	<u>\$ 3,056,354</u>	<u>\$ (2,258,251)</u>	60,536,220	<u>\$ 3,242,753</u>
Add: Unamortized premium on bond issue		<u>541,518</u>			<u>517,361</u>	
Total on statement of net assets		<u>\$ 60,279,635</u>			<u>\$ 61,053,581</u>	

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

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

This issue is comprised of both current interest bonds, par value \$63,765,000, and capital appreciation bonds, par value \$1,134,913. The interest rates on the current interest bonds range from 2.00% to 5.25%. The capital appreciation bonds mature on December 1, 2011 (effective interest 5.039%), at redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,745,000. A total of \$486,027 in accreted interest on the capital appreciation bonds has been included on the statement of net assets at June 30, 2010.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal 2010 on the general obligation bonds:

	Balance <u>06/30/09</u>	Additions	Reductions	Balance <u>06/30/10</u>
Current interest bonds	\$ 54,470,000	\$ -	\$ (1,645,000)	\$ 52,825,000
Capital appreciation bonds	1,134,913	-	-	1,134,913
Accreted interest	<u>408,260</u>	<u>77,767</u>	<u>-</u>	<u>486,027</u>
Total G.O. bonds	<u>\$ 56,013,173</u>	<u>\$ 77,767</u>	<u>\$ (1,645,000)</u>	<u>\$ 54,445,940</u>

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

Fiscal Year Ended June 30.	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,690,000	2,440,390	\$ 4,130,390	\$ -	\$ -	\$ -
2012	-	2,413,350	2,413,350	1,134,913	610,087	1,745,000
2013	1,745,000	2,381,504	4,126,504	-	-	-
2014	1,810,000	2,315,268	4,125,268	-	-	-
2015	1,880,000	2,231,528	4,111,528	-	-	-
2016 - 2020	10,860,000	9,665,442	20,525,442	-	-	-
2021 - 2025	13,705,000	6,776,448	20,481,448	-	-	-
2026 - 2030	17,175,000	3,193,122	20,368,122	-	-	-
2031	<u>3,960,000</u>	<u>99,000</u>	<u>4,059,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$52,825,000</u>	<u>\$ 31,516,052</u>	<u>\$ 84,341,052</u>	<u>\$1,134,913</u>	<u>\$ 610,087</u>	<u>\$ 1,745,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$36,327,730 (including available funds of \$2,206,036) and an unvoted debt margin of \$978,685.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month or 15 days for each completed year of service. Sick leave may be accumulated up to a maximum of 345 days for all personnel. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 60 days for all employees, except for administrators, who receive a maximum of 65 days. 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.

B. Early Retirement Incentive

The District provides an early retirement incentive plan for State Teacher's Retirement System of Ohio (STRS Ohio) employees who become first time eligible for retirement or reach 30 years of service under STRS Ohio guidelines and retire effective at the end of the school year in which they qualify. This is a one time opportunity for those eligible in fiscal year 2010. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before the April 1 of the year of retirement. The one time cash payment of \$20,000 shall be made within 30 days of the retirement date in January of the following year. One employee took advantage of the early retirement incentive in fiscal year 2010. The one-time cash payment will be made in January 2011. A liability for the early retirement incentive payments has been recorded in the fund financial statements and the statement of net assets.

The District offered a two year STRS Ohio Early Retirement Incentive Program (ERI) to the certified staff. The program was done in accordance with the rules and regulations of STRS Ohio for anyone retiring at the end of 2009-2010. The employee had to notify the District by June 2, 2010 of their intent to retire July 1, 2010. Twenty Employees took advantage of the ERI option effective July 1, 2010. Another 29 are scheduled to retire under the program effective July 1, 2011. The program is now closed.

