



**Auditor of State
Betty Montgomery**

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

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

New Albany-Plain Local School District
Franklin County
99 West Main Street, 2nd floor
New Albany, Ohio 43054

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Albany-Plain Local School District, Franklin County, Ohio, (the District), as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New Albany-Plain Local School District, Franklin County, Ohio, as of June 30, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2004, 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.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 20, 2004

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

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003 (Unaudited)**

As management of the New Albany-Plain Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which follow this section.

Financial Highlights

The District's net assets are \$25,130,391 as of June 30, 2003 according to the Statement of Net Assets. This represents a decrease of \$2,619,542 or 9.4% as compared to last year.

The current operating levy will expire December 31, 2006. The five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through fiscal 2005, with a need to pass a new levy by the end of fiscal 2006.

The General Fund reported a deficit fund balance of \$1,662,835. This deficit is expected to be made-up with additional revenues from the recent passage of an operating levy. On a budgetary basis of accounting the General Fund had a positive balance of \$1,357,886.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

Governmental Funds

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

Fiduciary Funds

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$25,130,391 according to the Statement of Net Assets at the close of the most recent fiscal year.

A comparative analysis of fiscal year 2003 to 2002 follows from the Statements of Net Assets:

New Albany-Plain Local School District		
Net Assets		
	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Current assets	\$ 49,142,619	43,011,851
Capital assets	<u>88,511,206</u>	<u>73,386,575</u>
Total assets	<u>137,653,825</u>	<u>116,398,426</u>
Current liabilities	25,129,211	20,227,299
Long-term liabilities	<u>87,394,223</u>	<u>68,421,194</u>
Total liabilities	<u>112,523,434</u>	<u>88,648,493</u>
 Net Assets:		
Invested in capital, net of debt	20,895,833	23,348,982
Restricted	6,986,186	5,696,366
Unrestricted	<u>(2,751,628)</u>	<u>(1,295,415)</u>
Total net assets	<u>\$ 25,130,391</u>	<u>\$ 27,749,933</u>

The District's negative unrestricted net assets will be funded by future tax revenues.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

	Governmental Activities
	2003
Program revenues:	
Charges for services	\$ 1,185,830
Intergovernmental	390,540
General revenues:	
Property taxes	19,403,704
State entitlements	5,071,281
Investment earnings	454,140
Other	474,449
Total revenues	26,979,944
 Program expenses:	
Instructional	13,451,475
Support services	11,533,642
Co-curricular student activities	1,057,923
Community services	381,507
Interest on long-term debt	3,174,939
Total expenses	29,599,486
 Increase in net assets	 \$ (2,619,542)

Governmental Activities

Net assets of the District's governmental activities decreased by \$2,619,542. The decrease in net assets is due to the expenditures exceeding revenues for the year as projected. The expenditure increase over the prior year is mostly due to salary and benefits related to the additional staff hired in 2003, along with normal raises and increased health insurance premiums associated with existing staff.

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

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

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

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

<u>Programs</u>	<u>Total Cost of Services</u>	<u>Net Cost of Service</u>
	<u>2003</u>	<u>2003</u>
Instructional services	\$ 13,451,475	13,155,440
Support services	11,533,642	10,584,499
Co-curricular student activities	1,057,923	856,109
Community services	381,507	252,129
Interest on long-term debt	<u>3,174,939</u>	<u>3,174,939</u>
Total	<u>\$ 29,599,486</u>	<u>28,023,116</u>

Local property taxes make up 71.9% of total revenues for governmental activities. The net services column reflecting the need for \$28,023,116 of support indicates the reliance on general revenues to support governmental activities.

The District's Funds

The District's governmental funds reported a combined fund balance of \$23,533,146, which represents an increase of \$276,171 as compared to last year's total of \$23,256,975 according to the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The schedule below shows the fund balance and the total change in fund balance from June 30, 2002 to 2003.

	<u>Fund Balance at June 30, 2003</u>	<u>Fund Balance at June 30, 2002</u>	<u>Increase (Decrease)</u>
General Fund	\$ (1,662,835)	\$ 719,806	\$ (2,382,641)
Bond Retirement Fund	1,521,133	1,355,369	165,764
Building Fund	22,766,678	20,028,293	2,738,385
Other Governmental Funds	<u>908,170</u>	<u>1,153,507</u>	<u>(245,337)</u>
Total	<u>\$ 23,533,146</u>	<u>\$ 23,256,975</u>	<u>\$ 276,171</u>

General Fund

The District's General Fund balance decreased primarily because of expenditures growth out pacing revenues growth. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

Revenues

	<u>2003</u>	<u>2002</u>	<u>% Change</u>
Property taxes	\$ 15,127,089	\$ 13,426,531	12.67%
Intergovernmental	4,503,829	4,058,918	10.96%
Investment income	83,385	140,358	-40.59%
Other revenue	<u>329,618</u>	<u>239,588</u>	<u>37.58%</u>
Total	<u>\$ 20,043,921</u>	<u>\$ 17,865,395</u>	<u>12.19%</u>

Expenditures by Function

	<u>2003</u>	<u>2002</u>	<u>% Change</u>
Instructional services	\$ 12,008,828	\$ 9,522,579	26.11%
Support services	9,561,759	8,216,095	16.38%
Co-curricular student activities	841,455	743,326	13.20%
Community services	<u>15,548</u>	<u>-</u>	<u>100.00%</u>
Total	<u>\$ 22,427,590</u>	<u>\$ 18,482,000</u>	<u>21.35%</u>

Revenues are up 12.19 % while expenditures increased 21.35% over the prior year. Expenditure increases are due to salary and benefits related to the additional staff hired in 2003, along with normal raises and increased health insurance premiums associated with existing staff.

