



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

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

New Albany - Plain Local School District
Franklin County
6530 West Campus Oval, Suite 118
New Albany, Ohio 43054

We have audited the accompanying general-purpose financial statements of the New Albany - Plain Local School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the New Albany -Plain Local School District, Franklin County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

JIM PETRO
Auditor of State

January 31, 2001

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**New Albany Plain Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$631,585	\$550,864	\$1,034,068	\$31,641,480
Receivables:				
Taxes	16,543,517		2,709,003	928,402
Accounts	8,641	142		
Intergovernmental	20,623	14,334		3,000
Accrued Interest	9,535			
Materials and Supplies Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	209,495			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$17,423,396</u>	<u>\$565,340</u>	<u>\$3,743,071</u>	<u>\$32,572,882</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$124,973	\$3,169		\$487,827
Accrued Wages and Benefits	1,197,004	11,948		
Compensated Absences Payable	46,208			
Intergovernmental Payable	195,762	2,809		
Deferred Revenue	15,488,771		\$2,536,288	869,211
Due to Students				
Notes Payable				
Capital Lease Obligations				
General Obligation Bonds Payable				
Total Liabilities	<u>17,052,718</u>	<u>17,926</u>	<u>2,536,288</u>	<u>1,357,038</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	112,347	20,112		1,095,507
Reserved for Debt Service Principal			1,034,068	
Reserved for Property Taxes	1,054,746		172,715	59,191
Reserved for Budget Stabilization	209,495			
Unreserved:				
Unreserved, Undesignated	(1,005,910)	527,302		30,061,146
Total Fund Equity and Other Credits	<u>370,678</u>	<u>547,414</u>	<u>1,206,783</u>	<u>31,215,844</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$17,423,396</u>	<u>\$565,340</u>	<u>\$3,743,071</u>	<u>\$32,572,882</u>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$123,678	\$700	\$60,702			\$34,043,077
					20,180,922
					8,783
					37,957
					9,535
6,879					6,879
					209,495
181,200 (82,206)			\$50,276,418		50,457,618 (82,206)
				\$1,034,068	1,034,068
				48,445,399	48,445,399
<u>\$229,551</u>	<u>\$700</u>	<u>\$60,702</u>	<u>\$50,276,418</u>	<u>49,479,467</u>	<u>\$154,351,527</u>
\$270		\$4,984			\$621,223
31,173					1,240,125
29,112				\$740,971	816,291
14,692		181		106,107	319,551
4,356					18,898,626
		49,405			49,405
					-
				33,360	33,360
				48,599,029	48,599,029
<u>79,603</u>		<u>54,570</u>		<u>49,479,467</u>	<u>70,577,610</u>
			\$50,276,418		50,276,418
149,948	\$700				150,648
		1,500			1,229,466
					1,034,068
					1,286,652
					209,495
		4,632			29,587,170
<u>149,948</u>	<u>700</u>	<u>6,132</u>	<u>50,276,418</u>		<u>83,773,917</u>
<u>\$229,551</u>	<u>\$700</u>	<u>\$60,702</u>	<u>\$50,276,418</u>	<u>\$49,479,467</u>	<u>\$154,351,527</u>

**New Albany Plain Local School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended June 30, 2000**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Intergovernmental	\$2,485,506	\$747,044
Interest	164,061	
Increase(Decrease) in Fair Value of Investments		
Tuition and Fees	132,951	
Rent		57,008
Extracurricular Activities		305,723
Property & Other Local Taxes	9,085,158	
Miscellaneous	126,340	2,709
Total Revenues	11,994,016	1,112,484
Expenditures:		
Instruction:		
Regular	5,497,300	11,864
Special	705,254	34,591
Other	213,031	
Support services:		
Pupils	623,938	212
Instructional Staff	604,129	33,883
Board of Education	50,087	
Administration	1,410,207	92,959
Fiscal	509,611	
Operation and Maintenance of Plant	1,666,514	
Pupil Transportation	727,563	
Central	29,954	310,499
Non-Instructional Services	249,110	2,454
Extracurricular activities	426,382	240,794
Capital Outlay	425,000	
Debt Service		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	13,138,080	727,256
Excess of Revenues Over (Under) Expenditures	(1,144,064)	385,228
Other Financing Sources and Uses		
Operating Transfers In		
Proceeds from Sale of Bonds		
Proceeds from Sale of Long-Term Notes	1,150,000	
Proceeds from Sale of Fixed Assets	5,391	
Refund of Prior Year Expenditures	3,682	
Other Financing Sources	160,759	
Operating Transfers Out	(747,607)	
Other Financing Uses		
Total Other Financing Sources (Uses)	572,225	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(571,839)	385,228
Fund Balance at Beginning of Year	942,517	162,186
Fund Balance at End of Year	\$370,678	\$547,414

