

**NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT**  
**FRANKLIN COUNTY**  
**SINGLE AUDIT**  
**JULY 1, 2005 - JUNE 30, 2006**





Mary Taylor, CPA  
Auditor of State

Board of Education  
New Albany - Plain Local School District  
55 North High Street  
New Albany, Ohio 43054

We have reviewed the *Independent Auditors' Report* of the New Albany - Plain Local School District, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 8, 2007

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

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

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Board of Education  
New Albany - Plain Local School District  
55 North High Street  
New Albany, Ohio 43054

## INDEPENDENT AUDITORS' REPORT

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 fiscal year ended June 30, 2006, 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 the New Albany - Plain Local School District, Franklin County, Ohio as of June 30, 2006, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

New Albany-Plain Local School District  
Franklin County  
Independent Auditors' Report

Management's Discussion and Analysis and the budgetary comparison schedule for the general fund are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
November 16, 2006

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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, 2006. 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 \$17,978,785 as of June 30, 2006. This represents a decrease of \$2,183,074 or 10.83% as compared to last year.

On February 7, 2006 the voters approved a 3year \$17.9 million operating levy. The five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through fiscal 2010, with a need to pass a new levy by the end of fiscal 2010.

The General Fund reported a fund balance of \$4,630,164. On the budgetary basis of accounting the General Fund had a positive balance of \$4,094,521.

**Reporting the District as a Whole**

*The Statement of Net Assets and Statement of Activities*

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

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

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

*Fund Financial Statements*

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

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (continued)**

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 Assets and Liabilities, 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 \$17,978,785 according to the Statement of Net Assets at the close of the most recent fiscal year.

A comparative analysis of fiscal year 2006 to 2005 follows from the Statements of Net Assets:

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
<u>Assets</u>		
Current and other assets	\$39,944,857	\$38,469,394
Capital assets	<u>97,039,298</u>	<u>99,428,001</u>
Total assets	<u>136,984,155</u>	<u>137,897,395</u>
<u>Liabilities</u>		
Current liabilities	28,585,052	27,060,666
Long-term liabilities	<u>90,420,318</u>	<u>90,674,870</u>
Total liabilities	<u>119,005,370</u>	<u>117,735,536</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	8,062,788	9,761,660
Restricted	5,612,613	5,711,367
Unrestricted	<u>4,303,384</u>	<u>4,688,832</u>
Total net assets	<u><u>\$17,978,785</u></u>	<u><u>\$20,161,859</u></u>

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (continued)**

A comparative analysis of fiscal year 2006 to 2005 follows from the Statements of Activities:

**New Albany-Plain Local School District  
Change in Net Assets  
Governmental Activities**

	<b>2006</b>	<b>2005 (Restated)</b>
<b>Program Revenues:</b>		
Charges for Services and Sales	\$1,789,663	\$1,581,138
Operating Grants and Contributions	792,631	749,445
<b>General Revenues:</b>		
Property Taxes	33,802,785	33,016,066
State Entitlements	5,810,090	5,626,236
Investment Earnings	509,807	288,804
Other	829,738	675,707
Total Revenues	<u>43,534,714</u>	<u>41,937,396</u>
<b>Special Item</b>	-	(5,000,000)
<b>Expenses:</b>		
Instructional	23,316,064	21,309,382
Support Services	15,597,646	14,252,124
Co-curricular Student Activities	2,015,437	1,871,668
Community Services	347,935	340,469
Interest on Long-Term Debt	4,440,706	4,422,419
Total Expenses	<u>45,717,788</u>	<u>42,196,062</u>
Change in Net Assets	<u>(\$2,183,074)</u>	<u>(\$5,258,666)</u>

*Governmental Activities*

Net assets of the District's governmental activities decreased by \$2,183,074. The decrease in net assets is related to the increase in expenditures over the prior year. This increase is mostly due to salary and benefits related to the additional staff hired in 2006, along with normal raises and increased health insurance premiums associated with existing staff. The special item in 2005 was a contribution made by the District to the Performing Arts Joint Venture in the amount of \$5,000,000.

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

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (continued)**

General revenues including tax revenue, investment earnings, and unrestricted State entitlements must support the net cost of program services.

