

**NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT**  
**FRANKLIN COUNTY**  
**REGULAR AUDIT**  
June 30, 2004





**Auditor of State  
Betty Montgomery**

Board of Education  
New Albany Plain Local School District  
99 West Main Street, Second Floor  
New Albany, Ohio 43054

We have reviewed the Independent Auditor's Report of the New Albany Plain Local School District, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2003 to June 30, 2004. 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 New Albany Plain Local School District is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

March 7, 2005

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# New Albany-Plain Local School District

June 30, 2004

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Board of Education  
New Albany Plain Local School District  
99 West Main Street, Second Floor  
New Albany, Ohio 43054

### **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of New Albany Plain Local School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 District as of June 30, 2004, and the respective changes in financial position, where applicable, thereof for the 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 January 13, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements,

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
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and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
January 13, 2005

**New Albany-Plan Local School District**  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2004

As management of the New Albany-Plain Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which follow this section.

**Financial Highlights**

The District's net assets are \$26,686,399 as of June 30, 2004 according to the Statement of Net Assets. This represents an increase of \$1,556,008 or 6.19% as compared to last year.

The five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through fiscal 2006, with a need to pass a new levy by the end of fiscal 2007.

The General Fund reported a fund balance of \$2,572,156. On a budgetary basis of accounting the General Fund had a positive balance of \$1,195,473.

**Reporting the District as a Whole**

*The Statement of Net Assets and Statement of Activities*

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

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

*Fund Financial Statements*

Our analysis of the District's major funds appears on the fund financial statements beginning with the Balance Sheet-Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances. These statements provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

*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 other financial assets that can readily be converted to cash. The governmental fund 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 financial resources available to spend in the near future to finance the District's 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.



**New Albany-Plan Local School District**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2004**

*Fiduciary Funds*

The District's only Fiduciary Fund is a Student Managed Activities Agency Fund. The District's fiduciary activities are reported in the Statement of Net Assets, Fiduciary Funds. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$26,686,399 according to the Statement of Net Assets at the close of the most recent fiscal year.

A comparative analysis of fiscal year 2003 to 2004 follows from the Statements of Net Assets:

<b>New Albany-Plain Local School District</b>		
<b>Net Assets</b>		
	Governmental Activities	
	2004	2003
Current assets	\$ 41,817,084	\$ 49,142,619
Capital assets	99,220,717	88,511,206
Total assets	141,037,801	137,653,825
Current liabilities	26,171,945	25,129,211
Long-term liabilities	88,179,457	87,394,223
Total liabilities	114,351,402	112,523,434
Net Assets:		
Invested in capital, net of debt	11,874,410	20,895,833
Restricted	12,711,495	6,986,186
Unrestricted	2,100,494	(2,751,628)
Total net assets	\$ 26,686,399	\$ 25,130,391

**New Albany-Plan Local School District**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2004**

**New Albany-Plain Local School District**  
**Changes in Net Assets**

	Governmental Activities <u>2004</u>	Governmental Activities <u>2003</u>
<b>Program revenues:</b>		
Charges for services	\$ 1,561,910	\$ 1,185,830
Intergovernmental	764,005	390,540
<b>General revenues:</b>		
Property taxes	27,636,455	19,403,704
State entitlements	6,136,154	5,071,281
Investment earnings	250,056	454,140
Other	<u>505,183</u>	<u>474,449</u>
Total revenues	<u>36,853,763</u>	<u>26,979,944</u>
<b>Program expenses:</b>		
Instructional	16,639,747	13,451,475
Support services	12,283,857	11,533,642
Co-curricular student activities	1,225,852	1,057,923
Community services	258,283	381,507
Interest on long-term debt	<u>4,890,016</u>	<u>3,174,939</u>
Total expenses	<u>35,297,755</u>	<u>29,599,486</u>
Increase in net assets	<u>\$ 1,556,008</u>	<u>\$ (2,619,542)</u>

*Governmental Activities*

Net assets of the District's governmental activities increased by \$1,556,008. The increase in net assets is due to the increase in revenues as a result of the recent levy passage in fiscal 2003, as well as the increase in property tax revenues available for advance as certified by the county auditor. In Ohio, the portion of property taxes legally available as an advance by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. Thus, in the previous year County certified the amount of taxes available for advance as approximately \$1,954,000; whereas, the amount available for advance at June 30, 2004 was approximately \$5,737,000. On a cash basis (i.e. budgetary basis) property taxes increased \$3,249,677.

The expenditure increase over the prior year is mostly due to salary and benefits related to the additional staff hired in 2004, along with normal raises and increased health insurance premiums associated with existing staff.

The property tax laws in Ohio create the need periodically to seek voter approval for additional operating funds. Tax revenues generated from voted tax levies do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore, school districts such as ours that are dependent upon property taxes as a primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely heavily on voter approval of operating tax issues, management of the resources is of paramount concern to the District's administration and the voting public.

**New Albany-Plan Local School District**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2004**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings, and unrestricted State entitlements must support the net cost of program services.