The District also provides an early retirement incentive plan for the School Employees Retirement System (SERS) employees who become first time eligible for retirement or reach 30 years of service under SERS guidelines and retire effective at the end of the school year in which they qualify. This is a one-time opportunity for those eligible in fiscal year 2010. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before the April 1 of the year of retirement. The employee must have at least 10 years of service with the District. The one-time cash payment of \$10,000, for employees that have contracted for six hours or more and \$5,000 for employees that have contracted for less than six hours, will be made in January of the following year. No employees took advantage of the \$10,000 early retirement incentive in fiscal year 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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:	Ohio Casualty		
Each occurrence		\$ 1,000,000	\$ 0
Aggregate		2,000,000	0
Building and contents	Ohio Casualty	176,021,249	10,000
Fleet:	Ohio Casualty		
Comprehensive		Actual Cash Value	250
Collision		Actual Cash Value	500
Liability		1,000,000	0
Umbrella liability	Ohio Casualty	5,000,000	10,000

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

B. Shared Risk Pool

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

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

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

The District also participates in a program within the COG to obtain workers' compensation coverage. This program is administered by 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 insures that each participant pays an equitable share of the cost.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 2010, 12.74 percent and .04 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 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$933,796, \$616,259 and \$663,812, respectively; 47.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 12 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$3,040,822, \$3,075,596 and \$3,109,169, respectively; 83.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$92,645 made by the District and \$66,175 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. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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 Chapter 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 premium for calendar year 2009 was \$96.40 and 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*.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2010, 0.46 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 2010, the actuarially determined amount was \$35,800.

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, 2010, 2009, and 2008 were \$169,894, \$426,035 and \$450,442, respectively; 47.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, 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, 2010, 2009, and 2008 were \$55,531, \$50,846 and \$47,829, respectively; 47.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, 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, 2010, 2009, and 2008 were \$233,909, \$236,584 and \$239,167, respectively; 83.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**PLAIN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (2,707,625)
Net adjustment for revenue accruals	(236,736)
Net adjustment for expenditure accruals	(1,951,985)
Net adjustment for other sources/uses	(85,171)
Adjustment for encumbrances	<u>1,764,313</u>
GAAP basis	<u>\$ (3,217,204)</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

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, 2010 through June 30, 2012. The districts offer vocational programs which conform to the regulations and statutes of the State of Ohio. Lake Local reimburses the other districts at a constant rate of \$1,300 per pupil for each Lake Local student enrolled in a compact program. Each District contributes \$150 per vocational student to a permanent improvement, capital equipment, and supply fund to provide for needed equipment, computer software and site licenses (per State allowances) and facility improvements.

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside balance as of June 30, 2009	\$ (1,559,826)	\$ -	\$ 203,450
Current year set-aside requirement	1,026,885	1,026,885	-
Qualifying disbursements	<u>(1,619,526)</u>	<u>(1,163,391)</u>	<u>-</u>
Total	<u>\$ (2,152,467)</u>	<u>\$ (136,506)</u>	<u>\$ 203,450</u>
Balance carried forward to fiscal year 2011	<u>\$ (2,152,467)</u>	<u>\$ -</u>	<u>\$ 203,450</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 17 - STATUTORY RESERVES - (Continued)

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute.

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

A schedule of the restricted assets at June 30, 2010 follows:

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

In prior fiscal years, the Board of Education set aside monies for budget stabilization, maintaining the budget stabilization portion of the general fund balance in a separate special cost center, and reported a fund balance designation for budget stabilization in the general fund for the basic financial statements. The District still maintains this process, but for fiscal year 2010, the unreserved, undesignated fund balance in the general fund was negative. Therefore, the District has not reported a fund balance designation for budget stabilization in the general fund for fiscal year 2010. The District will report a fund balance designation for budget stabilization in future reporting periods if the unreserved, undesignated fund balance in the general fund is sufficient.

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, 2010, a payment of \$923,112 has been recorded as unearned revenue on the financial statements. Revenue from the lease will be recognized each year it is earned.

The Library will pay operating costs of \$6.20 per square foot on 12,000 square feet of the library facility during fiscal year 2010. The square footage rate will then be adjusted annually based on actual operating costs for the 10 year lease term.