	<u><b>Total Cost of Services 2006</b></u>	<u><b>Net Cost of Services 2006</b></u>	<u><b>Total Cost of Services 2005</b></u>	<u><b>Net Cost of Services 2005</b></u>
Instruction	\$23,316,064	\$22,652,843	\$21,309,382	\$20,761,257
Support Services	15,597,646	14,388,726	14,252,124	13,165,338
Co-curricular Student Activities	2,015,437	1,537,656	1,871,668	1,451,954
Community Services	347,935	115,563	340,469	64,511
Interest on Long-Term Debt	4,440,706	4,440,706	4,422,419	4,422,419
<b>Total Expenses</b>	<u><b>\$45,717,788</b></u>	<u><b>\$43,135,494</b></u>	<u><b>\$42,196,062</b></u>	<u><b>\$39,865,479</b></u>

Local property taxes make up 78% of total revenues for governmental activities. The net services column reflecting the need for \$43,135,494 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 \$10,270,915, which represents a decrease of \$343,172 as compared to last year's total of \$10,614,087 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, 2006 to 2005.

	<u><b>Fund Balance at June 30, 2006</b></u>	<u><b>Fund Balance at June 30, 2005</b></u>	<u><b>Increase (Decrease)</b></u>
General Fund	\$ 4,630,164	\$ 4,907,361	\$ (277,197)
Bond Retirement Fund	3,953,848	3,124,962	828,886
Building Fund	305,266	1,091,880	(786,614)
Other Governmental Funds	1,381,637	1,489,884	(108,247)
<b>Total</b>	<u><b>\$ 10,270,915</b></u>	<u><b>\$ 10,614,087</b></u>	<u><b>\$ (343,172)</b></u>

*General Fund*

The District's General Fund balance decreased as a result of expenditures increases outpacing revenues increases as expected.

<b>Revenues</b>	<u><b>2006</b></u>	<u><b>2005 (Restated)</b></u>	<u><b>% Change</b></u>
Property taxes	\$ 26,804,482	\$ 26,326,024	1.82%
Intergovernmental	5,027,029	4,907,788	2.43%
Investment income	385,596	165,309	133.26%
Other revenue	774,349	567,633	36.42%
<b>Total</b>	<u><b>\$ 32,991,456</b></u>	<u><b>\$ 31,966,754</b></u>	<u><b>3.21%</b></u>

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (continued)**

**Expenditures by Function**

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Instructional services	\$ 19,020,206	\$ 16,057,162	18.45%
Support services	13,057,773	12,256,059	6.54%
Co-curricular student activities	992,527	932,215	6.47%
Community services	111,583	94,601	17.95%
Total	<u>\$ 33,182,089</u>	<u>\$ 29,340,037</u>	<u>13.09%</u>

Revenues are up 3 % as expected, while expenditures increased 13% over the prior year. Expenditure increases are due to salary and benefits related to the additional staff hired in 2006, 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>2006</u>	<u>2005</u>	<u>% Change</u>
Property taxes	\$ 5,650,060	\$ 5,121,540	10.32%
Intergovernmental	645,506	582,291	10.86%
Other revenue	1,332	-	100.00%
Total	<u>\$ 6,296,898</u>	<u>\$ 5,703,831</u>	<u>10.40%</u>

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

**Expenditures by Function**

	<u>2006</u>	<u>2005</u>	<u>% Change</u>
Support services	\$ 44,831	\$ 42,496	5.49%
Debt Service:			
Principal repayment	1,296,836	755,000	71.77%
Interest	4,126,345	3,995,038	3.29%
Bond issuance cost	273,023	-	100.00%
Total	<u>\$ 5,741,035</u>	<u>\$ 4,792,534</u>	<u>19.79%</u>

*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 and investment income. The tables that follow assist in illustrating the financial activities and balance of the Building Fund.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (continued)**

**Revenues**

	<b>2006</b>	<b>2005</b>	<b>% Change</b>
Investment Income	\$ 112,505	\$ 116,264	-3.23%
Total	<u>\$ 112,505</u>	<u>\$ 116,264</u>	<u>-3.23%</u>

As the table below indicates, the Building Fund expenditures are primarily for capital outlay noting the decrease is based on the completion of prior year building project.

**Expenditures by Function**

	<b>2006</b>	<b>2005</b>	<b>% Change</b>
Business operations	\$ -	\$ 167,000	-100.00%
Capital outlay	899,119	6,141,341	-85.36%
Total	<u>\$ 899,119</u>	<u>\$ 6,308,341</u>	<u>-85.75%</u>

*Other Governmental Funds*

Other governmental funds consist of Special Revenue and other Capital Projects funds. Fund balance in these funds decreased by \$108,247.

