



**NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEARS ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

New Albany Plain Local School District
Franklin County
55 North High Street
New Albany, Ohio 43054

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Albany Plain Local School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2011, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 New Albany Plain Local School District, Franklin County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 21, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

January 23, 2012

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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, 2011. 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 \$37,202,704 as of June 30, 2011 according to the Statement of Net Assets. This represents a decrease of \$2,939,321 or 7.3% as compared to last year. This decrease is primarily related to depreciation on operating assets.

The General Fund reported a fund balance of \$27,370,939. On the budgetary basis of accounting the General Fund had a positive balance of \$18,422,462.

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-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Fiduciary Fund:

The District's only Fiduciary Fund is a Student Managed Activities Agency Fund. The District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities. 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 \$37,202,774 according to the Statement of Net Assets at the close of the most recent fiscal year.

A comparative analysis of fiscal year 2011 to 2010 follows from the Statements of Net Assets:

| | Governmental Activities | |
|---|-------------------------|----------------------|
| <u>Assets</u> | <u>2011</u> | <u>2010</u> |
| Current assets | \$ 80,142,115 | \$ 77,750,640 |
| Capital assets, net | <u>75,756,266</u> | <u>80,009,746</u> |
| Total assets | <u>155,898,381</u> | <u>157,760,386</u> |
| <u>Liabilities</u> | | |
| Current liabilities | 36,185,750 | 33,549,601 |
| Long-term liabilities | <u>82,509,857</u> | <u>84,068,690</u> |
| Total liabilities | <u>118,695,607</u> | <u>117,618,291</u> |
| <u>Net Assets</u> | | |
| Invested in capital assets, net of related debt | 818,622 | 3,103,061 |
| Restricted | 9,526,721 | 9,965,161 |
| Unrestricted | <u>26,857,431</u> | <u>27,073,873</u> |
| Total net assets | <u>\$ 37,202,774</u> | <u>\$ 40,142,095</u> |

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

A comparative analysis of fiscal year 2011 and 2010 as follows from the Statement of Activities:

| | Governmental Activities | |
|-------------------------------------|-------------------------|---------------|
| | 2011 | 2010 |
| Program Revenues: | | |
| Charges for Services and Sales | \$ 2,673,670 | \$ 2,600,281 |
| Operating Grants and Contributions | 2,406,759 | 2,075,293 |
| General Revenues: | | |
| Property Taxes | 47,580,427 | 46,850,696 |
| State Entitlements | 7,601,996 | 7,740,956 |
| Investment Earnings | 73,932 | 180,761 |
| Other | 391,657 | 954,198 |
| Total Revenues | 60,728,441 | 60,402,185 |
| Program Expenses: | | |
| Instructional | 34,228,082 | 32,763,409 |
| Support Services | 21,891,253 | 20,063,131 |
| Co-curricular Student Activities | 2,094,290 | 2,172,429 |
| Community Services | 331,350 | 266,633 |
| Interest on Long-Term Debt | 5,122,787 | 4,476,887 |
| Total Expenses | 63,667,762 | 59,742,489 |
| Special Item-Asset transfer | - | 27,731 |
| Change in Net Assets | (2,939,321) | 687,427 |
| Net Assets at Beginning of Year | 40,142,095 | 39,454,668 |
| Net Assets at End of Year | \$ 37,202,774 | \$ 40,142,095 |

Governmental Activities:

Net assets of the District's governmental activities decreased by \$2,939,321. This decrease was primarily a result of depreciation on operating assets in excess of current year additions. The net impact of this is partially offset by the increase in taxes as noted above. In Ohio, the portion of property taxes legally available as an advance, on the future August real estate settlement, by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. Thus, in the previous years 2010 and 2009 Franklin County certified that the amount of taxes available for advance was approximately \$17.1 million and \$16.3 million respectively; whereas, the amount available for advance at June 30, 2011 was approximately \$17.3 million.

The expenses increase over the prior year is mostly due to salary and benefits related to the additional staff hired in 2011, along with normal raises and increased health insurance premiums associated with existing staff.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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.

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 2011 | Net Cost of Service 2011 | Total Cost of Services 2010 | Net Cost of Service 2010 |
|----------------------------------|--|---|--|---|
| Instruction | \$ 34,228,082 | \$ 32,564,608 | \$ 32,763,409 | \$ 31,305,828 |
| Support Services | 21,891,253 | 19,108,737 | 20,063,131 | 17,377,338 |
| Co-curricular Student Activities | 2,094,290 | 1,557,337 | 2,172,429 | 1,732,437 |
| Community Services | 331,350 | 233,864 | 266,633 | 174,425 |
| Interest on Debt | <u>5,122,787</u> | <u>5,122,787</u> | <u>4,476,887</u> | <u>4,476,887</u> |
| Total Expenses | <u>\$ 63,667,762</u> | <u>\$ 58,587,333</u> | <u>\$ 59,742,489</u> | <u>\$ 55,066,915</u> |

Local property taxes make up 78.3% of total revenues for governmental activities. The net services column reflecting the need for \$58,587,333 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 \$37,230,403, which represents an increase of \$137,954 as compared to last year's total of \$37,092,449 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, 2011 to 2010.

| | Fund Balance at June 30, 2011 | Fund Balance at June 30, 2010 | Increase |
|--------------------------|----------------------------------|----------------------------------|-------------------|
| General Fund | \$ 27,370,939 | \$ 26,950,926 | \$ 420,013 |
| Bond Retirement Fund | 6,677,500 | 6,416,778 | 260,722 |
| Other Governmental Funds | 3,181,964 | 3,724,745 | (542,781) |
| Total | <u>\$ 37,230,403</u> | <u>\$ 37,092,449</u> | <u>\$ 137,954</u> |

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

General Fund:

The District's General Fund balance increased primarily due to the passage of the November 2008 operating levy and offset by increasing expenses and the timing of certification of revenues by Franklin County, as previously discussed.