Bond Retirement Fund

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

Revenues

	<u>2003</u>	<u>2002</u>	<u>% Change</u>
Property taxes	\$ 3,288,000	\$ 2,748,173	19.64%
Intergovernmental	397,161	324,910	22.24%
Other revenue	<u>20,393</u>	<u>-</u>	<u>100.00%</u>
Total	<u>\$ 3,705,554</u>	<u>\$ 3,073,083</u>	<u>20.58%</u>

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

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

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

Expenditures by Function

	<u>2003</u>	<u>2002</u>	<u>% Change</u>
Support services	\$ 42,879	\$ 15	285760.00%
Debt Service:			
Principal repayment	740,000	5,000	14700.00%
Interest	<u>2,623,412</u>	<u>3,705,847</u>	-29.21%
Total	<u>\$ 3,406,291</u>	<u>\$ 3,710,862</u>	-8.21%

Expenditures are down 8.2% over the prior year mostly due to a refunding of debt in prior year.

Building Fund

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

	<u>Project Authorization</u>	<u>Expended to June 30, 2003</u>	<u>Committed</u>
K-1 Elementary	\$ 14,951,005	12,474,334	2,476,671
High School Athletic	3,341,295	2,012,176	1,329,119
High School Academic	12,801,392	2,251,013	10,550,379
Total Capital Projects	<u>\$ 31,093,692</u>	<u>16,737,523</u>	<u>14,356,169</u>

Other Funds

Other governmental funds consist of Special Revenue, and other Capital Projects funds. Fund balance in these funds decreased by \$245,337.

General Fund Budget Information

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

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

Capital Assets

The District has \$88,511,206 invested in capital assets net of depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

Debt

On June 30, 2003, the District had \$86,588,591 in bonds and notes outstanding. The District paid \$740,000 in principal on notes and bonds outstanding and \$2,623,412 in interest payments during the 2003 fiscal year. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

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

Restrictions and Other Limitations

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

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

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

Contacting the District's Financial Management

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

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

**STATEMENT OF NET ASSETS
JUNE 30, 2003**

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS:	
Cash and Cash Equivalents	\$ 29,039,792
Cash with fiscal agent	359,770
Restricted cash	118,278
Receivables	19,576,152
Due from other- Governments	33,692
Inventory	14,935
Capital assets:	
Land and construction in progress	22,312,468
Other capital assets, net	66,198,738
TOTAL ASSETS	<u>\$ 137,653,825</u>
LIABILITIES:	
Accounts payable	\$ 312,488
Contracts payable	2,819,671
Due to other governments	855,245
Deferred revenue	18,340,150
Accrued liabilities	2,801,657
Long-term liabilities:	
Due within one year	562,435
Due in more than one year	86,831,788
TOTAL LIABILITIES	<u>112,523,434</u>
NET ASSETS	
Invested in capital assets, net of related debt	20,895,833
Restricted for:	
Textbooks & Instructional Materials	52,638
Budget Stabilization	65,640
Capital Projects	4,090,795
Debt Service	1,163,576
Other purposes	774,648
Unrestricted	(1,912,739)
TOTAL NET ASSETS	<u>\$ 25,130,391</u>

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

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instructional services:				
Regular	\$ 11,178,605	139,162	16,737	(11,022,706)
Special	1,699,987	-	140,136	(1,559,851)
Vocational	558,883	-	-	(558,883)
Continuing	14,000	-	-	(14,000)
Support services:				
Operation and maintenance of plant	3,097,775	-	-	(3,097,775)
School administration	1,924,658	101,064	-	(1,823,594)
Instructional staff	1,171,595	-	8,050	(1,163,545)
Pupils	1,210,456	-	-	(1,210,456)
Non-Instructional services	628,535	-	-	(628,535)
Business operations	762,150	-	-	(762,150)
Student transportation	1,519,456	75,030	-	(1,444,426)
Food service	635,154	614,152	43,339	22,337
Central services	517,497	-	107,508	(409,989)
General administration	66,366	-	-	(66,366)
Co-curricular student activities	1,057,923	201,814	-	(856,109)
Community services	381,507	54,608	74,770	(252,129)
Interest on debt	3,174,939	-	-	(3,174,939)
Total Governmental Activities	29,599,486	1,185,830	390,540	(28,023,116)
General revenues:				
Property taxes				19,403,704
Grants and entitlements not restricted to specific programs				5,071,281
Investment earnings				454,140
Miscellaneous				474,449
Total general revenues				25,403,574
Change in Net Assets				(2,619,542)
Net Assets Beginning of Year (as Restated)				27,749,933
Net Assets End of Year				25,130,391