	Total Cost of Services	Net Cost of Service	Total Cost of Services	Net Cost of Service
Programs	2004	2004	2003	2003
Instructional services	\$ 16,639,747	15,926,933	\$ 13,451,475	13,155,440
Support services	12,283,857	11,306,841	11,533,642	10,584,499
Co-curricular student activities	1,225,852	796,328	1,057,923	856,109
Community services	258,283	51,722	381,507	252,129
Interest on long-term debt	<u>4,890,016</u>	<u>4,890,016</u>	<u>3,174,939</u>	<u>3,174,939</u>
Total	<u>\$ 35,297,755</u>	<u>32,971,840</u>	<u>\$ 29,599,486</u>	<u>28,023,116</u>

Local property taxes make up 75.0% of total revenues for governmental activities. The net services column reflecting the need for \$32,971,840 of support indicates the reliance on general revenues to support governmental activities.

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$15,366,606, which represents a decrease of \$8,166,540 as compared to last year's total of \$23,533,146 according to the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The schedule below shows the fund balance and the total change in fund balance from June 30, 2004 to 2003.

	Fund Balance at June 30, 2004	Fund Balance at June 30, 2003	Increase (Decrease)
General Fund	\$ 2,572,156	\$ (1,662,835)	\$ 4,234,991
Bond Retirement Fund	2,213,665	1,521,133	692,532
Building Fund	9,583,957	22,766,678	(13,182,721)
Other Governmental Funds	<u>996,828</u>	<u>908,170</u>	<u>88,658</u>
Total	<u>\$ 15,366,606</u>	<u>\$ 23,533,146</u>	<u>\$ (8,166,540)</u>

*General Fund*

The District's General Fund balance increased primarily due to the timing of certification of revenues by Franklin County. In fiscal 2003 the County certified that approximately \$1.9 million was available for advance whereas, in 2004 the County certified that approximately \$4.6 million was available for advance.

**New Albany-Plan Local School District**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2004**

**Revenues**

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Property taxes	\$ 22,354,270	\$ 15,127,089	47.78%
Intergovernmental	5,777,463	4,503,829	28.28%
Investment income	55,577	83,385	-33.35%
Other revenue	669,136	329,618	103.00%
Total	<u>\$ 28,856,446</u>	<u>\$ 20,043,921</u>	43.97%

**Expenditures by Function**

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Instructional services	\$ 13,321,473	\$ 12,008,828	10.93%
Support services	10,486,968	9,561,759	9.68%
Co-curricular student activities	738,135	841,455	-12.28%
Community services	16,589	15,548	6.70%
Interest	22,400	-	100.00%
Total	<u>\$ 24,585,565</u>	<u>\$ 22,427,590</u>	9.62%

Revenues are up 44 % while expenditures increased 9.6% over the prior year. Expenditure increases are due to salary and benefits related to the additional staff hired in 2004, along with normal raises and increased health insurance premiums associated with existing staff.

*Bond Retirement Fund*

The District's Bond Retirement-Debt Service Fund balance increased primarily because of increases in the allocation of tax revenues to this fund for future debt service requirements. The tables that follow assist in illustrating the financial activities and balance of the Debt Service Fund.

**Revenues**

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Property taxes	\$ 4,515,947	\$ 3,288,000	37.35%
Intergovernmental	484,703	397,161	22.04%
Other revenue	-	20,393	100.00%
Total	<u>\$ 5,000,650</u>	<u>\$ 3,705,554</u>	34.95%

**New Albany-Plan Local School District**  
**Management's Discussion & Analysis**  
**For the Fiscal Year Ended June 30, 2004**

As the table below indicates, Bond Retirement Fund expenditures are primarily for financing costs.

**Expenditures by Function**

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Support services	\$ 30,697	\$ 42,879	-28.41%
Debt Service:			
Principal repayment	18,956,850	740,000	2461.74%
Interest	<u>4,568,480</u>	<u>2,623,412</u>	<u>74.14%</u>
Total	<u>\$ 23,556,027</u>	<u>\$ 3,406,291</u>	<u>591.54%</u>

Expenditures increased due to the repayment of approximately \$18,496,850 in notes that were previously recorded as long term.

*Building Fund*

The District's Building Fund is used to account for financial resources used for the acquisition or construction of major capital facilities specifically funded by bonds approved by the voters. The fund balance consist of monies on hand from past bond issues. Significant on going construction and construction completed within the fiscal year is as follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2004</u>	<u>Committed</u>
K-1 Elementary	\$ 15,154,373	14,254,255	900,118
High School Athletic	3,714,922	3,673,010	41,912
High School Academic	14,240,516	11,691,124	2,549,392
Total Capital Projects	<u>\$ 33,109,811</u>	<u>29,618,389</u>	<u>3,491,422</u>

*Other Funds*

Other governmental funds consist of Special Revenue, and other Capital Projects funds. Fund balance in these funds increased by \$88,658.

**General Fund Budget Information**

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements, and encumbrances. Changes are made to the District's budget as changes in revenues and spending patterns are experienced.

The District uses the five-year forecast as the original document from which to form the operating budget. After updating the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school and department submits a budget to the Superintendent and Treasurer. After discussion and various modifications a final amount is agreed upon. Budgets are reviewed periodically to ensure management becomes aware of any variations during the year.