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

Governmental Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$198,591	\$67,912 438,581 (74,068)		\$3,499,053 602,642 (74,068) 132,951 57,008 305,723
1,616,046	544,057	\$5,291	11,245,261 134,340
<u>1,814,637</u>	<u>976,482</u>	<u>5,291</u>	<u>15,902,910</u>
	142,700 350		5,651,864 740,195 213,031
	2,199 55,887		626,349 693,899 50,087
	18,895 3,265 529,462 186,045		1,522,061 512,876 2,195,976 913,608 340,453
		6,000	257,564 667,176 6,423,954
	5,998,954		
1,435,000 851,778	38,142 2,868		1,473,142 854,646
<u>2,286,778</u>	<u>6,978,767</u>	<u>6,000</u>	<u>23,136,881</u>
<u>(472,141)</u>	<u>(6,002,285)</u>	<u>(709)</u>	<u>(7,233,971)</u>
725,471	400,000 36,985,006		1,125,471 36,985,006 1,150,000 5,391 3,682
6,710,858	(400,000)		6,871,617 (1,147,607)
<u>(6,710,858)</u>	<u>(6,710,858)</u>		
<u>725,471</u>	<u>30,274,148</u>		<u>44,993,560</u>
253,330	24,271,863	(709)	24,337,873
953,453	6,943,981	3,288	9,005,425
<u>\$1,206,783</u>	<u>\$31,215,844</u>	<u>\$2,579</u>	<u>\$33,343,298</u>

New Albany Plain Local School District
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended June 30, 2000

	Governmental Fund Types		
	General		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$2,485,251	\$2,485,251	
Interest	159,857	159,857	
Tuition and Fees	132,824	132,824	
Rent			
Extracurricular Activities			
Property & Other Local Taxes	9,695,551	9,695,551	
Miscellaneous	126,340	126,340	
Total Revenues	12,599,823	12,599,823	
Expenditures:			
Current:			
Instruction:			
Regular	5,443,025	5,443,025	
Special	667,025	667,025	
Other	202,966	202,966	
Support services:			
Pupils	624,772	624,772	
Instructional Staff	596,566	596,566	
Board of Education	55,745	55,745	
Administration	1,426,475	1,426,475	
Fiscal	524,594	524,594	
Operation and Maintenance of Plant	1,672,799	1,672,799	
Pupil Transportation	752,244	752,244	
Central	30,178	30,178	
Non-Instructional Services	250,376	250,376	
Extracurricular activities	423,995	423,995	
Capital Outlay	425,000	425,000	
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	13,095,760	13,095,760	
Excess of Revenues Over (Under) Expenditures	(495,937)	(495,937)	
Other Financing Sources and Uses			
Operating Transfers In			
Proceeds from Sale of Bonds			
Proceeds from Sale of Long-Term Notes	1,150,000	1,150,000	
Proceeds from Sale of Fixed Assets	5,391	5,391	
Refund of Prior Year Expenditures	3,697	3,697	
Other Financing Sources	160,759	160,759	
Operating Transfers Out	(747,607)	(747,607)	
Total Other Financing Sources (Uses)	572,240	572,240	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	76,303	76,303	
Fund Balances at Beginning of Year	326,088	326,088	
Prior Year Encumbrances Appropriated	201,763	201,763	
Fund Balance at end of Year	\$604,154	\$604,154	