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

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003**

	GENERAL	BOND RETIREMENT FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and Cash Equivalents	\$ 1,387,030	1,493,933	25,218,112	940,717	29,039,792
Cash with fiscal agent	-	-	359,770	-	359,770
Restricted cash and investments	118,278	-	-	-	118,278
Receivables:					
Property taxes	15,352,500	3,256,350	-	765,850	19,374,700
Other	29,938	-	18,727	152,787	201,452
Due from other:					
Governments	-	-	-	33,692	33,692
Inventory	-	-	-	14,935	14,935
TOTAL ASSETS	\$ 16,887,746	4,750,283	25,596,609	1,907,981	49,142,619
LIABILITIES:					
Accounts payable	\$ 239,796	-	-	72,692	312,488
Contracts payable	-	-	2,819,671	-	2,819,671
Due to other:					
Governments	659,260	-	-	3,945	663,205
Deferred revenue	15,232,000	3,229,150	-	881,659	19,342,809
Accrued liabilities	2,419,525	-	10,260	41,515	2,471,300
TOTAL LIABILITIES	18,550,581	3,229,150	2,829,931	999,811	25,609,473
FUND BALANCES:					
Reserved for:					
Future appropriations	\$ 120,500	27,200	-	6,150	153,850
Encumbrances	-	-	3,681,398	19,033	3,700,431
Textbooks & Instructional Materials	52,638	-	-	-	52,638
Budget Stabilization	65,640	-	-	-	65,640
Prepaid assets and inventory	-	-	-	14,935	14,935
Unreserved, reported in					
General fund	(1,901,613)	-	-	-	(1,901,613)
Special revenue fund	-	-	-	456,318	456,318
Debt Service fund	-	1,493,933	-	-	1,493,933
Capital projects fund	-	-	19,085,280	411,734	19,497,014
TOTAL FUND BALANCES	(1,662,835)	1,521,133	22,766,678	908,170	23,533,146
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,887,746	4,750,283	25,596,609	1,907,981	49,142,619

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

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2003**

Total Governmental Fund Balances	\$ 23,533,146
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	88,511,206
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,002,659
Due to Other Governments include contractually required pension contribution not expected to be paid with available expendable resources and, therefore, not reported in the funds	(192,040)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	(330,357)
Compensated absences	(693,570)
Installment loan payable	(112,062)
Bonds and Notes payable	(86,588,591)
Net Assets of Governmental Activities	<u><u>\$ 25,130,391</u></u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	GENERAL	BOND RETIREMENT FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes	\$ 15,127,089	3,288,000	-	740,661	19,155,750
Intergovernmental:					
Federal Restricted Grants-in-aid	-	-	-	318,026	318,026
State:					
Unrestricted Grants-in-aid	4,503,092	397,161	-	213,583	5,113,836
Restricted Grants-in-aid	737	-	-	25,230	25,967
Investment income	83,385	20,393	350,362	-	454,140
Co-curricular activities	-	-	-	302,878	302,878
Charges for services	-	-	-	614,152	614,152
Tuition fees	139,162	-	-	75,030	214,192
Other	190,456	-	-	171,313	361,769
TOTAL REVENUES	<u>20,043,921</u>	<u>3,705,554</u>	<u>350,362</u>	<u>2,460,873</u>	<u>26,560,710</u>
EXPENDITURES:					
Current:					
Instructional services:					
Regular	9,886,307	-	-	216,973	10,103,280
Special	1,563,638	-	-	139,186	1,702,824
Vocational	558,883	-	-	-	558,883
Continuing	-	-	-	14,000	14,000
TOTAL INSTRUCTIONAL SERVICES	<u>12,008,828</u>	<u>-</u>	<u>-</u>	<u>370,159</u>	<u>12,378,987</u>
Support services:					
Operation and maintenance of plant	2,755,751	-	-	274,727	3,030,478
School administration	1,809,983	-	-	99,571	1,909,554
Instructional staff	929,937	-	-	184,897	1,114,834
Pupils	1,225,022	-	-	2,510	1,227,532
Non-instructional services	628,535	-	-	-	628,535
Business operations	706,779	42,879	-	18,754	768,412
Student transportation	1,322,796	-	-	365,026	1,687,822
Food services	-	-	-	618,219	618,219
Central services	116,590	-	-	399,087	515,677
General administration	66,366	-	-	-	66,366
TOTAL SUPPORT SERVICES	<u>9,561,759</u>	<u>42,879</u>	<u>-</u>	<u>1,962,791</u>	<u>11,567,429</u>
Co-curricular student activities	841,455	-	-	157,684	999,139
Community services	15,548	-	-	363,410	378,958
Capital outlay	-	-	16,259,224	-	16,259,224
Debt service:					
Principal retirement	-	740,000	-	40,725	780,725
Interest	-	2,623,412	-	4,228	2,627,640
TOTAL EXPENDITURES	<u>22,427,590</u>	<u>3,406,291</u>	<u>16,259,224</u>	<u>2,898,997</u>	<u>44,992,102</u>
Excess (deficiency) of revenues over expenditures	(2,383,669)	299,263	(15,908,862)	(438,124)	(18,431,392)
OTHER FINANCING SOURCES (USES):					
Other	41,028	-	16,898	-	57,926
Transfers in	-	322,523	456,022	40,000	818,545
Transfers out	(40,000)	(456,022)	(322,523)	-	(818,545)
Proceeds from loans and notes	-	-	18,496,850	152,787	18,649,637
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,028</u>	<u>(133,499)</u>	<u>18,647,247</u>	<u>192,787</u>	<u>18,707,563</u>
Net Change in Fund Balances	(2,382,641)	165,764	2,738,385	(245,337)	276,171
FUND BALANCES AT BEGINNING OF YEAR, as restated					
	719,806	1,355,369	20,028,293	1,153,507	23,256,975
FUND BALANCE AT END OF YEAR	<u>\$ (1,662,835)</u>	<u>1,521,133</u>	<u>22,766,678</u>	<u>908,170</u>	<u>23,533,146</u>