**Capital Assets**

The District has \$99,220,717 invested in capital assets net of depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

**New Albany-Plan Local School District**  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2004

**Debt**

On June 30, 2004, the District had \$86,558,811 in bonds outstanding. The District paid \$460,000 in principal on bonds and \$18,496,850 principal on notes outstanding. Additionally, the District issued general obligation bonds in the amount of \$18,495,000 in the current year to replace the aforementioned notes. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

Under current state statutes, most District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. However, the District was approved as a "special needs district" by the State of Ohio based upon its 10-year growth in assessed valuation and is permitted to exceed the 9% limit.

**Restrictions and Other Limitations**

The District faces various challenges with being one of the fastest growing school districts in the State. The District has been fortunate over the years to be able to manage the growth pattern while maintaining the educational program and facilities. However, the future financial stability of the District is not without challenges. The District has been on the ballot 14 times in the past 11 years. Through community support, we have avoided cash operating deficits.

The major challenge facing the District and all school districts in the State of Ohio is the future state funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for monies it receives. Questions concerning any information in this report or request for additional information should be directed to Brian Ramsay, Treasurer, New Albany Plain Local School District, 99 West Main Street, New Albany, Ohio 43054

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## **BASIC FINANCIAL STATEMENTS**



## New Albany-Plain Local School District

### STATEMENT OF NET ASSETS

JUNE 30, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 13,266,928
Cash with fiscal agent	596,775
Receivables	27,925,941
Due from other- Governments	13,456
Inventory	13,984
Capital assets:	
Land and construction in progress	17,266,069
Depreciable capital assets, net of accumulated depreciation	81,954,648
<b>TOTAL ASSETS</b>	<b>\$ 141,037,801</b>
<b>LIABILITIES:</b>	
Accounts payable	\$ 370,532
Contracts payable	596,775
Due to other governments	820,376
Deferred revenue	21,416,000
Accrued liabilities	2,968,262
Long-term liabilities:	
Due within one year	1,764,424
Due in more than one year	86,415,033
<b>TOTAL LIABILITIES</b>	<b>114,351,402</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	11,874,410
Restricted for:	
Capital Projects	10,090,342
Debt Service	2,108,710
Other purposes	512,443
Unrestricted	2,100,494
<b>TOTAL NET ASSETS</b>	<b>\$ 26,686,399</b>

The notes to the financial statements are an integral part of this statement.

**New Albany-Plain Local School District**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Instructional services:				
Regular	\$ 13,712,253	238,395	59,692	(13,414,166)
Special	1,863,984	-	402,627	(1,461,357)
Vocational	1,051,490	-	-	(1,051,490)
Continuing	12,020	-	12,100	80
Support services:				
Operation and maintenance of plant	3,305,155	-	-	(3,305,155)
School administration	2,401,233	-	-	(2,401,233)
Instructional staff	1,174,914	-	23,140	(1,151,774)
Pupils	1,265,799	-	-	(1,265,799)
Non-Instructional services	549,106	-	-	(549,106)
Business operations	873,893	-	-	(873,893)
Student transportation	1,739,680	16,848	-	(1,722,832)
Food service	728,855	739,323	52,085	62,553
Central services	189,654	-	145,620	(44,034)
General administration	55,568	-	-	(55,568)
Co-curricular student activities	1,225,852	429,524	-	(796,328)
Community services	258,283	137,820	68,741	(51,722)
Interest on debt	4,890,016	-	-	(4,890,016)
<b>Total Governmental Activities</b>	<b>35,297,755</b>	<b>1,561,910</b>	<b>764,005</b>	<b>(32,971,840)</b>
General revenues:				
Property taxes				27,636,455
Grants and entitlements not restricted to specific programs				6,136,154
Investment earnings				250,056
Miscellaneous				505,183
<b>Total general revenues</b>				<b>34,527,848</b>
Change in Net Assets				1,556,008
Net Assets Beginning of Year				25,130,391
Net Assets End of Year				26,686,399

The notes to the financial statements are an integral part of this statement.

**New Albany-Plain Local School District**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	<u>GENERAL</u>	<u>BOND RETIREMENT FUND</u>	<u>BUILDING FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS:</b>					
Cash and investments	\$ 1,298,494	1,275,665	9,760,875	866,254	13,201,288
Cash with fiscal agent	-	-	596,775	-	596,775
Restricted cash and investments	65,640	-	-	-	65,640
Receivables:					
Property taxes	22,506,000	4,482,000	-	876,000	27,864,000
Other	54,080	-	7,861	-	61,941
Due from other:					
Governments	-	-	-	13,456	13,456
Inventory	-	-	-	13,984	13,984
<b>TOTAL ASSETS</b>	<b><u>\$ 23,924,214</u></b>	<b><u>5,757,665</u></b>	<b><u>10,365,511</u></b>	<b><u>1,769,694</u></b>	<b><u>41,817,084</u></b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 160,921	-	179,407	30,204	370,532
Contracts payable	-	-	596,775	-	596,775
Due to other:					
Governments	608,864	-	-	-	608,864
Deferred revenue	17,886,000	3,544,000	-	697,000	22,127,000
Accrued liabilities	2,696,273	-	5,372	45,662	2,747,307
<b>TOTAL LIABILITIES</b>	<b><u>21,352,058</u></b>	<b><u>3,544,000</u></b>	<b><u>781,554</u></b>	<b><u>772,866</u></b>	<b><u>26,450,478</u></b>
<b>FUND BALANCES:</b>					
Reserved for:					
Future appropriations	\$ 4,620,000	938,000	-	179,000	5,737,000
Encumbrances	-	-	2,628,011	51,744	2,679,755
Budget Stabilization	65,640	-	-	-	65,640
Inventory	-	-	-	13,984	13,984
Unreserved, reported in					
General fund	(2,113,484)	-	-	-	(2,113,484)
Special revenue fund	-	-	-	498,459	498,459
Debt Service fund	-	1,275,665	-	-	1,275,665
Capital projects fund	-	-	6,955,946	253,641	7,209,587
<b>TOTAL FUND BALANCES</b>	<b><u>2,572,156</u></b>	<b><u>2,213,665</u></b>	<b><u>9,583,957</u></b>	<b><u>996,828</u></b>	<b><u>15,366,606</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 23,924,214</u></b>	<b><u>5,757,665</u></b>	<b><u>10,365,511</u></b>	<b><u>1,769,694</u></b>	<b><u>41,817,084</u></b>