**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, cash 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 \$97,039,298 invested in capital assets net of depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

**Debt**

On November 9, 2005, the District issued \$6,760,000 in general obligation refunding bonds for the purpose of advance refunding a portion of the 1998 bond issue. The bonds were issued for a twelve year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$343,799.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006 (continued)**

On January 26, 2006, the District issued \$9,184,993 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 bonds. The bonds were issued for a twenty-four year period with final maturity at December 1, 2029. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$485,568.

On June 30, 2006, the District had \$88,911,918 in bonds and notes outstanding. The District paid \$1,296,836 in principal during the fiscal year related to this debt. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

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

**Restrictions and Other Limitations**

The District faces various challenges with being one of the fastest growing school districts in the State. The District has been fortunate over the years to be able to manage the growth pattern while maintaining the educational program and facilities. However, the future financial stability of the District is not without challenges. The District has been on the ballot 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, 55 North High Street, New Albany, Ohio 43054.

**NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 9,187,330
Restricted cash and cash equivalents	65,640
Receivables	30,405,479
Inventory	21,926
Deferred charges	264,482
Capital assets:	
Land and construction in progress	2,997,172
Depreciable capital assets, net of accumulated depreciation	94,042,126
<b>TOTAL ASSETS</b>	<u>136,984,155</u>
<b>LIABILITIES:</b>	
Accounts payable	653,426
Due to other governments	720,515
Unearned revenue	23,151,000
Accrued liabilities	3,829,519
Accrued interest payable	230,592
Long-term liabilities:	
Due within one year	2,606,646
Due in more than one year	87,813,672
<b>TOTAL LIABILITIES</b>	<u>119,005,370</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	8,062,788
Restricted for:	
Capital projects	902,304
Debt service	3,931,256
Other purposes	779,053
Unrestricted	4,303,384
<b>TOTAL NET ASSETS</b>	<u>\$ 17,978,785</u>

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

**NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	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	\$ 18,617,609	\$ 123,412	\$ 4,000	\$ (18,490,197)
Special	3,068,394	-	524,609	(2,543,785)
Vocational	1,618,861	-	-	(1,618,861)
Continuing	11,200	-	11,200	-
Support services:				
Operation and maintenance of plant	4,224,973	-	-	(4,224,973)
School administration	2,910,372	-	-	(2,910,372)
Instructional staff	1,344,769	-	3,925	(1,340,844)
Pupils	1,650,364	-	-	(1,650,364)
Non-Instructional services	623,572	-	-	(623,572)
Business operations	1,177,380	-	-	(1,177,380)
Student transportation	2,328,809	-	18,608	(2,310,201)
Food service	1,075,574	995,407	114,393	34,226
Central services	183,340	-	76,587	(106,753)
General administration	78,493	-	-	(78,493)
Co-curricular student activities	2,015,437	477,781	-	(1,537,656)
Community services	347,935	193,063	39,309	(115,563)
Interest on debt	4,440,706	-	-	(4,440,706)
<b>Total Governmental Activities</b>	<b>\$ 45,717,788</b>	<b>\$ 1,789,663</b>	<b>\$ 792,631</b>	<b>(43,135,494)</b>
General revenues:				
Property taxes				33,802,785
Grants and entitlements not restricted to specific programs				5,810,090
Investment earnings				509,807
Miscellaneous				829,738
<b>Total general revenues</b>				<b>40,952,420</b>
Change in net assets				(2,183,074)
Net Assets Beginning of Year				20,161,859
Net Assets End of Year				\$ 17,978,785