Revenues

| | 2011 | 2010 | % Change |
|-------------------|----------------------|----------------------|--------------|
| Property taxes | \$ 41,376,063 | \$ 40,509,192 | 2.14% |
| Intergovernmental | 7,568,586 | 7,532,277 | 0.48% |
| Investment income | 71,386 | 177,763 | -59.84% |
| Other revenue | 1,258,331 | 1,219,294 | 3.20% |
| Total | <u>\$ 50,274,366</u> | <u>\$ 49,438,526</u> | <u>1.69%</u> |

Expenditures by Function

| | 2011 | 2010 | % Change |
|----------------------------------|----------------------|----------------------|--------------|
| Instructional services | \$ 29,190,278 | \$ 27,849,455 | 4.81% |
| Support services | 19,106,864 | 17,363,011 | 10.04% |
| Co-curricular student activities | 1,380,420 | 1,218,077 | 13.33% |
| Community services | 224,885 | 186,678 | 20.47% |
| Total | <u>\$ 49,902,447</u> | <u>\$ 46,617,221</u> | <u>7.05%</u> |

Revenues increased 1.7% primarily due to the aforementioned increase in tax revenues, while expenditures increased 7.05% over the prior year. Expenditure increases are due to salary and benefits related to the additional staff hired in 2011, 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 due to the aforementioned increase in tax revenues. The tables that follow assist in illustrating the financial activities and balances of the Debt Service Fund.

Revenues

| | 2011 | 2010 | % Change |
|-------------------|---------------------|---------------------|--------------|
| Property taxes | \$ 6,377,601 | \$ 6,328,457 | 0.78% |
| Intergovernmental | 812,456 | 788,146 | 3.08% |
| Other revenue | - | - | 100.00% |
| Total | <u>\$ 7,190,057</u> | <u>\$ 7,116,603</u> | <u>1.03%</u> |

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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

Expenditures by Function

| | 2011 | 2010 | % Change |
|---------------------|---------------------|---------------------|--------------|
| Support services | \$ 86,453 | \$ 80,956 | 6.79% |
| Debt Service: | | | |
| Principal repayment | 2,493,374 | 2,771,122 | -10.02% |
| Interest | 4,731,872 | 4,036,305 | 17.23% |
| Total | <u>\$ 7,311,699</u> | <u>\$ 6,888,383</u> | <u>6.15%</u> |

Other Funds

Other governmental funds consist of Special Revenue and other Capital Projects funds. Fund balance in these funds decreased by \$220,199.

General Fund Budget Information

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

For original budgetary purposes, the District appropriated all available resources until final budgetary approval. The District uses its forecast approved in October of the fiscal year as a management tool between original and final measures.

The District's ending unobligated general fund balance was \$18,422,462.

Capital Assets

The District has \$75,756,266 invested in capital assets net of accumulated depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2011, the District had \$77,553,696 in bonds and notes outstanding. The District paid \$10,473,374 in principal on bonds and \$160,000 principal on notes outstanding. \$8,140,000 of the bond repayment related to the District issuing \$8,140,000 in general obligation refunding notes for the purpose of a current refunding of \$8,140,000 in bonds.

Under current state statutes, most Districts' 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 17 times in the past 15 years. Through community support, we have avoided cash operating deficits.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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, 55 North High Street, New Albany, Ohio 43054.

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**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

| | | <u>GOVERNMENTAL ACTIVITIES</u> |
|---|-----------|------------------------------------|
| ASSETS: | | |
| Cash and cash equivalents | \$ | 26,592,063 |
| Receivables | | 47,583,007 |
| Due from other: | | |
| Governments | | 92,648 |
| Inventory | | 21,461 |
| Deferred charges | | 932,897 |
| Equity interest in performing arts center | | 4,920,039 |
| Capital assets: | | |
| Land and construction in progress | | 3,146,592 |
| Depreciable capital assets, net of accumulated depreciation | | 72,609,674 |
| TOTAL ASSETS | | <u>155,898,381</u> |
| LIABILITIES: | | |
| Accounts payable | | 126,741 |
| Due to other governments | | 1,130,925 |
| Unearned revenue | | 28,671,800 |
| Accrued liabilities | | 5,749,310 |
| Accrued interest payable | | 506,974 |
| Long-term liabilities: | | |
| Due within one year | | 3,117,932 |
| Due in more than one year | | 79,391,925 |
| TOTAL LIABILITIES | | <u>118,695,607</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | | 818,622 |
| Restricted for: | | |
| Capital Outlays | | 1,974,790 |
| Debt Service | | 6,377,526 |
| Other purposes | | 1,174,405 |
| Unrestricted | | 26,857,431 |
| TOTAL NET ASSETS | \$ | <u><u>37,202,774</u></u> |

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | 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 | \$ 27,964,954 | \$ 429,078 | \$ - | \$ (27,535,876) |
| Special | 5,104,864 | 157,965 | 1,076,431 | (3,870,468) |
| Vocational | 1,118,494 | - | - | (1,118,494) |
| Continuing | 39,770 | - | - | (39,770) |
| Support services: | | | | |
| Operation and maintenance of plant | 4,839,173 | - | 169,331 | (4,669,842) |
| School administration | 3,390,913 | 17,152 | - | (3,373,761) |
| Instructional staff | 3,022,696 | - | - | (3,022,696) |
| Pupils | 3,091,036 | - | - | (3,091,036) |
| Non-Instructional services | 718,386 | - | 38,994 | (679,392) |
| Business operations | 1,793,867 | - | - | (1,793,867) |
| Student transportation | 2,893,335 | - | 720,194 | (2,173,141) |
| Food service | 1,701,157 | 1,506,690 | 276,475 | 82,008 |
| Central services | 392,741 | - | 53,680 | (339,061) |
| General administration | 47,949 | - | - | (47,949) |
| Co-curricular student activities | 2,094,290 | 536,953 | - | (1,557,337) |
| Community services | 331,350 | 25,832 | 71,654 | (233,864) |
| Interest on debt | 5,122,787 | - | - | (5,122,787) |
| Total Governmental Activities | \$ 63,667,762 | \$ 2,673,670 | \$ 2,406,759 | (58,587,333) |
| General revenues: | | | | |
| Property taxes | | | | 47,580,427 |
| Grants and entitlements not restricted to specific programs | | | | 7,601,996 |
| Investment earnings | | | | 73,932 |
| Miscellaneous | | | | 391,657 |
| Total General revenues | | | | 55,648,012 |
| Change in Net Assets | | | | (2,939,321) |
| Net Assets Beginning of Year | | | | 40,142,095 |
| Net Assets End of Year | | | | \$ 37,202,774 |