The notes to the financial statements are an integral part of this statement.

**New Albany-Plain Local School District**  
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
 NET ASSETS OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2004

<b>Total Governmental Fund Balances</b>	<b>\$ 15,366,606</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	99,220,717
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	711,000
Due to Other Governments include contractually required pension contribution not expected to be paid with available expendable resources and, therefore, not reported in the funds	(211,512)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	(220,955)
Compensated absences	(833,150)
Installment loan payable	(61,477)
Bonds and Notes payable	(87,284,830)
<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 26,686,399</u></u></b>

The notes to the financial statements are an integral part of this statement.

**New Albany-Plain Local School District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	GENERAL FUND	BOND RETIREMENT FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Property taxes	\$ 22,354,270	4,515,947	-	935,938	27,806,155
Intergovernmental:					
Federal Restricted Grants-in-aid	-	-	-	376,575	376,575
State:					
Unrestricted Grants-in-aid	5,760,615	484,703	-	270,502	6,515,820
Restricted Grants-in-aid	16,848	-	-	813	17,661
Investment income	55,577	-	191,240	3,239	250,056
Co-curricular activities	46,520	-	-	383,004	429,524
Charges for services	-	-	-	739,323	739,323
Tuition fees	238,395	-	-	137,820	376,215
Other	384,221	-	-	137,810	522,031
<b>TOTAL REVENUES</b>	<b>28,856,446</b>	<b>5,000,650</b>	<b>191,240</b>	<b>2,985,024</b>	<b>37,033,360</b>
<b>EXPENDITURES:</b>					
Current:					
Instructional services:					
Regular	10,726,747	-	140,265	227,585	11,094,597
Special	1,543,236	-	-	330,812	1,874,048
Vocational	1,051,490	-	-	-	1,051,490
Continuing	-	-	-	12,020	12,020
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>13,321,473</b>	<b>-</b>	<b>140,265</b>	<b>570,417</b>	<b>14,032,155</b>
Support services:					
Operation and maintenance of plant	3,150,416	-	-	70,567	3,220,983
School administration	2,215,184	-	-	144,301	2,359,485
Instructional staff	911,063	-	-	197,267	1,108,330
Pupils	1,242,935	-	-	142	1,243,077
Non-instructional services	549,106	-	-	-	549,106
Business operations	825,566	30,697	-	32,648	888,911
Student transportation	1,480,113	-	-	420,241	1,900,354
Food services	-	-	-	698,252	698,252
Central services	57,017	-	-	135,350	192,367
General administration	55,568	-	-	-	55,568
<b>TOTAL SUPPORT SERVICES</b>	<b>10,486,968</b>	<b>30,697</b>	<b>-</b>	<b>1,698,768</b>	<b>12,216,433</b>
Co-curricular student activities	738,135	-	-	369,718	1,107,853
Community services	16,589	-	-	239,410	255,999
Capital outlay	-	-	13,233,696	-	13,233,696
Debt service:					
Principal retirement	-	18,956,850	-	50,585	19,007,435
Interest	22,400	4,568,480	-	3,358	4,594,238
<b>TOTAL EXPENDITURES</b>	<b>24,585,565</b>	<b>23,556,027</b>	<b>13,373,961</b>	<b>2,932,256</b>	<b>64,447,809</b>
Excess (deficiency) of revenues over expenditures	4,270,881	(18,555,377)	(13,182,721)	52,768	(27,414,449)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	76,897	76,897
Transfers out	(35,890)	-	-	(41,007)	(76,897)
Premium from the issuance of bonds	-	752,909	-	-	752,909
Proceeds from the issuance of bonds	-	18,495,000	-	-	18,495,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(35,890)</b>	<b>19,247,909</b>	<b>-</b>	<b>35,890</b>	<b>19,247,909</b>
Net Change in Fund Balances	4,234,991	692,532	(13,182,721)	88,658	(8,166,540)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>					
	(1,662,835)	1,521,133	22,766,678	908,170	23,533,146
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 2,572,156</b>	<b>2,213,665</b>	<b>9,583,957</b>	<b>996,828</b>	<b>15,366,606</b>

The notes to the financial statements are an integral part of this statement.