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

Governmental Fund Types

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$732,710	\$732,710		\$198,591	\$198,591	
58,439	58,439				
305,581	305,581				
			1,752,277	1,752,277	
2,709	2,709				
<u>1,099,439</u>	<u>1,099,439</u>		<u>1,950,868</u>	<u>1,950,868</u>	
11,864	11,864				
34,220	34,220				
246	246				
34,291	34,291				
95,851	95,851				
317,683	317,683				
2,560	2,560				
257,176	257,176				
			1,435,000	1,435,000	
			851,778	851,778	
<u>753,891</u>	<u>753,891</u>		<u>2,286,778</u>	<u>2,286,778</u>	
<u>345,548</u>	<u>345,548</u>		<u>(335,910)</u>	<u>(335,910)</u>	
			725,471	725,471	
			<u>725,471</u>	<u>725,471</u>	
345,548	345,548		389,561	389,561	
167,411	167,411		644,509	644,509	
14,623	14,623				
<u>\$527,582</u>	<u>\$527,582</u>		<u>\$1,034,070</u>	<u>\$1,034,070</u>	

(Continued)

New Albany Plain Local School District
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended June 30, 2000
(Continued)

	Governmental Fund Types		
	Capital Projects		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$64,912	\$64,912	
Interest	441,397	441,397	
Tuition and Fees			
Rent			
Extracurricular Activities			
Property & Other Local Taxes	579,163	579,163	
Miscellaneous			
Total Revenues	<u>1,085,472</u>	<u>1,085,472</u>	
Expenditures:			
Current:			
Instruction:			
Regular	137,462	137,462	
Special	350	350	
Other			
Support services:			
Pupils	2,199	2,199	
Instructional Staff	101,911	101,911	
Board of Education			
Administration	18,895	18,895	
Fiscal	3,265	3,265	
Operation and Maintenance of Plant	554,031	554,031	
Pupil Transportation	263,798	263,798	
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	7,233,591	7,233,591	
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>8,315,502</u>	<u>8,315,502</u>	
Excess of Revenues Over (Under) Expenditures	<u>(7,230,030)</u>	<u>(7,230,030)</u>	
Other Financing Sources and Uses			
Operating Transfers In	400,000	400,000	
Proceeds from Sale of Bonds	30,274,148	30,274,148	
Proceeds from Sale of Long-Term Notes			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Other Financing Sources			
Operating Transfers Out	(400,000)	(400,000)	
Total Other Financing Sources (Uses)	<u>30,274,148</u>	<u>30,274,148</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	23,044,118	23,044,118	
Fund Balances at Beginning of Year	2,784,463	2,784,463	
Prior Year Encumbrances Appropriated	4,700,829	4,700,829	
Fund Balance at end of Year	<u>\$30,529,410</u>	<u>\$30,529,410</u>	

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

Fiduciary Fund Types			Totals (Memorandum Only)		
Expendable Trust					
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
			\$3,481,464	\$3,481,464	
			601,254	601,254	
			132,824	132,824	
			58,439	58,439	
			305,581	305,581	
			12,026,991	12,026,991	
\$5,428	\$5,428		134,477	134,477	
5,428	5,428		16,741,030	16,741,030	
			5,592,351	5,592,351	
			701,595	701,595	
			202,966	202,966	
			627,217	627,217	
			732,768	732,768	
			55,745	55,745	
			1,541,221	1,541,221	
			527,859	527,859	
			2,226,830	2,226,830	
			1,016,042	1,016,042	
			347,861	347,861	
10,500	10,500		263,436	263,436	
			681,171	681,171	
			7,658,591	7,658,591	
			1,435,000	1,435,000	
			851,778	851,778	
10,500	10,500		24,462,431	24,462,431	
(5,072)	(5,072)		(7,721,401)	(7,721,401)	
			1,125,471	1,125,471	
			30,274,148	30,274,148	
			1,150,000	1,150,000	
			5,391	5,391	
			3,697	3,697	
			160,759	160,759	
			(1,147,607)	(1,147,607)	
			31,571,859	31,571,859	
(5,072)	(5,072)		23,850,458	23,850,458	
651	651		3,923,122	3,923,122	
5,500	5,500		4,922,715	4,922,715	
\$1,079	\$1,079		\$32,696,295	\$32,696,295	