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

| | GENERAL | BOND RETIREMENT | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|----------------------|--------------------------------|--------------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 19,316,746 | \$ 4,076,800 | \$ 3,198,517 | \$ 26,592,063 |
| Receivables: | | | | |
| Property taxes | 40,728,937 | 6,777,000 | - | 47,505,937 |
| Other | 77,003 | - | 67 | 77,070 |
| Due from other: | | | | |
| Governments | - | - | 92,648 | 92,648 |
| Inventory | - | - | 21,461 | 21,461 |
| TOTAL ASSETS | \$ 60,122,686 | \$ 10,853,800 | \$ 3,312,693 | \$ 74,289,179 |
| LIABILITIES: | | | | |
| Accounts payable | \$ 115,442 | \$ - | \$ 11,299 | \$ 126,741 |
| Due to other: | | | | |
| Governments | 1,102,476 | - | 28,449 | 1,130,925 |
| Deferred revenue | 25,875,500 | 4,176,300 | - | 30,051,800 |
| Accrued liabilities | 5,658,329 | - | 90,981 | 5,749,310 |
| TOTAL LIABILITIES | \$ 32,751,747 | \$ 4,176,300 | \$ 130,729 | \$ 37,058,776 |
| FUND BALANCES: | | | | |
| Nonspendable - | | | | |
| Inventories | - | - | 21,461 | 21,461 |
| Restricted for: | | | | |
| Debt Service | - | 6,677,500 | - | 6,677,500 |
| Capital Outlays | - | - | 1,974,790 | 1,974,790 |
| Student Activities | - | - | 60,730 | 60,730 |
| Food Services | - | - | 876,557 | 876,557 |
| Other Federal Grants | - | - | 97,553 | 97,553 |
| Other State Grants | - | - | 93,452 | 93,452 |
| Local Sources | - | - | 56,024 | 56,024 |
| Community Activities | - | - | 1,397 | 1,397 |
| Assigned | 664,139 | - | - | 664,139 |
| Unassigned | 26,706,800 | - | - | 26,706,800 |
| TOTAL FUND BALANCES | \$ 27,370,939 | \$ 6,677,500 | \$ 3,181,964 | \$ 37,230,403 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 60,122,686 | \$ 10,853,800 | \$ 3,312,693 | \$ 74,289,179 |

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

| | |
|--|-----------------------------|
| Total Governmental Fund Balances | \$ 37,230,403 |
| Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds. | 75,756,266 |
| Equity interest in performing arts center is not a functional resource and therefore is not reported in the funds. | 4,920,039 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | 1,380,000 |
| Unamortized bond, notes and swap issuance costs are not recognized in the funds. | 932,897 |
| Unamortized bond, notes and swap premiums, deferred refunding charges, and accretion on deep discount debt are not recognized in the funds. | (5,645,786) |
| 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 | (506,974) |
| Compensated absences | (2,310,375) |
| Bonds and Notes payable | <u>(74,553,696)</u> |
| Net Assets of Governmental Activities | <u><u>\$ 37,202,774</u></u> |

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | GENERAL | BOND RETIREMENT | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|----------------------|---------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | |
| Property taxes | \$ 41,376,063 | \$ 6,377,601 | \$ - | \$ 47,753,664 |
| Intergovernmental: | | | | |
| Federal Restricted Grants-in-aid | - | - | 1,551,059 | 1,551,059 |
| State: | | | | |
| Unrestricted Grants-in-aid | 7,568,586 | 812,456 | - | 8,381,042 |
| Restricted Grants-in-aid | - | - | 76,654 | 76,654 |
| Investment income | 71,386 | - | 2,705 | 74,091 |
| Co-curricular activities | 462,045 | - | 209,765 | 671,810 |
| Charges for services | - | - | 1,506,531 | 1,506,531 |
| Tuition fees | 376,304 | - | 62,820 | 439,124 |
| Other local revenues | 419,982 | - | 40,772 | 460,754 |
| TOTAL REVENUES | 50,274,366 | 7,190,057 | 3,450,306 | 60,914,729 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular | 23,956,038 | - | 286,637 | 24,242,675 |
| Special | 4,155,332 | - | 902,052 | 5,057,384 |
| Vocational | 1,078,908 | - | - | 1,078,908 |
| Continuing | - | - | 39,770 | 39,770 |
| TOTAL INSTRUCTIONAL SERVICES | 29,190,278 | - | 1,228,459 | 30,418,737 |
| Support services: | | | | |
| Operation and maintenance of plant | 4,516,856 | - | 271,853 | 4,788,709 |
| School administration | 3,270,554 | - | - | 3,270,554 |
| Instructional staff | 2,785,732 | - | 50,422 | 2,836,154 |
| Pupils | 3,124,774 | - | 7,215 | 3,131,989 |
| Non-instructional services | 718,386 | - | - | 718,386 |
| Business operations | 1,708,653 | 86,453 | - | 1,795,106 |
| Student transportation | 2,595,170 | - | 72,011 | 2,667,181 |
| Food services | - | - | 1,689,153 | 1,689,153 |
| Central services | 338,790 | - | 46,935 | 385,725 |
| General administration | 47,949 | - | - | 47,949 |
| TOTAL SUPPORT SERVICES | 19,106,864 | 86,453 | 2,137,589 | 21,330,906 |
| Co-curricular student activities | 1,380,420 | - | 230,577 | 1,610,997 |
| Community services | 224,885 | - | 106,465 | 331,350 |
| Debt service: | | | | |
| Principal retirement | - | 2,493,374 | 7,385 | 2,500,759 |
| Interest | - | 4,731,872 | 30 | 4,731,902 |
| TOTAL EXPENDITURES | 49,902,447 | 7,311,699 | 3,710,505 | 60,924,651 |
| Excess of revenues over expenditures | 371,919 | (121,642) | (260,199) | (9,922) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 234,488 | 40,000 | 274,488 |
| Transfers out | (274,488) | - | - | (274,488) |
| Premium from the issuance of refunding notes | - | 703,000 | - | 703,000 |
| Issuance of refunding notes | - | 8,140,000 | - | 8,140,000 |
| Payment to refunded bond escrow agent | - | (8,695,124) | - | (8,695,124) |
| TOTAL OTHER FINANCING SOURCES (USES) | (274,488) | 382,364 | 40,000 | 147,876 |
| Net Change in Fund Balances | 97,431 | 260,722 | (220,199) | 137,954 |
| FUND BALANCES AT BEGINNING OF YEAR, as restated | 27,273,508 | 6,416,778 | 3,402,163 | 37,092,449 |
| FUND BALANCE AT END OF YEAR | \$ 27,370,939 | \$ 6,677,500 | \$ 3,181,964 | \$ 37,230,403 |