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

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

Net Changes in Fund Balances - Total Governmental Funds	\$ 276,171
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	15,124,631
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	364,008
Repayment of bond and installment loan principal are an expenditure in governmental fund, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	780,725
Proceeds from issuance of long-term obligations are revenue in the governmental fund, but the proceeds increase long-term liabilities in the statement of net assets and does not result in revenue in the statement of activities	(18,649,637)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due.	(136,752)
Accretion of interest on general obligation bonds	(410,547)
The expense related to compensated absences reported in the statement of activities does require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	31,859
Change in Net Assets of Governmental Activities	<u>\$ (2,619,542)</u>

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

NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2003

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 185,917</u>
Total assets	<u>\$ 185,917</u>
LIABILITIES	
Accounts Payable	\$ 16,316
Due to Others	169,601
Total liabilities	<u>\$ 185,917</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

Average daily membership (ADM) as of October 1, 2002 was 2,567. The District employed 228 certified employees and 158 non-certificated employees. The District co-operates with the Franklin County Educational Service Center, a separate entity, for curricular services.

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

Reporting Entity:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Government-wide and fund financial statements

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

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

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

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

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

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

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. On the government-wide financial statements delinquent taxes are also recorded as revenue,

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

The District reports the following major governmental funds:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Additionally, the District reports the following fund types:

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

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

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

C. Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. During fiscal year 2003, investments were limited to STAR Ohio, repurchase agreements, and federal agency securities. 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 2003. 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, 2003.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$83,385.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Inventory

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

E. Capital Assets and Depreciation

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than one year. The District does not possess any infrastructure.

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

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

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

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

G. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences (Continued)

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

H. Accrued Liabilities and Long-Term Obligations

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

I. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District for the purchase of textbooks, and to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

J. Fund Balance Reserves

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

The reserve for future appropriations 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.

K. Estimates

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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 \$2,371,835 and the bank balance was \$2,398,675. Of the bank balance, \$100,000 was covered by federal depository insurance and \$2,298,675 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.

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 \$20,970,544, 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	\$5,991,558	\$5,991,558	\$5,991,558
STAR Ohio		20,970,544	20,970,544
Total Investments		\$26,962,102	\$26,962,102

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The reconciliation between classifications of cash and cash equivalents, and investments on the 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	\$29,343,987	
Cash on Hand	(10,050)	
Investments:		
Federal Agency Securities	(5,991,558)	\$5,991,558
STAR Ohio	(20,970,544)	20,970,544
GASB Statement 3	\$2,371,835	\$26,962,102

NOTE 4 - PROPERTY TAXES

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

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

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

The District receives property taxes from Franklin and Licking Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2003, are available to finance fiscal year 2003 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, 2003. 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, 2003, was approximately \$120,500 in the General Fund, \$27,200 in the Bond Retirement Debt Service Fund and \$6,150 in the Permanent Improvement Capital Projects Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 4 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2003 taxes were collected are:

	2002 Second- Half Collections		2003 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$491,506,710	94%	\$596,861,820	94%
Public Utility	15,888,270	3%	19,266,230	3%
Tangible Personal Property	15,890,938	3%	16,211,946	3%
Total Assessed Value	<u>\$523,285,918</u>	<u>100%</u>	<u>\$632,339,996</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$54.03		\$52.17	

NOTE 5 - RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, interest, non-profit grant, and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:	
Taxes current	\$18,494,000
Taxes delinquent	880,700
Interest	28,211
Non-profit grant	152,787
Other	<u>20,454</u>
Total receivable	<u>\$ 19,576,152</u>

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2003, consist of the following:

Governmental Activities:	
Federal	\$ 33,629
State	<u>63</u>
Total	<u>\$ 33,692</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 7 – CAPITAL ASSETS