**New Albany Plain Local School District
 Combined Statement of Revenues, Expenses
 and Changes in Retained Earnings/Fund Balance
 All Proprietary Funds and Non-Expendable Trust Fund
 For the Year Ended June 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:				
Tuition	\$25,257			\$25,257
Sales	378,309			378,309
Other		\$700	\$10,169	10,869
Total Operating Revenues	<u>403,566</u>	<u>700</u>	<u>10,169</u>	<u>414,435</u>
Operating Expenses				
Salaries	151,090			151,090
Fringe Benefits	61,434			61,434
Purchased Services	23,487		7,372	30,859
Materials and Supplies	260,112		772	260,884
Depreciation	15,983			15,983
Total Operating Expenses	<u>512,106</u>		<u>8,144</u>	<u>520,250</u>
Operating Income (Loss)	(108,540)	700	2,025	(105,815)
Non-Operating Revenues and Expenses				
Federal Donated Commodities	16,982			16,982
Federal and State Subsidies	22,044			22,044
Total Non-Operating Revenues and Expenses	<u>39,026</u>			<u>39,026</u>
Income (Loss) Before Operating Transfers	(69,514)	700	2,025	(66,789)
Operating Transfers-In	22,136			22,136
Net Income (Loss)	(47,378)	700	2,025	(44,653)
Retained Earnings/Fund Balances at Beginning of Year	197,326		1,528	198,854
Retained Earnings/Fund Balances at End of Year	<u>\$149,948</u>	<u>\$700</u>	<u>\$3,553</u>	<u>\$154,201</u>

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

**New Albany Plain Local School District
Combined Statement of Cash Flows
All Proprietary Funds and Non-Expendable Trust Fund
For the Year Ended June 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received from Tuition	\$25,257			\$25,257
Cash Received from Sales	378,409			378,409
Other Cash Receipts		\$700	\$10,169	10,869
Cash Payments to Suppliers for Goods and Service	(244,975)		(772)	(245,747)
Cash Payments for Contract Services	(23,487)		(7,372)	(30,859)
Cash Payments for Employee Services	(119,109)			(119,109)
Cash Payments for Employee Benefits	(55,981)			(55,981)
Net Cash Provided (Used) by Operating Activities	<u>(39,886)</u>	<u>700</u>	<u>2,025</u>	<u>(37,161)</u>
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	22,044			22,044
Transfers In	22,136			22,136
Net Cash Provided (Used) by Noncapital Financing Activities	<u>44,180</u>			<u>44,180</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,294	700	2,025	7,019
Cash and Cash Equivalents at Beginning of Year	119,384		1,528	120,912
Cash and Cash Equivalents at End of Year	<u>\$123,678</u>	<u>\$700</u>	<u>\$3,553</u>	<u>\$127,931</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(\$108,540)	\$700	\$2,025	(\$105,815)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:				
Depreciation	15,983			15,983
Donated Commodities Used During the Year	16,982			16,982
(Increase) Decrease in Assets:				
Accounts Receivable	100			100
Material and Supplies Inventory	8,047			8,047
Increase (Decrease) in Liabilities:				
Accounts Payable	(1,294)			(1,294)
Compensated Absences Payable	23,809			23,809
Intergovernmental Payable	692			692
Deferred Revenue	(8,598)			(8,598)
Accrued Wages and Benefits	12,933			12,933
Total Adjustments	<u>(\$39,886)</u>	<u>\$700</u>	<u>\$2,025</u>	<u>(\$37,161)</u>
Net Cash Provided (Used) by Operating Activities				
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2000:				
Cash and Cash Equivalents — Trust and Agency Funds				\$60,702
Less: Expendable Trust Funds				(5,579)
Less: Agency Funds				(51,570)
Cash and Cash Equivalents — Nonexpendable Trust Funds				<u>\$3,553</u>

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

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The financial statements of the Plain Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant for the District's accounting policies are described below.

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

Average daily membership (ADM) as of October 1, 2000 was 1,693. The District employed 141 certified employees and 81 non-certificated employees. The District co-operates with the Franklin County Educational Service Center, a separate entity, for curricular services.

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

Reporting Entity:

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

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

The District is associated with two governed organizations and an insurance purchasing pool. These organizations include the Metropolitan Education Council, the Eastland Vocational School, and the Ohio School Boards Association Worker's Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

A. Basis Of Presentation - Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Project Funds - The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Types:

Proprietary funds are used to account for the District's ongoing activities, which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include expendable trust and agency funds.