**New Albany-Plain Local School District**  
 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, 2004

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ (8,166,540)</b>
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 capital outlays exceeded depreciation in the current period.	10,709,511
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(264,769)
Repayment of bond and installment loan principal are an expenditure in governmental fund, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	19,007,435
Proceeds from issuance of long-term obligations are revenue in the governmental fund, but the proceeds increase long-term liabilities in the statement of net assets and does not result in revenue in the statement of activities	(19,247,909)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due.	109,402
Accretion of interest on general obligation bonds	(432,070)
The expense related to compensated absences reported in the statement of activities does require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(159,052)
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ 1,556,008</u></u></b>

The notes to the financial statements are an integral part of this statement.

**New Albany - Plain Local School District**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
June 30, 2004

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 144,021</u>
Total assets	<u><u>\$ 144,021</u></u>
<b>LIABILITIES</b>	
Due to Others	<u>\$ 144,021</u>
Total liabilities	<u><u>\$ 144,021</u></u>

The notes to the financial statements are an integral part of this statement.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The New Albany Plain-Local School District, (the District), is a body politic and corporate established, for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision for public education to residents of the District.

Average daily membership (ADM) as of October 1, 2003 was 2,851. The District employed 233 certified employees and 158 non-certificated employees. The District co-operates with the Franklin County Educational Service Center, a separate entity, for curricular services.

The District provides regular and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities, and non-programmed services.

*Reporting Entity:*

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the Plain Local School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with three jointly governed organizations and an insurance purchasing pool. These organizations include the Metropolitan Education Council, the Eastland Vocational School District, the New Albany Plain-Local Joint Park District, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

**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's significant accounting policies are described below.

**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from legally separate *component units* for which the primary government is financially accountable. The District (primary government) has no business-type activities or component units.



**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to those who benefit from the goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has no proprietary funds.

**B. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied and certified by the county auditor. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied, provided they are collected and certified by the county auditor by the fiscal year-end and available for advance. Additionally, taxes collected within 60 days after fiscal year-end are recorded as a receivable with an offset to deferred revenue for amounts not collected and available for advance on June 30 by the county auditor. On the government-wide financial statements delinquent taxes are also recorded as revenue.

Tuition, grants, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The District reports the following major governmental funds:

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

Bond Retirement Fund – The Bond Retirement Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Capital Projects Building Fund – The Building Fund is used to account for the receipts and expenditures related to the acquisition and construction of capital facilities including real property.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

Additionally, the District reports the following fund types:

Fiduciary Funds – Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. This includes Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has one Agency Fund.

Private-sector standards of accounting and financial reporting issued after November 1, 1989 are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

Amounts reported as program revenues include 1) charges to those who benefit from the goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**C. Cash and Investments**

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. During fiscal year 2004, investments were limited to STAR Ohio, repurchase agreements, and federal agency securities. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

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 deposits are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner of consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$55,577.

**D. Inventory**

Inventories are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

**E. Capital Assets and Depreciation**

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in 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 follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than one year. The District does not possess any infrastructure.

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

<u>Description</u>	<u>Useful Lives</u>
Buildings & improvements	10-50
Furniture, fixtures, and equipment	5-20
Buses, autos, and trucks	10-15

**F. 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.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets.

**G. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for classified employees after 10 years of current service with the District and for certified employees and administrators after 20 years of service, or after 15 years of service and at least 45 years of age, or after 5 years of service and at least 50 years of age. The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

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

All accrued liabilities and long-term debt is reported in the entity-wide financial statements. For governmental fund financial statements, these accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term liabilities paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**I. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts set-aside by the District for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**J. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory and property taxes.

The reserve for future appropriations represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**K. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim monies are those monies that 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.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

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

Interim monies must 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 any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Interim deposits in eligible institutions applying for interim funds.

Investments in stripped principal or interest obligations, reverse purchase 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.

Funds invested by fiscal agents are determined by trust agreements and bond indentures. Like the cash invested by the District Treasurer, eligible investments include U.S. government obligations, U.S. government agencies, and certificate of deposit.

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 105 percent of all public monies on deposit with the depository including the amount covered by federal insurance.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

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

*Deposits:* At fiscal year end, the carrying amount of the District's deposits was \$(222,908) exclusive of the \$901,632 overnight repurchase agreement included in investments below and \$596,775 of money market funds held by fiscal agents. The bank balance was \$0. Additionally, the District maintained \$10,500 in petty cash funds.

*Investments:* The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments of \$10,231,116, in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 1	Category 2	Category 3	Carrying Value	Fair Value
Federal Agency Securities	\$500,000	\$1,990,609		\$2,490,609	\$2,490,609
Repurchase agreement			\$901,632	\$901,632	\$901,632
STAR Ohio				10,231,116	10,231,116
Total Investments				<u>\$13,623,357</u>	<u>\$13,623,357</u>

**NOTE 4 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Franklin and Licking Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2004, was approximately \$4,620,000 in the General Fund, \$938,000 in the Bond Retirement Debt Service Fund and \$179,000 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which fiscal year 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$596,861,820	94%	\$641,167,390	95%
Public Utility	19,266,230	3%	19,935,780	3%
Tangible Personal Property	16,211,946	3%	15,978,505	2%
Total Assessed Value	<u>\$632,339,996</u>	<u>100%</u>	<u>\$677,081,675</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$52.17		\$61.19	