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**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, 2011**

| | | |
|---|--------------------|------------------------------|
| Net Changes in Fund Balances - Total Governmental Funds | | \$ 137,954 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p> | | |
| Capital Asset Additions | 84,811 | |
| Loss on disposal of assets | (13,051) | |
| Depreciation Expense | <u>(4,352,971)</u> | (4,281,211) |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p> | | |
| Long-term receivables | (173,237) | |
| Equity interest in performing arts center | <u>(105,808)</u> | (279,045) |
| <p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p> | | |
| | | 2,500,759 |
| <p>Repayment of accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p> | | |
| | | 568,656 |
| <p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest is expended when due.</p> | | |
| | | (123,308) |
| <p>General obligation refunding notes issued and related premium and discount are other financing sources and uses in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.</p> | | |
| Refunding Nonds Issued | (8,140,000) | |
| Premium on Notes Issued | <u>(703,000)</u> | (8,843,000) |
| <p>Payment to refunded bond escrow agent is an other financing use in governmental funds but the payment reduces long-term liabilities on the statement of net assets.</p> | | |
| | | 8,140,000 |
| <p>Issuance costs are reported as an expenditure when paid in the governmental funds but are deferred on the statement of net assets (Issuance of refunding notes).</p> | | |
| | | 147,876 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| Compensated Absences Payable | | (479,018) |
| <p>The amortization of premium and debt issuance costs are reported on the statement of activities:</p> | | |
| Premium Amortization | 215,969 | |
| Issuance Cost Amortization | <u>(100,420)</u> | 115,549 |
| <p>The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of outstanding debt on the statement of activities.</p> | | |
| | | (64,412) |
| <p>Accretion on capital appreciation bonds is an expenditure in the governmental funds but is allocated as an expense over the life of the bonds.</p> | | |
| | | <u>(480,121)</u> |
| <i>Change in Net Assets of Governmental Activities</i> | | <u><u>\$ (2,939,321)</u></u> |

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

NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2011

| | <u>AGENCY FUND</u> |
|---------------------------|------------------------------|
| ASSETS: | |
| Cash and cash equivalents | <u>\$ 307,554</u> |
| TOTAL ASSETS | <u><u>\$ 307,554</u></u> |
| LIABILITIES: | |
| Accounts payable | \$ 1,738 |
| Accrued Liabilities | \$ 12,749 |
| Due to others | <u>293,067</u> |
| TOTAL LIABILITIES | <u><u>\$ 307,554</u></u> |

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

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**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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) reported for fiscal year 2011 was 4,204. The District employed 356 certified employees and 240 non-certificated employees. The District co-operates with the Educational Service Center of Central Ohio, 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 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 had no component units for the fiscal year ended June 30, 2011.

The District is also associated with a joint venture, three jointly governed organizations, an insurance purchasing pool, and a related organization. These organizations include the New Albany Performing Arts Center, the Metropolitan Education Council, the Eastland Vocational School District, the New Albany-Plain Local Joint Park District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Joint Growth Community Action Committee. These organizations are presented in Notes 15, 16, 17, and 18 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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Government-wide and fund financial statements

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The District, however, has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting:

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Government-wide and fund financial statements (Continued)

Bond Retirement Fund – The bond retirement fund is used to account for the accumulation of resources for, and the payment of, bond principal, interest, and related costs.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Types – Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has no proprietary funds.

Fiduciary Fund Type – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications; pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and therefore not available to support the District's own programs. The District does not have any trust funds. Agency funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities.

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. Governmental funds use the modified accrual basis of accounting. Differences in accrual and modified accrual basis of accounting arise in the recognition of revenue, recording of deferred revenues, and presentation of expenditures and expenses.

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 4). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Deferred/Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred 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 District.

Expenditures/Expenses

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

C. Cash and Cash Equivalents

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 2011, investments were limited to STAR Ohio, US Treasuries, and repurchase agreements. Investment earnings are allocated as authorized by State statute or as governed by Board policy.

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 2011. 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 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, 2011.

Investment earnings are allocated as authorized by State statute or as governed by Board policy. Interest revenue credited to the General Fund during the fiscal year amounted to \$71,386.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of consumable supplies.

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

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 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. The District follows the policy of not capitalizing assets with a cost less than \$10,000.

Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Useful Lives</u> |
|------------------------------------|---------------------|
| Land improvements | 20 |
| Buildings & improvements | 10-50 |
| Furniture, fixtures, and equipment | 5-20 |
| Buses, autos, and trucks | 8 |

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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences (Continued)

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 all employees after 10 years of current service with the District. 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.

H. Accrued Liabilities and Long-Term Obligations

All accrued liabilities and long-term debt is reported in the government-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 required by statute to be set-aside by the District to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve.

J. Fund Balance Reserves

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

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balance Reserves (Continued)

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

K. Estimates

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

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include instructional activities, grants, and extracurricular activities. None of the District's reported net assets were restricted by enabling legislation at June 30, 2011.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items in fiscal 2011.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Bond Premiums, Bond Discounts, Gains on Refunding and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt. On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums, and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Any gain or loss on refunding is allocated over the life of the debt or the new debt whichever is shorter.

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 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.

Protection of the 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;

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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; and
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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.

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.

Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$1,183,957, exclusive of the District's investments included in the table below. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2011, \$698,816 of the District's bank balance of \$1,198,816 was exposed to custodial risk as discussed below, while \$500,000 was covered by Federal Deposit Insurance.