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

SUPPLEMENTARY DATA

PLAIN LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Nutrition Cluster:</i>				
(C)(D) School Breakfast Program	10.553	2010	\$ 240,104	\$ 240,104
(D)(E) National School Lunch Program - Food Donation	10.555	2010	118,868	118,868
(C)(D) National School Lunch Program	10.555	2010	917,699	917,699
Total National School Lunch Program			<u>1,036,567</u>	<u>1,036,567</u>
<i>Total Nutrition Cluster</i>			<u>1,276,671</u>	<u>1,276,671</u>
Total U.S. Department of Agriculture			<u>1,276,671</u>	<u>1,276,671</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(F)(H) Title I Grants to Local Educational Agencies	84.010	2009	138,032	156,951
(F) Title I Grants to Local Educational Agencies	84.010	2010	730,593	681,020
Total Title I Grants to Local Educational Agencies			<u>868,625</u>	<u>837,971</u>
<i>Special Education Cluster:</i>				
(G)(F) Special Education_Grants to States	84.027	2009	135,337	146,603
(G)(F) Special Education_Grants to States	84.027	2010	1,084,760	1,078,951
Total Special Education _Grants to States			<u>1,220,097</u>	<u>1,225,554</u>
(G) ARRA Special Education_Grants to States, Recovery Act	84.391	2010	862,436	803,121
(G) Special Education_Preschool Grants	84.173	2010	23,920	23,920
(G) ARRA Special Education_Preschool Grants, Recovery Act	84.392	2010	44,578	44,578
<i>Total Special Education Cluster</i>			<u>2,151,031</u>	<u>2,097,173</u>
Career and Technical Education -- Basic Grants to States	84.048	2009	17,067	13,906
Career and Technical Education -- Basic Grants to States	84.048	2010	195,192	176,094
Total Career and Technical Education -- Basic Grants to States			<u>212,259</u>	<u>190,000</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	16,853	19,531
Javits Gifted and Talented Students Education Grant Program	84.206	2010	100	100
Education Technology State Grants	84.318	2010	8,670	8,670
Improving Teacher Quality State Grants	84.367	2009	31,161	26,230
Improving Teacher Quality State Grants	84.367	2010	233,217	221,920
Total Improving Teacher Quality State Grants			<u>264,378</u>	<u>248,150</u>
(H) School Improvement Grants	84.377	2010	38,083	38,785
Total School Improvement Grants			<u>38,083</u>	<u>38,785</u>
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	2010	-	675
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	1,049,306	1,049,306
Total U.S. Department of Education			<u>4,609,305</u>	<u>4,490,361</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Maternal and Child Health Federal Consolidated Programs	93.110	2010	1,400	1,400
Total U.S. Department of Health and Human Services			<u>1,400</u>	<u>1,400</u>
Total Federal Financial Assistance			<u>\$ 5,887,376</u>	<u>\$ 5,768,432</u>

- Continued

**PLAIN LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

- (A) OAKS did not assign pass through numbers for fiscal year 2010.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
- (F) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District may transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2010, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2009	\$ 11,602	
Title I Grants to Local Educational Agencies	84.010	2010		\$ 11,602
Special Education_Grants to States	84.027	2009	3,539	
Special Education_Grants to States	84.027	2010		3,539
Totals			\$ 15,141	\$ 15,141

- (G) Included as part of "Special Education Grant Cluster" in determining major programs.
- (H) The following amounts were transferred between grants based on ODE administrative action and transferability guidelines during fiscal year 201

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2009	\$ 5,618	
School Improvement Grants	84.377	2010		\$ 5,618



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

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

To the Members of the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Plain Local School District, Stark County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Plain Local School District's basic financial statements and have issued our report thereon dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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 more than a reasonable possibility that a material misstatement of the Plain Local School District's financial statements will not be prevented, or detected and timely corrected.

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

Board of Education
Plain Local School District

Compliance and Other Matters

As part of reasonably assuring whether the Plain Local School 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, providing an opinion 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*.

We intend this report solely for the information and use of the management and Board of Education of the Plain Local School District, federal awarding agencies and pass-through entities, and others within the Plain Local School District. We intend it for no one other than these specified parties.

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

Julian & Grube, Inc.
December 3, 2010



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

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

To the Members of the Board of Education:

Compliance

We have audited the compliance of the Plain Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Plain Local School District's major federal programs. The Plain Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs. Our responsibility is to express an opinion on the Plain Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Plain Local School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Plain Local School District's compliance with those requirements.

In our opinion, the Plain Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The Plain Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Plain Local School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Plain Local School District's internal control over compliance.

Board of Education
Plain Local School District

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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the management and Board of Education of the Plain Local School District, federal awarding agencies and pass-through entities, and others within the Plain Local School District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in dark ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
December 3, 2010

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Special Education Cluster: Special Education Grants to States (CFDA #84.027), ARRA Special Education Grants to States, Recovery Act (CFDA #84.391), Special Education Preschool Grants (CFDA #84.173), and ARRA Special Education Preschool Grants, Recovery Act (CFDA #84.392); and ARRA State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (CFDA #84.394)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

PLAIN LOCAL SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 1, 2011