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2004, consisted of taxes, interest, non-profit grant, and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:	
Taxes current	\$27,153,000
Taxes delinquent	711,000
Interest	10,634
Other	<u>51,307</u>
Total receivable	<u>\$ 27,925,941</u>

**NOTE 6 - DUE FROM OTHER GOVERNMENTS**

Intergovernmental receivables at June 30, 2004, consist of the following:

Governmental Activities:	
Federal	\$ 13,456
Total	<u>\$ 13,456</u>

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

**NOTE 7 – CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year follows:

	Balance June 30, 2003	Additions	Disposals	Transfers	Balance June 30, 2004
<u>Governmental Activities Cost</u>					
Nondepreciable capital assets:					
Land	\$ 5,574,945	\$ -	\$ -	\$ -	\$ 5,574,945
Construction in progress	16,737,523	12,880,866	-	(17,927,265)	11,691,124
Total nondepreciable capital assets	<u>22,312,468</u>	<u>12,880,866</u>	<u>-</u>	<u>(17,927,265)</u>	<u>17,266,069</u>
Depreciable capital assets:					
Building and improvements	70,541,763	-	-	17,927,265	88,469,028
Furniture, fixtures and equipment	6,164,590	821,794	-	-	6,986,384
Buses, autos and trucks	1,976,548	400,114	173,017	-	2,203,645
Total depreciable capital assets	<u>78,682,901</u>	<u>1,221,908</u>	<u>173,017</u>	<u>17,927,265</u>	<u>97,659,057</u>
<u>Less accumulated depreciation</u>					
Building and improvements	8,329,017	2,478,151	-	-	10,807,168
Furniture, fixtures and equipment	3,147,668	710,009	-	-	3,857,677
Buses, autos and trucks	1,007,478	197,714	165,628	-	1,039,564
Total accumulated depreciation	<u>12,484,163</u>	<u>3,385,874</u>	<u>165,628</u>	<u>-</u>	<u>15,704,409</u>
Total depreciable capital assets, net	<u>66,198,738</u>	<u>(2,163,966)</u>	<u>7,389</u>	<u>17,927,265</u>	<u>81,954,648</u>
Capital assets, net	<u>\$ 88,511,206</u>	<u>\$ 10,716,900</u>	<u>\$ 7,389</u>	<u>\$ -</u>	<u>\$ 99,220,717</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 2,808,293
Special	9,975
Support services:	
Operation and maintenance of plant	124,839
School administration	17,794
Pupils	4,240
Business operations	1,741
Instructional staff	61,238
Food services	20,535
Central	2,034
Student transportation	213,743
Co-curricular student activities	118,656
Community services	2,786
Total depreciation	<u>\$ 3,385,874</u>



**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

Construction in progress at June 30, 2004 is composed of the following:

	Project Authorization	Expended to June 30, 2004	Committed
High School Academic Building	\$ 14,240,516	11,691,124	2,549,392

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the District's insurance coverage was as follows:

Type of Coverage	Deductible	Liability Limit
Building and Contents-replacement cost	\$1,000	\$12,500,000
Automobile Liability	500	1,000,000
Uninsured Motorists		1,000,000
General Liability		
Per occurrence		1,000,000
Per year		5,000,000

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

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3476.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$605,328, \$470,803, and \$394,456 respectively; 100% percent has been contributed for fiscal year 2004, 2003, and 2002.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10.0 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2003, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$1,684,704, \$1,439,244, and \$1,251,685, respectively; 100% percent has been contributed for fiscal year 2003, 2002 and 71% contributed for fiscal 2004.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2004, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$85,444 for fiscal year 2004.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,100 and STRS Ohio had 111,853 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits during the 2004 fiscal year equaled \$50,266.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal 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. Sick leave may be accumulated up to a maximum of 240 days for certified and classified personnel. The accumulation for administrators is unlimited. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days for classified and certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave for administrative personnel.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Central Benefits.

**NOTE 12 - LONG-TERM OBLIGATIONS**

All current obligation bonds outstanding, were issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Long-Term obligations of the District are included in the Statement of Net Assets. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

As of June 30, 2004, the District had four general obligation bonds outstanding. This debt was issued for general government activities, specifically, the construction and renovation of school buildings. The issues are as follows:

*Building Construction General Obligation Bonds* - On June 1, 1998, the Plain Local School District issued \$19,489,613 in voted general obligation bonds for the purpose of an addition and improvement to the junior high school building. The bonds were issued for a twenty-year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund.

*Various Purpose General Obligation Bonds* - On June 6, 2000, the Plain Local School District issued \$36,539,029 in voted general obligation bonds for the purpose of an addition and improvements. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2027. The bonds will be retired from the debt service fund.

*Building Construction General Obligation Bonds* - On January 1, 2002, the Plain Local School District issued \$46,030,680 in voted general obligation bonds for the purpose of an addition and improvement to the high school building. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2030. The bonds will be retired from the debt service fund.

*School Facilities Construction and Improvement Bonds* - On February 20, 2003, the Plain Local School District issued \$18,496,850 in voted general obligation notes for the purpose of constructing and furnishing a new elementary school as well as additional improvements to the High School Campus. The notes were

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

subsequently bonded in July 2003. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2031. The bonds will be retired from the debt service fund.