Additionally, the District had cash on hand in the amount of \$5,100, which is included on the balance sheet and statement of net assets as part of cash and cash equivalents.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

Investments

As of June 30, 2011, the District had the following investments and maturities.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities 1 Year or less</u> |
|------------------------|----------------------|---|
| Repurchase Agreement | \$ 1,360,242 | \$ 1,360,242 |
| FFCB | 1,709,775 | 1,709,775 |
| FHLB DN | 5,499,830 | 5,499,830 |
| Commercial paper | 2,998,733 | 2,998,733 |
| STAROhio | 14,141,980 | 14,141,980 |
| | <u>\$ 25,710,560</u> | <u>\$ 25,710,560</u> |

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments, except for the repurchase agreement as discussed above and STAROhio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAROhio an AAAM money market rating. Securities underlying the District's repurchase agreement are in the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk.

Concentration of Credit Risk: The District places no limit on the amount it may invest in any one issuer; however state statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time.

Reconciliation of Cash, Cash Equivalents and Investments to the Statement of Net Assets

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2011:

| | |
|---|---------------------|
| | <u>Amounts</u> |
| Investments (summarized above) | \$25,710,560 |
| Carrying amount of deposits | 1,183,957 |
| Cash on hand | 5,100 |
| Less: Fiduciary Fund – Cash and Cash Equivalents | <u>(307,554)</u> |
| Total Cash and Cash Equivalents – Statement of Net Assets | <u>\$26,592,063</u> |

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

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.

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.

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, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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, 2011. 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 including delinquent taxes at June 30, 2011, was \$14,692,800 in the General Fund, and \$2,600,700 in the Bond Retirement Fund.

The assessed values upon which fiscal year 2011 taxes were collected are:

| | 2009 Second- Half Collections | | 2010 First- Half Collections | |
|--|----------------------------------|-------------|---------------------------------|-------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$889,447,880 | 98% | \$840,669,146 | 98% |
| Public Utility | 20,310,460 | 2% | 20,994,528 | 2% |
| Total Assessed Value | <u>\$909,758,340</u> | <u>100%</u> | <u>\$861,663,674</u> | <u>100%</u> |
| Tax rate per \$1,000 of Assessed valuation | \$56.16 | | \$61.41 | |

NOTE 5 - RECEIVABLES

Receivables at June 30, 2011, consisted of taxes, interest, and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

| | |
|--------------------------|----------------------|
| Governmental Activities: | |
| Taxes current | \$ 45,974,166 |
| Taxes delinquent | 1,531,771 |
| Interest | 32,426 |
| Accounts | 44,644 |
| Total | <u>\$ 47,583,011</u> |

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 6 – DUE FROM OTHER GOVERNMENTS

Due from other governments consist of \$92,648 due from the Federal Government.

NOTE 7 – INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

| | |
|--|-----------|
| Transfers to Bond Retirement | \$234,488 |
| Transfers to Nonmajor Governmental funds | 40,000 |
| Transfer from General Fund | \$274,488 |

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 – CAPITAL ASSETS

The capital asset balances at June 30, 2011 is as follows:

| <u>Governmental Activities</u> | <u>Balance 7/1/10</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/2011</u> |
|---------------------------------------|---------------------------|-----------------------|--------------------|------------------------------|
| <i>Nondepreciable capital assets:</i> | | | | |
| Land | \$ 3,146,592 | \$ - | \$ - | \$ 3,146,592 |
| Construction In Progress | - | - | - | - |
| Total nondepreciable capital assets | <u>3,146,592</u> | <u>-</u> | <u>-</u> | <u>3,146,592</u> |
| <i>Depreciable capital assets:</i> | | | | |
| Land Improvements | 8,334,728 | - | - | 8,334,728 |
| Buildings and improvements | 108,085,876 | - | - | 108,085,876 |
| Furniture and fixtures | 2,467,715 | 12,800 | (97,262) | 2,383,253 |
| Vehicles | <u>3,440,398</u> | <u>72,011</u> | <u>(191,833)</u> | <u>3,320,576</u> |
| Total depreciable capital assets | <u>122,238,717</u> | <u>84,811</u> | <u>(289,095)</u> | 122,124,433 |
| <i>Accumulated Depreciation:</i> | | | | |
| Land Improvements | (4,280,939) | (416,736) | - | (4,697,675) |
| Buildings and improvements | (36,638,142) | (3,551,495) | - | (40,189,637) |
| Furniture and fixtures | (2,024,617) | (83,023) | (84,211) | (2,023,429) |
| Vehicles | <u>(2,494,134)</u> | <u>(301,717)</u> | <u>(191,833)</u> | <u>(2,604,018)</u> |
| Total accumulated depreciation | <u>(45,437,832)</u> | <u>(4,352,971)</u> | <u>(276,044)</u> | <u>(49,514,759)</u> |
| Total depreciable capital assets | <u>76,890,885</u> | <u>(4,268,160)</u> | <u>(13,051)</u> | <u>72,609,674</u> |
| Capital assets, net | <u>\$ 80,037,477</u> | <u>\$ (4,268,160)</u> | <u>\$ (13,051)</u> | <u>\$ 75,756,266</u> |

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 8 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

| | | |
|------------------------------------|--------------------|--|
| Instruction: | | |
| Regular | \$3,407,127 | |
| Vocational | 495 | |
| Support Services: | | |
| Pupil Services | 5,441 | |
| Instruction Staff | 35,870 | |
| Operation and Maintenance of Plant | 63,211 | |
| Student Transportation | 310,824 | |
| Central services | 3,350 | |
| Food Services | 12,008 | |
| Co-curricular student activities | <u>514,645</u> | |
| Total Depreciation Expense | <u>\$4,352,971</u> | |

NOTE 9 - 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 2011, 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 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$1,255,982, \$990,624, and \$869,602, respectively, which equaled the required contributions.

B. State Teachers Retirement System

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

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

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio fiscal years ended June 30, 2011, 2010, and 2009 were \$3,685,436 and \$3,115,668 and \$2,921,863, respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

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 of Ohio have an option to choose Social Security or the School Retirement System.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. School Employee Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, this amount was \$35,800. For fiscal year 2011, the School District paid \$112,851 in surcharge.