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

	Balance June 30, 2002	Additions	Disposals	Transfers	Balance June 30, 2003
<u>Governmental Activities Cost</u>					
Land	\$ 5,574,945	\$ -	\$ -	\$ -	\$ 5,574,945
Building and improvements	48,696,839	42,393	-	21,802,531	70,541,763
Furniture, fixtures and equipment	5,519,016	648,573	2,999	-	6,164,590
Buses, autos and trucks	1,654,072	357,389	34,913	-	1,976,548
Construction in progress	21,802,531	16,737,523	-	(21,802,531)	16,737,523
Total at cost	<u>83,247,403</u>	<u>17,785,878</u>	<u>37,912</u>	<u>-</u>	<u>100,995,369</u>
<u>Less accumulated depreciation</u>					
Building and improvements	6,507,561	1,821,456	-	-	8,329,017
Furniture, fixtures and equipment	2,478,669	669,298	299	-	3,147,668
Buses, autos and trucks	874,598	167,793	34,913	-	1,007,478
Total accumulated depreciation	<u>9,860,828</u>	<u>2,658,547</u>	<u>35,212</u>	<u>-</u>	<u>12,484,163</u>
Capital assets, net	<u>\$ 73,386,575</u>	<u>\$ 15,127,331</u>	<u>\$ 2,700</u>	<u>\$ -</u>	<u>\$ 88,511,206</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 2,226,811
Special	8,832
Support services:	
Operation and maintenance of plant	68,806
School administration	18,744
Pupils	5,379
Business operations	1,268
Instructional staff	62,251
Food services	20,314
Central	1,820
Student transportation	182,989
Co-curricular student activities	58,784
Community services	2,549
Total depreciation	<u>\$ 2,658,547</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 7 – CAPITAL ASSETS (Continued)

Construction in progress at June 30, 2003 is related to construction involving the K-1 Elementary, High School Athletic Building and the High School Academic Building.

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 2003, the District's insurance coverage was as follows:

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

For fiscal year 2003 the insurance for buildings and contents were significantly less than the carrying cost of these items. For fiscal year 2004, the District reassessed its insurance needs and has obtained additional coverage for Building and Contents.

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

For fiscal year 2003, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$470,803, \$394,456, and \$332,753 respectively; 63% percent has been contributed for fiscal year 2003, and 100% has been contributed for fiscal years 2002 and 2001.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$1,439,244, \$1,251,685, and \$1,041,868, respectively; 84% percent has been contributed for fiscal year 2003, and 100% has been contributed for fiscal years 2002 and 2001.

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, 2003, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 2002, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000.

For SERS, coverage is made available to service retirees with ten or more fiscal 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.

For this fiscal year, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were \$182,946,777.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

NOTE 12 - LONG-TERM OBLIGATIONS

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

As of June 30, 2003, the District had three general obligation bonds outstanding and one general obligation note outstanding. This debt was issued for general government activities, specifically, the construction and renovation of school buildings. The issues are as follows:

Building Construction General Obligation Bonds - On June 1, 1998, the Plain Local School District issued \$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.

Building Construction General Obligation Bonds - On January 1, 2002, the Plain Local School District issued \$51,110,000 in voted general obligation bonds for the purpose of an addition and improvement to the high school building. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2030. The bonds will be retired from the debt service fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

Improvement Notes - On February 20, 2003, the Plain Local School District issued \$18,496,850 in voted general obligation notes for the purpose of constructing and furnishing a new elementary school as well as additional improvements to the High School Campus. The notes were subsequently bonded in July 2003. As such these notes are recorded as long-term liabilities in the related statement of net assets. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2031. The bonds will be retired from the debt service fund.

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

	Balance June 30, 2002, as restated	Additions	Reductions	Balance June 30, 2003
General obligation bonds payable	\$ 68,421,194	\$ 410,547	\$ 740,000	68,091,741
General obligation notes payable	-	18,496,850	-	18,496,850
Installment loan obligation	-	152,787	40,725	112,062
Long-Term liabilities per statement of net assets	<u>68,421,194</u>	<u>19,060,184</u>	<u>780,725</u>	<u>86,700,653</u>
Accrued liabilities (accrued vacation and sick leave)	765,202	-	71,632	693,570
	<u>\$ 69,186,396</u>	<u>\$ 19,060,184</u>	<u>\$ 852,357</u>	<u>\$ 87,394,223</u>

Amounts Due In One Year

General obligation bonds payable	\$ 461,850
Installment loan obligation	50,585
General obligation notes payable	<u>50,000</u>
	<u>\$ 562,435</u>

Additions and deletions of accrued vacation and sick leave are shown net, since it is impracticable for the District to determine these amounts separately. The District employees are granted vacation and sick leave in varying amounts.

Additionally, the District issued and retired \$1,810,000 in short term tax anticipation notes in fiscal 2003.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

Principal (including accretion) and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2003, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 511,850	\$ 4,017,691
2005	875,481	3,992,521
2006	1,408,672	4,253,520
2007	2,124,968	4,341,011
2008	1,322,855	5,117,277
2009-2013	11,862,840	24,224,716
2014-2018	21,705,920	16,330,238
2019-2023	20,150,000	9,313,643
2024-2028	20,076,005	6,595,658
2029-2031	6,550,000	460,844
Total	<u>\$ 86,588,591</u>	<u>\$ 78,647,119</u>

Accretion

Capital appreciation bonds were issued with the Various Purpose Bonds – 2000 and the Building Construction General Obligation Bonds – 2002. These bonds were purchased at a discount at the time of issuance and at maturity all compound interest is paid to the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases the accretion is booked as principal. The fiscal year 2003 amount of accretion for the 2000 and 2002 Bonds is \$201,416 and \$209,131 respectfully.

Advance Refunding

The School District defeased certain School Construction and Improvement Bonds and notes by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. As of June 30, 2003, \$32,400,388 bonds outstanding are considered defeased.