A summary of the changes in long-term liabilities follows:

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004
General obligation bonds payable	\$ 68,091,741	\$ 18,927,070	\$ 460,000	\$ 86,558,811
Unamortized bond premium, net of accumulated amortization	-	752,909	26,890	726,019
General obligation notes payable	18,496,850	-	18,496,850	-
Installment loan obligation	112,062	-	50,585	61,477
Compensated Absences	693,570	819,711	680,131	833,150
Long-Term liabilities per statement of net assets	<u>\$ 87,394,223</u>	<u>\$ 20,499,690</u>	<u>\$ 19,714,456</u>	<u>\$ 88,179,457</u>

Amounts Due In One Year

General obligation bonds payable	\$ 851,857
Unamortized bond premium, net of accumulated amortization	26,890
Installment loan obligation	52,527
Compensated Absences	833,150
	<u>\$ 1,764,424</u>

The District employees are granted vacation and sick leave in varying amounts.

Additionally, the District issued and retired \$2,400,029 in short term tax anticipation notes in fiscal 2004.

Section 133.06 of the Revised Code provides that, exclusive of certain "exempt debt," the net principal amount of unvoted general obligation debt of a School District may not exceed one-tenth (0.10%) of one percent of the total assessed property value listed within the District. Section 133.06 also provides that the net principal amount of voted and unvoted general obligation debt of a District may not exceed nine percent (9.0%) of the total assessed value, except as in the case of a special needs school district. As the District is excess of the 9.0% margin, the District requested and obtained consent to become a "special needs" District, thereby permitting the incurrence of additional debt based upon projected 10 year growth of the District's assessed valuation, as permitted by the code.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

Principal (including accretion) and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2004, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 851,857	\$ 3,995,021
2006	1,111,196	4,254,520
2007	2,194,533	4,345,312
2008	1,357,192	5,121,628
2009	2,006,636	4,730,938
2010-2014	13,001,392	24,376,157
2015-2019	22,240,000	13,837,856
2020-2024	20,950,000	8,327,605
2025-2029	17,836,005	5,778,534
2030-2032	5,010,000	267,328
<b>Total</b>	<b><u>\$ 86,558,811</u></b>	<b><u>\$ 75,034,899</u></b>

**Accretion**

Capital accretion bonds were issued with the Various Purpose Bonds – 2000 and the Building Construction General Obligation Bonds – 2002. These bonds were purchased at a discount at the time of issuance. At maturity all compound interest is paid to the bond holder. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases the accretion is booked as principal. The fiscal year 2004 amount of accretion for the 2000 and 2002 Bonds is \$213,626 and \$218,444 respectfully.

**Advance Refunding**

The School District defeased certain School Construction and Improvement Bonds and notes by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. As of June 30, 2004, \$28,750,985 bonds outstanding are considered defeased.

In June 2000, the District refunded \$6,710,858 of previous bonds issued, and in February 2002, the District refunded \$25,690,000 of previous bonds issued

**NOTE 13 – INSTALLMENT LOAN OBLIGATION**

The District entered into an installment loan obligation as part of a grant/contribution agreement with Fitness America. The District received Physical Education equipment valued in amount of \$152,787. As part of this agreement the District was required to take out a loan of this amount and make the initial payment for such equipment. As the District makes its principal and interest payment on this loan, the District was to be reimbursed by Fitness America for equal amounts. In 2004 Fitness America defaulted on its agreement with the District as well as numerous other Districts throughout the state of Ohio. However the District is still responsible for repayment of its loan obligation.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

The District's future minimum loan payments under this obligation as of June 30, 2004 are as follows:

Year ending June 30,	Loan
2005	\$ 53,943
2006	8,990
Total minimum loan payments	62,933
Less: amounts representing interest	1,456
Present value of minimum loan payments	\$ 61,477

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

*Metropolitan Education Council* - The Metropolitan Education Council is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Metropolitan Education Council, Denise Music, who serves as Fiscal Officer, at 6100 Channingway Boulevard, Suite 604, Columbus, Ohio 43232.

*Eastland Vocational School District* - The Eastland Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Eastland Vocational School District, Dawn Lemley, who serves as Treasurer, at 4300 Amalgamated Place, P. O. Box 419, Groveport, Ohio 43125-0419.

*New Albany Plain-Local Joint Park District* - The New Albany Plain-Local Joint Park District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating entities as follows: (1) The Village of New Albany; (2) Plain Township and (3) The New Albany Plain-Local Board Of Education. The Park District possesses its own budgeting and taxing authority.

**NOTE 15 - INSURANCE PURCHASING POOL**

*Ohio School Boards Association Workers' Compensation Group Rating Plan* - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Basic Financial Statements  
June 30, 2004  
(Continued)**

**NOTE 16 - CONTINGENCIES**

**Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2004.

**Litigation**

The District is a party to several legal proceedings. The District's management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material, if any, effect on the financial condition of the District.

**NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The School District was also required to set aside money for budget stabilization. Senate Bill 345, effective April 10, 2001, eliminated the budget stabilization requirement and placed restrictions on the budget stabilization money related to the workers' compensation refunds.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Cash Balance as of June 30, 2003	\$52,638	\$0	\$65,640
Current Year Set-Aside Requirement	307,726	307,726	0
Qualifying Disbursements	(491,941)	(424,870)	0
Set-aside Balance as of June 30, 2004	<u>(\$59,606)</u>	<u>(\$107,824)</u>	<u>\$65,640</u>
Restricted Cash Balance at June 30, 2004	<u>\$0</u>	<u>\$0</u>	<u>\$65,640</u>

**NOTE 18 – STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
<b>REVENUES:</b>				
Property taxes	\$ 17,281,660	\$ 18,537,572	\$ 18,537,572	\$ -
Revenue in lieu of taxes	1,518,238	1,628,573	1,628,573	-
Investment income	53,856	57,770	57,770	-
Tuition fees	74,644	80,069	80,069	-
Miscellaneous	428,020	459,125	459,125	-
State sources	3,867,805	4,148,890	4,148,890	-
<b>TOTAL REVENUES</b>	<b>23,224,223</b>	<b>24,911,999</b>	<b>24,911,999</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Instructional services:				
Regular	10,852,594	10,599,464	10,599,464	-
Special	1,560,079	1,523,691	1,523,691	-
Other instructional	1,077,787	1,052,648	1,052,648	-
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>13,490,460</b>	<b>13,175,803</b>	<b>13,175,803</b>	<b>-</b>
Support services:				
Pupils	1,294,850	1,264,648	1,264,648	-
Instructional staff	958,454	936,099	936,099	-
Board of Education	57,112	55,780	55,780	-
School administration	2,338,485	2,283,941	2,283,941	-
Fiscal services	766,034	748,167	748,167	-
Operation and maintenance of plant	3,229,436	3,154,111	3,154,111	-
Student transportation	1,507,547	1,472,384	1,472,384	-
Central services	60,256	58,851	58,851	-
<b>TOTAL SUPPORT SERVICES</b>	<b>10,212,174</b>	<b>9,973,981</b>	<b>9,973,981</b>	<b>-</b>
Community services	27,219	26,584	26,584	-
Co-curricular activities	760,470	742,733	742,733	-
Other non instruction services	584,990	571,345	571,345	-
<b>TOTAL EXPENDITURES</b>	<b>25,075,312</b>	<b>24,490,446</b>	<b>24,490,446</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	(1,851,089)	421,553	421,553	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of notes	2,400,000	2,400,029	2,400,029	-
Transfers in	-	515,000	515,000	-
Transfers out	-	(3,037,429)	(3,037,429)	-
Other	-	100,846	100,846	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,400,000</b>	<b>(21,554)</b>	<b>(21,554)</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	548,911	399,999	399,999	-
Prior year encumbrances appropriated	107,327	107,327	107,327	-
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>688,147</b>	<b>688,147</b>	<b>688,147</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<b>\$ 1,344,385</b>	<b>\$ 1,195,473</b>	<b>\$ 1,195,473</b>	<b>\$ -</b>

See notes to the required supplementary schedule.

**New Albany Plain Local School District  
Franklin County, Ohio**

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2004

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**A. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not, required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Franklin and Licking County Budget Commissions for rate determination.

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The revised amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, and function, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, 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 totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

**New Albany Plain Local School District  
Franklin County, Ohio**

**Notes to the Required Supplementary Information, Continued**

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The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**NOTE B - RECONCILING BUDGET BASIS AND GAAP**

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual column presented on the Budgetary Comparison Schedule – General Fund is prepared in accordance with the budget basis of accounting.

- The major differences between the budgetary basis of accounting and GAAP are that:
- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
  - B. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
  - C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis); and
  - D. Investments are recorded at cost (budget basis) as opposed to fair value (GAAP basis).

A reconciliation of the General Fund results of operations at the end of the year on the GAAP basis to the budget basis follows:

Net Change in Fund Balance	\$ 4,234,991
<b>Adjustments</b>	
Due to revenues	(3,944,447)
Due to expenditures	95,119
Due to other financing sources	14,336
Excess of revenues and other financing sources over expenditures and other financing uses (Budget Basis)	\$ 399,999

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## **Report On Compliance And On Internal Control Required By Government Auditing Standards**

Board of Education  
New Albany Plain Local School District  
99 West Main Street, Second Floor  
New Albany, Ohio 43054

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of New Albany Plain Local School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2004 and have issued our report thereon dated January 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 13, 2005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion

*Wilson, Shannon & Snow, Inc.*

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on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to management of the District in a separate letter dated January 13, 2005.

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

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
January 13, 2005

**New Albany Plain Local School District  
Franklin County**

Schedule of Prior Audit Findings  
June 30, 2004

<b>Finding Number</b>	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	5705.10 – Negative fund balances occurred during the fiscal year.	Yes	There were no negative balances noted during the testing performed for fiscal year 2004.
2003-002	5705.41(B) – Expenditures were made that were not appropriated.	Yes	Expenditures were within appropriations during fiscal year 2004.
2003-003	9.39 – Finding for recovery for athletic funds not deposited into the District account.	Yes	The District recovered the total amount during Fiscal Year 2004 and no other instances were noted during our test of Fiscal Year 2004 transactions.
2003-004	Finding for recovery for overpayment to food service worker	Yes	The District recovered the entire amount through payroll deductions during Fiscal Year 2004 and no other instances were noted during our tests of Fiscal Year 2004 transactions.



**Auditor of State  
Betty Montgomery**

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**NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT**

**FRANKLIN 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  
MARCH 17, 2005**