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

The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$128,290, \$159,439, and \$259,638, respectively. The full amount has been contributed for fiscal years 2011, 2010, and 2009.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2011, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$68,182, \$32,549, and \$71,987, respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

B. State Teachers Retirement System

Plan Description - The School District participates in a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$263,245, \$222,548, and \$412,870, respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

NOTE 12 - 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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 13 - 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 Bond Retirement Fund.

As of June 30, 2011, the District had seven general obligation bonds and two general obligation notes outstanding. This debt was issued for governmental activities, specifically, the construction and renovation of school buildings. The issues are as follows:

- ***Various Purpose General Obligation Bonds*** – On June 6, 2000, the 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 bond retirement fund.
- ***Building Construction General Obligation Bonds*** - On January 1, 2002, the District issued \$51,110,000 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 bond retirement fund.
- ***School Facilities Construction and Improvement Bonds*** - On February 20, 2003, the 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 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 bond retirement fund.
- ***Energy Conservation Notes*** - On June 2, 2005, the District issued \$2,700,000 in unvoted general obligation notes for the purpose of purchasing and installing energy conservation measures. The notes were issued for a fifteen year period with final maturity at December 1, 2019. The notes will be retired from the bond retirement fund.
- ***General Obligation Advance Refunding Bonds (2005)*** - On November 9, 2005, the District issued \$6,760,000 in general obligation refunding bonds for the purpose of advance refunding a portion of the 1998 bonds listed above. The bonds were issued for a twelve year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$343,799.
- ***General Obligation Advance Refunding Bonds (2006A)*** - On January 26, 2006, the District issued \$9,184,993 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 bonds listed above. The bonds were issued for a twenty-four year period with final maturity at December 1, 2029. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$485,568.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

- **General Obligation Advance Refunding Bonds (2006B)** - On December 21, 2006, the District issued \$17,904,975 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 and 2003 bonds listed above. The bonds were issued for a twenty-two year period with final maturity at December 1, 2028. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$884,505.
- **General Obligation Current Refunding Bonds (2009)** - On May 29, 2009, the District issued \$3,400,000 in general obligation refunding bonds for the purpose of advance refunding. The bonds were issued for a three and ½ year period with final maturity at December 1, 2012. The bonds will be retired from the debt service fund. This refunding resulted in a present value savings of \$91,312.
- **General Obligation Current Refunding Notes (2011)** - On June 1, 2011, the District issued \$8,140,000 in general obligation refunding notes for the purpose of a current refunding of a portion of the 2000 bonds listed above. The notes were issued for a fourteen year period with final maturity at December 1, 2025. The bonds will be retired from the debt service fund.

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

| | Balance at <u>07/01/10</u> | <u>Additions</u> | <u>Deductions</u> | Balance at <u>06/30/11</u> |
|--|----------------------------------|---------------------|-----------------------|----------------------------------|
| General obligation bonds and notes payable | \$77,047,070 | \$8,140,000 | \$(10,633,374) | \$74,553,696 |
| Unamortized bond and note premium, net of accumulated amortization | 630,740 | 703,000 | (53,303) | 1,280,437 |
| Accretion on debt | 4,417,476 | 480,121 | (568,656) | 4,328,941 |
| Deferred refunding charges | (1,166,673) | - | 64,412 | (1,102,261) |
| Swap premium | <u>1,301,335</u> | - | <u>(162,666)</u> | <u>1,138,669</u> |
| Net bonds & note payable | <u>82,229,948</u> | <u>9,323,121</u> | <u>(11,353,587)</u> | <u>80,199,482</u> |
| Installment loan/ Capital lease obligation | 7,385 | - | (7,385) | - |
| Compensated absences | <u>1,831,357</u> | <u>946,926</u> | <u>(467,908)</u> | <u>2,310,375</u> |
| Total Long-Term Liabilities | <u>\$84,068,690</u> | <u>\$10,270,047</u> | <u>\$(11,828,880)</u> | <u>\$82,509,857</u> |

Amounts Due in One Year

| | |
|----------------------------------|--------------------|
| General obligation bonds payable | \$2,442,256 |
| General obligation notes payable | 165,000 |
| Compensated absences | <u>510,676</u> |
| | <u>\$3,117,932</u> |

Capital leases are paid from the District's other governmental funds and compensated absences from the District's general and other governmental funds.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

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. 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.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2011, are as follows:

| Fiscal year Ending June 30, | Principal | Interest |
|--------------------------------|---------------------|---------------------|
| 2012 | \$2,607,256 | \$4,693,292 |
| 2013 | 3,254,516 | 4,437,487 |
| 2014 | 3,390,920 | 4,510,769 |
| 2015 | 3,889,027 | 4,066,763 |
| 2016 | 4,173,290 | 4,048,548 |
| 2017 – 2021 | 20,997,650 | 11,568,028 |
| 2022 – 2026 | 23,285,000 | 5,646,615 |
| 2027 – 2031 | 11,776,005 | 4,349,609 |
| 2032 | 1,180,000 | 25,813 |
| Total | <u>\$74,553,664</u> | <u>\$43,346,924</u> |

Accretion

Capital accretion bonds were issued with the Various Purpose Bonds – 2000 bonds, the Building Construction General Obligation Bonds – 2002, the 2006A Refunding Bonds, and with the 2006B Refunding Bonds. These bonds were purchased at a discount at the time of issuance and at maturity all compound interest is paid to the bond holder collects the face value. 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 2011 amount of accretion for the 2000, 2002, 2006A and 2006 Bonds is \$201,207, \$150,517, \$62,915 and \$65,482 respectfully.

Note Purchase Agreement/Swaption Agreement

On October 17, 2007, the District entered into an agreement for the purpose of refunding prior obligations of the District. This transaction allows the District to issue two variable rate refunding notes in amounts not to exceed \$23,875,000 and \$8,140,000, respectively, from June 1, 2012 to December 1, 2015. The notes will have a maturity schedule of approximately September 1, 2029.

The District and Dexia Credit Local (Dexia) also entered into an interest rate swap agreement in which the Dexia agreed to pay interest at a variable rate on the notional amount at a fixed rate. The District received an upfront payment from Dexia of \$1,708,000 and incurred related cost of \$537,542. These amounts represent the present value of the debt service savings to be achieved through the refunding based on the notional amount of \$32,015,000. The swaps fixed interest rates is are set at a range of 5.0%-6%. The swaps variable rate is 1.85%

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Advance Refundings

The 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 District's financial statements. As of June 30, 2011, \$27,090,000 bonds outstanding are considered defeased.