Expendable Trust Funds – These funds are accounted for in essentially the same manner as governmental funds.

Agency Funds – These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting" the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting, Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict or contradict GASB pronouncements. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. 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 object level within each function. 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.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

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, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

D. Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary 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 "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2000, investments were limited to STAR Ohio, repurchase agreements, treasury notes, and federal agency securities. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner of consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest earned in fiscal year 2000 totaled \$602,642.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments, with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations, grants are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Auxiliary Services
- Venture Capital
- Educational Television
- Professional Development Block Grant
- School Age Child Care
- GTE Gift Program
- Drug Free Schools
- Education Management Information Systems
- Solid Waste Authority
- Ohio Reads
- Data Communications for School Buildings
- Eisenhower Grant
- Title VI-B
- Title I
- Title VI
- Telecommunications E-Rate
- Miscellaneous State Grant
- Miscellaneous Federal Grant

Capital Project Funds

- School Net Plus

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Grants and entitlements amounted to approximately 20 percent of the District's operating revenue during the 2000 fiscal year.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

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

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for classified employees after 10 years of current service with the District and for certified employees and administrators after 20 years of service, or after 15 years of service and at least 45 years of age, or after 5 years of service and at least 50 years of age. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and 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 reserves.

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved. The reserve for endowments signifies the legal restrictions on the use of principal.

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$76,303	\$345,548	\$389,561	\$23,044,118	(\$5,072)
Adjustments for:					
Revenue Accruals	(605,807)	13,045	(136,231)	(108,990)	(137)
Expenditure Accruals	(279,246)	3,354		169,118	
Other Sources/Uses	(15)				
Encumbrances	236,926	23,281		1,167,617	4,500
GAAP Basis	(\$571,839)	\$385,228	\$253,330	\$24,271,863	(\$709)

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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 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;

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

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

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

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110 percent of all public monies on deposit with the depository including the amount covered by federal insurance.

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

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$1,759,345 and the bank balance was \$1,900,214. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,800,214 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments of \$28,539,937, in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Carrying Value	Fair Value
Federal Agency Securities	\$3,953,240	\$4,008,786	3,953,240
STAR Ohio		28,539,937	28,539,937
Total Investments		\$32,548,723	\$32,493,177

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, Reporting Cash Flows of Proprietary Funds and Governmental Entities That Use Proprietary Fund Accounting.

The reconciliation between classifications of cash and cash equivalents, and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents Deposits	Investments
GASB Statement 9		
Investment in Cash	\$34,252,566	
Cash on Hand	(50)	
Investments:		
Federal Agency Securities	(3,953,240)	\$3,953,240
STAR Ohio	(28,539,937)	28,539,937
GASB Statement 3	\$1,759,345	\$32,493,177

NOTE 5 - PROPERTY TAXES

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

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

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

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

The District receives property taxes from Franklin and Licking Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 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, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$1,054,746 in the General Fund, \$172,715 in the Bond Retirement Debt Service Fund and \$59,191 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$300,469,930	92%	\$396,877,560	93%
Public Utility	19,944,140	6%	21,566,770	5%
Tangible Personal Property	7,067,853	2%	6,897,195	2%
Total Assessed Value	<u>\$327,481,923</u>	<u>100%</u>	<u>\$425,341,525</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$51.34		\$49.46	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$16,543,517
Accounts	8,641
Intergovernmental	20,623
Interest	9,535
Special Revenue Fund	
Accounts	142
Intergovernmental	14,334
Debt Service Fund	
Taxes	2,709,003
Capital Projects Funds	
Taxes	928,402
Intergovernmental	3,000
Total Receivables	<u>\$20,237,197</u>

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

NOTE 7 - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2000 follows:

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$521,852	\$842,878		\$1,364,730
Buildings	26,191,229	17,368,408		43,559,637
Furniture and Equipment	4,424,828	1,090		4,425,918
Vehicles	926,133			926,133
Total General Fixed Assets	<u>\$32,064,042</u>	<u>\$18,212,376</u>		<u>\$50,276,418</u>

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$181,200
Less: Accumulated Depreciation	<u>(82,206)</u>
Net Fixed Assets	<u>\$98,994</u>

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents-replacement cost	\$1,000	\$12,558,200
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.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

For fiscal year 2000, 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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Plain Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statement and required supplementary information. The report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Plain Local School District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$270,241, \$232,043, and \$178,592 respectively; 47 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$143,088 representing unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the general long-term obligations account.