NOTE 13 – INSTALLMENT LOAN OBLIGATION

The District entered into an installment loan obligation as part of a grant/contribution agreement with Fitness America. The District received Physical Education equipment valued in amount of \$152,787. As part of this agreement the District was required to take out a loan of this amount and make the initial payment for such equipment. As the District makes it principal and interest payment on this loan, the District is reimbursed by Fitness America for equal amounts.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 13 – INSTALLMENT LOAN OBLIGATION (Continued)

The District's future minimum loan payments under this obligation as of June 30, 2003 are as follows:

Year ending June 30,	Loan
2004	\$ 53,943
2005	53,943
2006	8,990
Total minimum loan payments	116,876
Less: amounts representing interest	4,814
Present value of minimum loan payments	\$ 112,062

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

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

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

NOTE 15 - INSURANCE PURCHASING POOL

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 16 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2003.

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2002	\$236,853	\$32,842	\$315,640	
Current Year Set-aside Requirement	307,726	307,726		
Qualifying Disbursements	<u>(491,941)</u>	<u>(424,870)</u>	<u>(250,000)</u>	
Total	<u>\$52,638</u>	<u>\$(84,302)</u>	<u>\$65,640</u>	
Cash Balance Carried Forward to FY 2004	<u>\$52,638</u>	<u>\$0</u>	<u>\$65,640</u>	
Total Restricted Assets				<u>\$118,278</u>

NOTE 18 – STATE SCHOOL FUNDING DECISION

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT

Effective July 1, 2002, the District adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Disclosures*.

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments. Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but aggregate all of the District’s governmental activities on the statement of net assets and statement of activities. Significantly, the District’s statement of net assets includes both noncurrent assets and noncurrent liabilities of the District, which were not recorded in the fund financial statements. In addition, the government-wide statement of activities reflects the effect of depreciation expenses on the District’s capital assets.

In addition to the government-wide financial statements, the District has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus for governmental funds. Accordingly, the accounting and financial reporting for the District’s General Fund, Special Revenue Funds, Debt Service, and Capital Projects Funds is similar to that previously presented in the District’s financial statements, although the format of financial statements has been modified by Statement No. 34.

Statement No. 34 also requires as supplemental information Management’s Discussion and Analysis, which includes an analytical overview of the District’s financial activities. In addition, budgetary comparison statements are presented that compare the adopted and modified budget with actual results for the General fund.

For the Governmental Funds, Statement No. 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34. While this Statement did not affect amounts reported in the financial statements of the District, certain note disclosures have been added and/or amended, including descriptions of activities of major funds, violations of legal or contractual provisions, future debt service and lease obligations in five-year increments, short-term obligations, interest rates, and interfund balances and transactions.

Effective July 1, 2002, the District adopted the provisions of GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This Interpretation clarifies that long-term indebtedness, including debt issues, compensated absences, and claims and judgments, should be recorded as a fund liability in governmental funds when they mature (i.e., are due) and unmatured liabilities should only be reported as long-term liabilities in the government-wide statement of net assets. There was no financial statement effect of adopting this Interpretation for the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT (Continued)

The beginning net asset amount for the governmental funds at June 30, 2002, represents fund balance for the combined governmental funds adjusted as follows:

Total Governmental Fund Balances at June 30, 2002, as restated	\$ 23,256,975
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	73,386,575
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	638,651
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Intergovernmental Payable includes contractually required pension contribution not expected to be paid with available expendable resources and, therefore, not reported in the funds	(152,267)
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Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Interest payable	(193,605)
Compensated absences	(765,202)
Bonds payable	(68,421,194)

Net Assets of Governmental Activities, as restated	<u><u>\$ 27,749,933</u></u>
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In conjunction with the restatement above the District reclassified the Food Service fund, the Uniform School Supplies Fund, and Rotary Fund (collectively Enterprise Funds) to Special Revenue Funds, and the Expendable Trust and Other Fund monies to a Special Revenue Fund. Additionally, the District overpaid interest on debt service in the prior year that was refunded in 2003:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT (Continued)

Total Governmental Fund		
Balances at June 30, 2002, as previously recorded		\$ 22,307,454
Restatements:		
Fund reclasses:		
Enterprise Funds		127,618
Internal Service Fund		26,435
Expendable Trust		2,543
Other Funds		22,225
Return of debt service interest payment in 2002		770,700
 Total Governmental Fund		
Balances at June 30, 2002, as restated		<u>\$ 23,256,975</u>

Additionally, the District restated Capital Debt in the beginning of the year as follows in order to properly accrete interest on below market debt:

	Long-Term Debt
Balance at June 30, 2002	\$ 67,989,709
Restatement	431,485
Balance as restated	<u>\$ 68,421,194</u>

NOTE 20 – FUND DEFICIT

The general fund deficit of \$1,662,835 is the result of the application of generally accepted accounting principles, whereas certain expenditures are recognized in advance of funding. On a budgetary basis the District had a positive balance of \$1,357,886.