NOTE 14 – CAPITAL LEASE OBLIGATION

In fiscal year 2007 the District entered into a capital lease obligation for copiers throughout the District. The cost of the equipment \$394,437, net of accumulated depreciation of \$394,437, is included in capital assets on the statement of net assets at June 30, 2011. The final principal and interest payments of \$7,385 and \$30, respectively were paid in fiscal 2011.

NOTE 15 – JOINT VENTURE

New Albany Performing Arts Center - During 2004, the District entered into a joint operating agreement with Village of New Albany (the "Village"), Plain Township (the "Township") and the New Albany Community Foundation (the "Foundation") for the operations of the New Albany Performing Arts Center (the "Center"). The Center is being constructed through a joint collaboration between the Village, District and Township. Each of these entities shall own a portion of the Center, as tenants in common, equal to their financial contribution of the construction. The Village, District and Township have committed amounts not to exceed \$5 million, \$5 million, and \$3 million, respectively, to supplement the construction of the Center. The Foundation has committed to use its best efforts to raise approximately \$2.3 million to be applied to an endowment for the purpose of subsidizing the operation of the Center.

The Center will serve both school and community needs, including music, theater, dance and ballet. The Center is run by a six member Board of Trustees (the "Board") consisting of two members appointed by the District, two members appointed by the Village, one member appointed by the Township and one member appointed by the Foundation. The District does not appoint a voting majority of the Board.

The District had no ongoing financial interest or responsibility in the operation of the Center until final construction and the Performing Arts Center became fully operational of which at this time the relationship between the Performing Arts Center and the District was to be re-evaluated.

The Center became fully operational in June 2008 with an amended operating agreement being finalized in February 2008. The new agreement now provides the District, as well as, the Village and Township with an ongoing equity interests. As a result the District recorded an equity interest in the Performing Arts Center as of June 30, 2008 in the amount equal to its original contribution as a percentage of total contributions compared to the value of the construction cost of the Performing Arts Center, which was approximately \$16,201,000. The contribution of \$5,290,365 was recorded as a Special Item on the Statement of Activities in 2008. The equity interest in the center at 6/30/11 was \$4,920,039.

Financial information for the Center may be obtained from the Treasurer of the New Albany-Plain Local School District at 55 North High Street, New Albany, OH 43054.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 16 - 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 the 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 17 - 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.

NOTE 18 – RELATED ORGANIZATION

Joint Community Growth Management Committee – The New Albany Joint Community Growth Management Committee (the Committee) was created for the purpose of investigating and making recommendations for protecting and promoting open space and maintaining rural areas, in addition to protecting residents from increased taxes.

The Committee shall consist of three representatives appointed by each local governmental entity: The New Albany-Plain Local Board of Education, Plain Township, and the Village of New Albany; and shall answer to their respective appointing entity.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 18 – RELATED ORGANIZATION (Continued)

The District is not obligated nor has any interest in the continuance of the Committee nor any payments provided during 2011.

NOTE 19 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and 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, 2011.

B. Litigation

The District is currently party to legal proceedings of which management cannot determine any outcome at this time.

NOTE 20 - 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 fiscal 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 fiscal year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization.

| | Textbooks | Capital Acquisition |
|---------------------------------------|--------------|------------------------|
| Set-aside Balance as of June 30, 2010 | \$ (125,430) | \$(0) |
| Current Year Set-aside Requirement | 640,085 | 640,085 |
| Qualifying Disbursements | (632,964) | (1,195,185) |
| Set-aside Balance as of June 30, 2011 | (118,309) | (521,776) |
| Balance Carried Forward to FY 2012 | \$(118,309) | \$ _____ |

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks reserve and this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The District also had qualifying disbursements which reduced the set-aside requirement below zero for the Capital Acquisition Reserve; however, this amount may not be carried forward to future years. The Textbook set-aside requirement is repealed effective 7/1/11 subsequent to the current reporting period.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

NOTE 21. CHANGE IN ACCOUNTING PRINCIPAL/RESTATEMENT

February of 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) effective for financial statement periods beginning after June 15, 2010. The District has implemented this statement for the fiscal year ending June 30, 2011.

As a result, certain funds previously reported as Special Revenue Funds were reclassified to the General Fund. The adjustment had the following effect on beginning fund balances:

| | <u>Taxes</u> General Fund | <u>Interest</u> Other Governmental Funds |
|---------------------------|---------------------------------|--|
| Fund balance July 1, 2010 | \$ 26,950,926 | \$ 3,724,745 |
| Fund Reclassifications: | | |
| Public School Support | \$ 139,728 | \$ (139,728) |
| Uniform School Supplies | 161,741 | (161,741) |
| Rotary funds | 21,113 | (21,113) |
| Fund balance as restated | <u>\$ 27,273,508</u> | <u>\$ 3,402,163</u> |