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

**NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	GENERAL	BOND RETIREMENT FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 4,480,787	\$ 2,786,848	\$ 305,916	\$ 1,613,779	\$ 9,187,330
Restricted cash and cash equivalents	65,640	-	-	-	65,640
Receivables:					
Property taxes	23,397,000	5,756,000	-	1,177,000	30,330,000
Other	74,979	-	-	500	75,479
Inventory	-	-	-	21,926	21,926
<b>TOTAL ASSETS</b>	<b>\$ 28,018,406</b>	<b>\$ 8,542,848</b>	<b>\$ 305,916</b>	<b>\$ 2,813,205</b>	<b>\$ 39,680,375</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 204,467	\$ -	\$ 650	\$ 448,309	\$ 653,426
Due to other:					
Governments	705,043	-	-	15,472	720,515
Deferred revenue	18,711,000	4,589,000	-	906,000	24,206,000
Accrued liabilities	3,767,732	-	-	61,787	3,829,519
<b>TOTAL LIABILITIES</b>	<b>23,388,242</b>	<b>4,589,000</b>	<b>650</b>	<b>1,431,568</b>	<b>29,409,460</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Future appropriations	4,686,000	1,167,000	-	271,000	6,124,000
Encumbrances	286,293	-	11,125	156,699	454,117
Budget stabilization	65,640	-	-	-	65,640
Inventory	-	-	-	21,926	21,926
Unreserved, reported in					
General fund	(407,769)	-	-	-	(407,769)
Special revenue fund	-	-	-	744,243	744,243
Debt service fund	-	2,786,848	-	-	2,786,848
Capital projects fund	-	-	294,141	187,769	481,910
<b>TOTAL FUND BALANCES</b>	<b>4,630,164</b>	<b>3,953,848</b>	<b>305,266</b>	<b>1,381,637</b>	<b>10,270,915</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 28,018,406</b>	<b>\$ 8,542,848</b>	<b>\$ 305,916</b>	<b>\$ 2,813,205</b>	<b>\$ 39,680,375</b>

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

**NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2006**

<b>Total Governmental Fund Balances</b>	<b>\$ 10,270,915</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	97,039,298
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,055,000
Unamortized bond issuance costs are not recognized in the funds.	264,482
Unamortized bond premiums, deferred refunding charges, and accretion on deep discount debt are not recognized in the funds.	(2,979,046)
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	(230,592)
Compensated absences	(1,179,326)
Capital lease obligation	(329,074)
Bonds and notes payable	(85,932,872)
 <b>Net Assets of Governmental Activities</b>	 <b><u><u>\$ 17,978,785</u></u></b>

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

**NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	GENERAL	BOND RETIREMENT FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Property taxes	\$ 26,804,482	\$ 5,650,060	\$ -	\$ 1,307,243	\$ 33,761,785
Intergovernmental:					
Federal restricted grants-in-aid	-	-	-	692,231	692,231
State:					
Unrestricted grants-in-aid	5,018,426	645,506	-	237,955	5,901,887
Restricted grants-in-aid	8,603	-	-	-	8,603
Investment income	385,596	-	112,505	11,706	509,807
Co-curricular activities	52,455	-	-	425,326	477,781
Charges for services	-	-	-	995,407	995,407
Tuition fees	190,033	-	-	281,568	471,601
Other local revenues	531,861	1,332	-	141,419	674,612
<b>TOTAL REVENUES</b>	<b>32,991,456</b>	<b>6,296,898</b>	<b>112,505</b>	<b>4,092,855</b>	<b>43,493,714</b>
<b>EXPENDITURES:</b>					
Current:					
Instructional services:					
Regular	14,880,054	-	-	222,388	15,102,442
Special	2,521,786	-	-	542,651	3,064,437
Vocational	1,618,366	-	-	-	1,618,366
Continuing	-	-	-	11,200	11,200
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>19,020,206</b>	<b>-</b>	<b>-</b>	<b>776,239</b>	<b>19,796,445</b>
Support services:					
Operation and maintenance of plant	3,875,106	-	-	261,610	4,136,716
School administration	2,680,049	-	-	188,671	2,868,720
Instructional staff	1,169,813	-	-	94,228	1,264,041
Pupils	1,503,753	-	-	140,020	1,643,773
Non-instructional services	623,572	-	-	-	623,572
Business operations	1,070,903	44,831	-	33,986	1,149,720
Student transportation	1,961,332	-	-	722,584	2,683,916
Food services	-	-	-	1,088,612	1,088,612
Central services	94,752	-	-	88,588	183,340
General administration	78,493	-	-	-	78,493
<b>TOTAL SUPPORT SERVICES</b>	<b>13,057,773</b>	<b>44,831</b>	<b>-</b>	<b>2,618,299</b>	<b>15,720,903</b>
Co-curricular student activities	992,527	-	-	499,328	1,491,855
Community services	111,583	-	-	236,352	347,935
Capital outlay	-	-	899,119	461,325	1,360,444
Debt service:					
Principal retirement	-	1,296,836	-	74,313	1,371,149
Interest	-	4,126,345	-	16,247	4,142,592
Bond issuance cost from refunding bonds	-	273,023	-	-	273,023
<b>TOTAL EXPENDITURES</b>	<b>33,182,089</b>	<b>5,741,035</b>	<b>899,119</b>	<b>4,682,103</b>	<b>44,504,346</b>
Excess (deficiency) of revenues over expenditures	(190,633)	555,863	(786,614)	(589,248)	(1,010,632)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	86,564	86,564
Transfers out	(86,564)	-	-	-	(86,564)
Refunding bonds issued	-	15,944,993	-	-	15,944,993
Premium from the issuance of refunding bonds	-	1,274,236	-	-	1,274,236
Payment to refunded bond escrow agent	-	(16,946,206)	-	-	(16,946,206)
Capital leases	-	-	-	394,437	394,437
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(86,564)</b>	<b>273,023</b>	<b>-</b>	<b>481,001</b>	<b>667,460</b>
Net Change in fund balances	(277,197)	828,886	(786,614)	(108,247)	(343,172)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>					
	4,907,361	3,124,962	1,091,880	1,489,884	10,614,087
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 4,630,164</b>	<b>\$ 3,953,848</b>	<b>\$ 305,266</b>	<b>\$ 1,381,637</b>	<b>\$ 10,270,915</b>