NOTE 21 – COMPLIANCE

A. Compliance

Ohio Revised Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit balance in any fund indicates that the money from another fund or funds has been used to pay the obligations of the fund or funds that carry the deficit balance.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

NOTE 21 – COMPLIANCE (Continued)

A. Compliance

The following funds had significant negative fund balances in the District's accounting records at different points throughout the year:

Fund	Maximum Negative Fund Balance
Bond Retirement Fund	(\$1,810,000)
K-1/HS Bond Retirement Fund	(\$1,161,788)
K-1 Construction Fund	(\$1,003,217)
HS Academic Exp Fund	(\$857,054)
General Fund	(\$539,054)
HB 412 Capital Maint Fund	(\$176,742)
Title VI-B	(\$36,508)
HS Athletics	(\$27,644)
VEPD High School	(\$14,095)

Ohio Revised Code section 5705.41(B) requires that budgetary expenditures be within Board approved appropriations during the fiscal year. Throughout the audit period, the District had budgetary expenditures (disbursements plus outstanding encumbrances) exceeding appropriations within the following funds (maximum amount noted):

Fund	Amount Appropriated	Amount of Expenditures	Variance
004 HS. Acad. Exp.	\$1,082,301	\$4,006,144	(\$2,923,844)
002 Bond Retirement	\$0	\$1,810,000	(\$1,810,000)
004 K-1/HS Exp. Const	\$20,765,694	\$20,985,369	(\$135,525)
003 Perm Improvement	\$986,656	\$1,168,505	(\$181,849)
401 Cols Jewish Day School	\$0	\$41,595	(\$41,595)
499 Entry Yr. Grant FY 03	\$0	\$14,000	(\$14,000)
200 ES Library	\$15,859	\$27,500	(\$11,641)

NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)

NOTE 21 – COMPLIANCE (Continued)

A. Compliance (Continued)

The School District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

NOTE 22 – CONTINGENCIES

A. Litigation

The District is a party to a legal proceeding. The District is conducting legal inquiries into this matter. At June 30, 2003, investigation and settlement negotiations are ongoing. In the opinion of management, the settlement will not have a material effect on the financial statements.

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

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	\$ 15,616,386	\$ 15,642,906	\$ 15,642,906	\$ -
Revenue in lieu of taxes	1,049,349	957,439	957,439	-
Investment income	198,944	85,485	85,485	-
Tuition fees	66,095	47,053	47,053	-
Miscellaneous	304,205	269,898	269,898	-
State sources	3,582,249	3,546,390	3,546,390	-
TOTAL REVENUES	20,817,228	20,549,171	20,549,171	-
EXPENDITURES:				
Instructional services:				
Regular	9,541,414	9,169,879	9,169,879	-
Special	1,963,780	1,464,006	1,464,006	-
Other instructional	-	587,886	587,886	-
TOTAL INSTRUCTIONAL SERVICES	11,505,194	11,221,771	11,221,771	-
Support services:				
Pupils	1,299,177	1,128,718	1,128,718	-
Instructional staff	939,320	775,470	775,470	-
Board of Education	62,456	51,040	51,040	-
School administration	1,799,927	1,766,267	1,766,267	-
Fiscal services	845,164	693,136	693,136	-
Operation and maintenance of plant	2,848,987	2,395,818	2,395,818	-
Student transportation	1,364,733	1,205,303	1,205,303	-
Central services	98,540	115,333	115,333	-
TOTAL SUPPORT SERVICES	9,258,304	8,131,085	8,131,085	-
Community services	-	16,783	16,783	-
Co-curricular activities	960,233	799,590	799,590	-
Other non instruction services	531,996	503,871	503,871	-
TOTAL EXPENDITURES	22,255,727	20,673,100	20,673,100	-
Excess (deficiency) of revenues over expenditures	(1,438,499)	(123,929)	(123,929)	-
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of notes	-	1,810,000	1,810,000	-
Transfers in	-	250,000	250,000	-
Transfers out	-	-	-	-
Transfers out	-	(2,160,000)	(2,160,000)	-
Refund of prior year expenditures (receipts)	6,303	41,028	41,028	-
TOTAL OTHER FINANCING SOURCES (USES)	6,303	(58,972)	(58,972)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,432,196)	(182,901)	(182,901)	-
Prior year encumbrances appropriated	211,781	211,781	211,781	-
FUND BALANCES AT BEGINNING OF YEAR	1,329,006	1,329,006	1,329,006	-
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 108,591	\$ 1,357,886	\$ 1,357,886	\$ -

See notes to the required supplementary schedule.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2003**

A. Budgetary Process

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

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

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

Tax Budget:

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

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

Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, and function, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2003
(Continued)**

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

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

NOTE B - RECONCILING BUDGET BASIS AND GAAP

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

The major differences between the budgetary basis of accounting and GAAP are that:

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

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

Net Change in Fund Balance	\$ (2,382,641)
Adjustments	
Due to revenues	505,250
Due to expenditures	1,754,490
Due to other financing sources	(60,000)
Excess of revenues and other financing sources over expenditures and other financing uses (Budget Basis)	<u>\$ (182,901)</u>

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

New Albany-Plain Local School District
Franklin County
99 West Main Street, 2nd Floor
New Albany, Ohio 43054

To the Board of Education:

We have audited the basic financial statements of the New Albany-Plain Local School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated May 20, 2004, wherein we noted the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 - 2003-004. We also noted certain immaterial instances of non-compliance that we have reported to the management of the District in a separate letter dated May 20, 2004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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.