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**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| | GENERAL FUND | | | VARIANCE POSITIVE (NEGATIVE) |
|---|--------------------|----------------------|----------------------|------------------------------------|
| | ORIGINAL BUDGET | REVISED BUDGET | ACTUAL | |
| REVENUES: | | | | |
| Property taxes | \$ 37,003,137 | \$ 38,203,798 | \$ 38,203,798 | \$ - |
| Revenue in lieu of taxes | 3,345,541 | 2,887,328 | 2,887,328 | - |
| Intergovernmental | 7,586,724 | 7,568,586 | 7,568,586 | - |
| Investment income | 198,218 | 131,310 | 131,310 | - |
| Tuition fees | 191,268 | 167,430 | 167,430 | - |
| Rent | 124,040 | 138,296 | 138,296 | - |
| Extracurricular | 58,176 | 54,211 | 54,211 | - |
| Miscellaneous | 244,179 | 267,250 | 267,250 | - |
| TOTAL REVENUES | 48,751,283 | 49,418,209 | 49,418,209 | - |
| EXPENDITURES: | | | | |
| Instructional services: | | | | |
| Regular | 30,744,409 | 23,542,960 | 23,542,960 | - |
| Special | 5,587,460 | 4,280,140 | 4,280,140 | - |
| Other instructional | 1,975,850 | 956,264 | 956,264 | - |
| TOTAL INSTRUCTIONAL SERVICES | 38,307,719 | 28,779,364 | 28,779,364 | - |
| Support services: | | | | |
| Pupils | 4,141,449 | 3,156,242 | 3,156,242 | - |
| Instructional staff | 3,940,949 | 2,621,692 | 2,621,692 | - |
| Board of Education | 82,850 | 52,421 | 52,421 | - |
| School administration | 4,494,680 | 3,279,625 | 3,279,625 | - |
| Fiscal services | 2,282,017 | 1,547,053 | 1,547,053 | - |
| Business operations | 205,636 | 163,483 | 163,483 | - |
| Operation and maintenance of plant | 6,979,572 | 4,687,949 | 4,687,949 | - |
| Student transportation | 3,821,716 | 2,579,487 | 2,579,487 | - |
| Central services | 503,809 | 366,363 | 366,363 | - |
| TOTAL SUPPORT SERVICES | 26,452,678 | 18,454,315 | 18,454,315 | - |
| Community services | 40,698 | 27,238 | 27,238 | - |
| Co-curricular activities | 1,369,020 | 1,241,821 | 1,241,821 | - |
| Other non instructional services | 1,115,025 | 697,784 | 697,784 | - |
| TOTAL EXPENDITURES | 67,285,140 | 49,200,522 | 49,200,522 | - |
| Excess of revenues over expenditures | (18,533,857) | 217,687 | 217,687 | - |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 1,285,000 | 1,285,000 | - |
| Transfers out | (65,000) | (1,879,488) | (1,879,488) | - |
| Other | (177,800) | 22,606 | 22,606 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (242,800) | (571,882) | (571,882) | - |
| Net changes in fund balances | (18,776,657) | (354,195) | (354,195) | - |
| Prior year encumbrances appropriated | 584,449 | 584,449 | 584,449 | - |
| FUND BALANCE AT BEGINNING OF YEAR | 18,192,208 | 18,192,208 | 18,192,208 | - |
| FUND BALANCE AT END OF YEAR | \$ - | \$ 18,422,462 | \$ 18,422,462 | \$ - |

See accompanying notes to the required supplementary schedule.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 fund 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 Treasurer. The revised amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011.

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 level, which is the legal level 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 must be approved by the Board of Education.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

A. Budgetary Process (Continued)

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.

B. Reconciling Budget Basis and GAAP

The District prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (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).

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 (GAAP Basis) | \$ 97,431 |
| Adjustments: | |
| Due to revenues | (273,206) |
| Due to expenditures | 155,570 |
| Due to other financing sources | (262,394) |
| Funds budgeted as other funds | (71,596) |
| Net Change in Fund Balances | <u>\$ 1,039,179</u> |

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**NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
(CASH BASIS)**

| Federal Grantor/ Pass thru Grantor Program Title | Federal CFDA Number | Receipts | Expenditures |
|---|------------------------------------|---------------------|---------------------|
| US Department of Agriculture | | | |
| <i>Passed through the Ohio Department of Education</i> | | | |
| Nutrition Cluster: | | | |
| Non-Cash Assistance (Food Distribution) | | | |
| National School Lunch Program | 10.555 | \$ 79,626 | \$ 79,626 |
| Cash Assistance | | | |
| School Breakfast Program | 10.553 | 21,222 | 21,222 |
| National School Lunch Program | 10.555 | 202,991 | 202,991 |
| Total Child Nutrition Cluster | | 303,839 | 303,839 |
| Total U.S. Department of Agriculture | | 303,839 | 303,839 |
| US Department of Education | | | |
| <i>Passed through the Ohio Department of Education</i> | | | |
| Special Education - Grants to States | 84.027 | 548,636 | 550,164 |
| ARRA - Special Education - Grants to States | 84.391 | 327,122 | 299,873 |
| Special Education Preschool Grants | 84.173 | 2,922 | 2,922 |
| <i>Total Special Ed Cluster</i> | | 878,680 | 852,959 |
| Title III - English Language Acquisition | 84.365 | 21,566 | 28,566 |
| Title I - Grants to Local Educational Agencies | 84.010 | 63,543 | 63,543 |
| Title IV-A Safe and Drug Free Schools | 84.186 | - | 190 |
| Title II-D Education Technology State Grants | 84.318 | 211 | 228 |
| Title II-A Improving Teacher Quality State Grants | 84.367 | 41,618 | 42,844 |
| ARRA - Fiscal Stabilization | 84.394 | 208,324 | 208,324 |
| Total U.S. Department of Education | | 1,213,942 | 1,196,654 |
| TOTAL FEDERAL ASSISTANCE | | \$ 1,517,781 | \$ 1,500,493 |
| The accompanying notes to this schedule are an integral part of this schedule | | | |

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

New Albany Plain Local School District
Franklin County
55 North High Street
New Albany, Ohio 43054

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Albany Plain Local School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2012, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion.

New Albany Plain Local School District
Franklin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and other Matters
Required by *Government Auditing Standards*
Page - 2-

The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 23, 2012



Dave Yost • Auditor of State

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

New Albany Plain Local School District
Franklin County
55 North High Street
New Albany, Ohio 43054

To the Board of Education:

Compliance

We have audited the compliance of New Albany Plain Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each the New Albany Plain Local School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the New Albany Plain Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 23, 2012.

We intend this report solely for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 23, 2012

**NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Special Education Cluster (CFDA # 84.027, 84.173 and 84.391 Nutrition Cluster (CFDA #10.553, and 10.555) |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | Yes |

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

New Albany Plain Local School District
Franklin County
55 North High Street
New Albany, Ohio 43054

To the Board of Education:

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

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

1. In the Wilson, Shannon, and Snow, Inc. report dated December 23, 2009, we noted the Board adopted an anti-harassment policy in December 2007. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. We inquired with the Board's management regarding the aforementioned policy. They stated they have not amended the December 23, 2009 policy but will amend the policy in February 2012. Therefore, the policy still lacks the following required by Ohio Rev. Code Section 3313.666.

- (1) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666, as amended by House Bill 19 of the 128th General Assembly.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

January 23, 2012



Dave Yost • Auditor of State

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
FEBRUARY 7, 2012**