B. State Teachers Retirement System

The Plain Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefits are established by Chapter 3007, of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 1998 were 9.3 percent of covered payroll for members and 14 percent for employers. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$918,009, \$774,454, and \$633,787, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$153,524 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8 percent of covered payroll.

For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate is 6.30 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits were \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .450, then adding the surcharge due as of June 30, 2000, as certified to your district by SERS.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for certified and classified personnel. The accumulation for administrators is unlimited. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days for classified and certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave for administrative personnel.

B. Life Insurance

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

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for computer equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

The computer equipment has been capitalized in the general fixed assets account group in the amount of \$107,682. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$38,142 in the governmental funds

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

<u>Fiscal Year Ending June 30,</u>	<u>GLTDAG</u>
2001	<u>\$34,175</u>
Total	<u>\$34,175</u>
Less: Amount Representing Interest	<u>(815)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$33,360</u></u>

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2000 were as follows:

	Interest Rate	Principal Outstanding June 30, 1999	Additions	Deductions	Principal Outstanding June 30, 2000
School Building Bonds	6.85%	\$780,000		\$780,000	
Building Construction Bonds	3.60%	18,799,613		6,739,613	\$12,060,000
Various Purpose Bonds	4.75%		\$36,539,029		36,539,029
Long-Term Bonds & Loans		\$19,579,613	\$36,539,029	\$7,519,613	\$48,599,029
Capital Lease Obligations		71,502		38,142	33,360
Intergovernmental Payable		79,038	27,069		106,107
Compensated Absences		525,624	215,347		740,971
Total Long-Term Obligations		<u>\$20,255,777</u>	<u>\$36,781,445</u>	<u>\$7,557,755</u>	<u>\$49,479,467</u>

School Building General Obligation Bonds - On December 1, 1990, the Plain Local School District issued \$1,000,000 in voted general obligation bonds for the purpose of an addition and improvement to the junior high school building. The bonds were issued for a twenty-year period with final maturity at June 1, 2010. The bonds will be retired from the debt service fund.

Building Construction General Obligation Bonds - On June 1, 1998, the Plain Local School District issued \$20,045,000 in voted general obligation bonds for the purpose of an addition and improvement to the junior high school building. The bonds were issued for a twenty-year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund.

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

Capital leases will be paid from the General Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The District's voted legal debt margin was (\$10,318,292) with an unvoted debt margin of \$425,342 at June 30, 2000.

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$0	\$2,028,916	\$2,028,916
2002	5,000	2,057,374	2,062,374
2003	75,000	2,055,380	2,130,380
2004	210,000	2,048,150	2,258,150
2005	360,000	2,033,525	2,393,525
2006 - thereafter	47,949,029	42,487,467	90,436,496
Total	<u>\$48,599,029</u>	<u>\$52,710,812</u>	<u>\$101,349,841</u>

Advance Refunding

The School District defeased certain School Construction and Improvement Bonds and notes by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2000, \$6,710,858 bonds outstanding are considered defeased.

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and rotary. The table below reflects the more significant financial data relating to the enterprise funds of the Plain Local School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Rotary	Total Enterprise Funds
Operating Revenues	\$351,273	\$27,036	\$25,257	\$403,566
Operating Expenses	436,717	34,941	24,465	496,123
Depreciation	15,983			15,983
Total Operating Expenses	<u>452,700</u>	<u>34,941</u>	<u>24,465</u>	<u>512,106</u>
Operating Income (Loss)	(101,427)	(7,905)	792	(108,540)
Non Operating Revenues				
State and Federal Grants	22,044			22,044
Federal Commodities	16,982			16,982
Operating Transfers In		22,136		22,136
Net Income (Loss)	<u>(62,401)</u>	<u>14,231</u>	<u>792</u>	<u>(47,378)</u>
Net Working Capital	<u>27,179</u>	<u>24,765</u>	<u>3,495</u>	<u>55,439</u>
Total Assets	<u>200,983</u>	<u>24,765</u>	<u>3,803</u>	<u>229,551</u>
Total Liabilities	<u>74,810</u>		<u>308</u>	<u>75,118</u>
Total Equity	<u>126,173</u>	<u>24,765</u>	<u>3,495</u>	<u>154,433</u>