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

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 May 20, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 20, 2004

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

**SCHEDULE OF FINDINGS
JUNE 30, 2003**

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

Finding Number	2003-001
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Negative Fund Balances

Ohio Rev. Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit balance in any fund indicates that the money from another fund or funds has been used to pay the obligations of the fund or funds that carry the deficit balance.

Although no negative variances were noted at June 30, 2003, the District had several funds during the fiscal year that had negative fund balances indicating that money from one fund was used to cover the expenses of another fund. The following funds had significant negative fund balances in the District's accounting records at different points throughout the year:

Fund	Maximum Negative Fund Balance
Bond Retirement Fund	(\$1,810,000)
K-1/HS Bond Retirement Fund	(\$1,161,788)
K-1 Construction Fund	(\$1,003,217)
HS Academic Exp Fund	(\$857,054)
General Fund	(\$539,342)
HB 412 Capital Maint Fund	(\$167,742)
Title VIB	(\$36,508)
HS Athletics	(\$27,644)
VEPD High School	(\$14,095)

We recommend that the Treasurer review cash fund balances of all funds on a periodic basis. If advances or transfers from the General Fund are needed to cover cash flow needs, the Treasurer should seek a Board resolution to cover any cash shortfalls in a timely manner.

Finding Number	2003-002
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Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states in part that no subdivision or taxing unit is to make any expenditure of money unless it has been appropriated as provided in such chapter. Although no adverse variances were noted at June 30, 2003, throughout the audit period, the District had budgetary expenditures (disbursements plus outstanding encumbrances) exceeding appropriations within the following funds (maximum amount noted):

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

**SCHEDULE OF FINDINGS
JUNE 30, 2003
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2003-002 (Continued)
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Expenditures Exceeding Appropriations (Continued)

<u>Fund</u>	<u>Amount Appropriated</u>	<u>Amount of Expenditures</u>	<u>Variance</u>
004 HS Acad. Exp.	\$1,082,301	\$4,006,144	(\$2,923,844)
002 Bond Retirement	\$0	\$1,810,000	(\$1,810,000)
004 K-1/HS Exp. Const	\$20,765,694	\$20,985,369	(\$135,526)
003 Perm Improvement	\$986,656	\$1,168,505	(\$181,849)
401 Cols Jewish Day School	\$0	\$41,595	(\$41,595)
499 Entry Yr. Grant FY03	\$0	\$14,000	(\$14,000)
200 ES Library Fund	\$15,859	\$27,500	(\$11,641)

The Treasurer should periodically compare actual disbursements plus outstanding encumbrances to appropriations to avoid potential overspending.

Finding Number	2003-003
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Finding For Recovery Repaid Under Audit – Athletic Event

A ticket reconciliation form is used to account for all tickets sold at the District's athletic events. The reconciliation forms are completed by the Athletic Director's secretary, Mary Ferguson. Upon completion of the form, she either initials the form or applies the Athletic Director's signature stamp. Then the Athletic Director reviews the form for accuracy. The beginning and ending numerical ticket stubs are stapled to the ticket reconciliation sheet to support actual tickets sold. The ticket reconciliation for the Varsity Football Game against Millersport on October 25, 2002 did not report the correct amount of student tickets sold based on the beginning and ending tickets stapled to the form.

Ohio Rev. Code Section 9.39 states all "public officials are liable for all public money received or collected by them or by their subordinates under color of office."

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

**SCHEDULE OF FINDINGS
JUNE 30, 2003
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding Number	2003-003 (Continued)
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Finding For Recovery Repaid Under Audit – Athletic Event (Continued)

Ticket Type	Beginning Ticket Number (sold)	Ending Ticket Number (sold)	Recalculated # of Tickets Sold Based on Ticket Stubs	Price per Ticket	Recalculated Receipts	# of Tickets recorded on Ticket Reconciliation	Receipts Deposited	\$ Variance
Adult	4114121	4114142	22					
Adult	3114996	3115113	118					
Adult	2198407	2198412	6					
	TOTAL ADULT		146	\$5	\$730	146	\$730	\$0
Student	5537222	5537244	23					
Student	2750971	2751078	108					
Student	5351048	5351054	7					
	TOTAL STUDENT		138	\$3	\$414	38	\$114	(\$300)

This finding was repaid February 19, 2004, by Max Ness, Athletic Director, in the amount of \$300 as noted above, in the favor of the District's Athletic Fund (300).

Finding Number	2003-004
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Finding For Recovery Repaid Under Audit– Food Service

From review of the Non-Teaching Employee's Limited Contract with Denise Kelly, Food Service Worker, it was noted that Ms. Kelly was to be paid under a 188 day contract, commencing August 26, 2002, for 3.5 hours a day, at Step 4 (\$9.57/hr) per the negotiated agreement. From review of the payroll ledgers, Ms. Kelly was actually paid at Step 5 (\$9.77/hr). The resulting difference was a \$131.60 over payment to Ms. Kelly.

This finding is being repaid by a reduction of salary for the remainder of the fiscal year beginning November 7, 2003.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-10625-001	Student Activities Supporting Documentation	No	Partially corrected; Carried forward in the Management Letter.
2002-10625-002	Maintaining Source Documentation – Food Service Register Tapes	Yes	
2002-10625-003	Lack of payroll monitoring controls	Yes	



**Auditor of State
Betty Montgomery**

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NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 6, 2004**