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

NOTE 15 - CONTRACTUAL COMMITMENTS

As of June 30, 2000, the District had contractual purchase commitments as follows:

<u>VENDOR NAME</u>	<u>GAAP BASIS P.O. AMOUNT</u>
Accurate Electric	\$64,366
Apex Construction, Inc.	93,357
Charter Hill Construction	64,338
Chemcote Roofing	149,161
Cleveland Construction	21,614
Columbus Micro Systems	8,903
Datacom Electrical Services	2,700
Eastside Nursery	9,887
Environmental Balancing	1,224
Esber Cash Register	3,673
Fas-Track	3,293
Gale Group	1,620
Gleeson	1,650
Hochstetler Buildings	80,767
International Masonry Inc.	122,342
Kenton Structural	95,078
Lannis Fence Systems	23,795
Louis R. Polster Company	22,856
Martin Painting	3,614
Performance Site Management	95,135
Pinkerton System Integration	39,131
Resource International	1,348
Rose Products & Services	9,672
Shaw Contract Flooring Inc.	22,967
Teepe's River City Mechanical	117,267
Total	<u>\$1,059,758</u>

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 School District
Franklin County, Ohio**

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

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 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999			\$114,252	
Current Year Set-aside Requirement	\$285,730	\$285,730	95,243	
Current Year Offsets				
Qualifying Disbursements	<u>(285,730)</u>	<u>(285,730)</u>		
Total	<u> </u>	<u> </u>	<u>\$209,495</u>	
Cash Balance Carried Forward to FY 2001	<u> </u>	<u> </u>	<u>\$209,495</u>	
Amount restricted for Budget Stabilization				<u>\$209,495</u>
Total Restricted Assets				<u>\$209,495</u>

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

**Notes to the General Purpose Financial Statements
June 30, 2000
(Continued)**

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 20 – STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$1,404,712 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven ".major areas warrant further attention, study, and development by the General Assembly," including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

New Albany - Plain Local School District
Franklin County
6530 West Campus Oval, Suite 118
New Albany, Ohio 43054

We have audited the financial statements of the New Albany - Plain Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated January 31, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 31, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-10625-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 31, 2001.

This report is intended for the information and use of the audit committee, management, Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

January 31, 2001

NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF FINDING
JUNE 30, 2000

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

Finding Number	2000-10625-001
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Fixed Assets

Information on additions and deletions to fixed assets is not being maintained to easily identify changes from year to year. Requests for capital outlay expenditures does not provide enough information to accurately identify additions to general fixed assets.

We noted the following errors:

- Reports requested to identify additions to fixed assets did not identify the construction expenditures on a new elementary school building.
- Land purchased during the year was not identified as an addition to fixed assets.
- Management did not properly monitor the tracking and reporting of fixed asset activity.

Due to the volume in both quantity and dollars of fixed asset transactions, there is a need for close observation of the fixed asset activity. For better control over fixed assets the District should consider implementing and performing the following procedures.

- The New Albany - Plain Local School District needs to analyze its current fixed asset system and determine the source of current reporting errors. A formal policy should be adopted by the District that documents control procedures, ensuring the proper recording, processing and reporting of fixed assets.
- We recommend that management compare amounts from the fixed assets detail reports to the amounts reported.
- For better control over fixed assets carried on the books, we suggest performing spot checks for assets which should be in existence and an annual review of the asset list by the District management verifying that each asset is still operational. This process will aide management to identify possible problems as they occur.
- There should be a formal approval process for additions/deletions of fixed assets. This will allow the District to maintain and update the records for additions and disposals on a monthly basis. Assets to be disposed of and removed from the fixed assets detail report should be formally authorized by the Board of Education or their designee.



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NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 8, 2001**