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

**NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Net Changes in Fund Balances - Total Governmental Funds** \$ (343,172)

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. (2,388,703)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 41,000

Repayment of bond, capital lease and installment loan principal are an expenditure in governmental funds, 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. 1,371,149

Net proceeds from issuance of long-term obligations are revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets and does not result in revenue in the statement of activities (664,922)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. (11,233)

Bond issuance cost and related deferred refunding charges are recognized as expenditures in governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 273,023

Additional interest reported in the statement of activities is due to accreted interest on the capital appreciation bonds. (289,419)

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. (170,797)

**Change in Net Assets of Governmental Activities** \$ (2,183,074)

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2006**

	<u>AGENCY FUND</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 181,003</u>
Total assets	<u><u>\$ 181,003</u></u>
LIABILITIES	
Accounts Payable	\$ 848
Due to Others	<u>180,155</u>
Total liabilities	<u><u>\$ 181,003</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006**

**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, 2005 was 3,436. The District employed 277 certified employees and 185 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 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 a joint venture, three jointly governed organizations and an insurance purchasing pool. These organizations include the New Albany Performing Arts Center, the Metropolitan Education Council, the Eastland Vocational School District, the New Albany-Plain Local Joint Park District, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. 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, 2006  
(Continued)**

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

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

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

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

**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 of 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.

**Revenues - Exchange and Non-exchange Transactions**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006  
(Continued)**

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as intergovernmental revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, is not recognized in governmental funds.

The District reports the following major governmental funds:

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

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

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 which is used to account for student managed accounts.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006  
(Continued)**

**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 2006, investments were limited to STAR Ohio, repurchase agreements, and federal agency securities. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute or as governed by Board policy.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2006.

Investment earnings are allocated as authorized by State statute or as governed by Board policy. Interest revenue credited to the General Fund during the fiscal year amounted to \$385,596.

**D. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the government-wide statements and the purchase method on the fund financial statements.

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

**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 \$5,000 and a useful life of less than one year. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006  
(Continued)**

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

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

**F. Interfund Activity**

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets. The District reported no outstanding interfund loans at June 30, 2006.

**G. Compensated Absences**

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

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for classified employees after 10 years of current service with the District and for certified employees and administrators after 20 years of service, or after 15 years of service and at least 45 years of age, or after 5 years of service and at least 50 years of age. The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources.

**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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006  
(Continued)**

**I. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**J. Fund Balance Reserves**

The 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, future appropriations, and budget stabilization.

The reserve for future appropriations represents taxes recognized as revenue under accounting principles generally accepted in the United States of America 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 the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include instructional activities, grants, and extracurricular activities.

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. There were no extraordinary items during fiscal year 2006. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2005, the District expended \$5,000,000 in accordance with the joint venture entered into with the Village of New Albany, Plains Township, and the New Albany Foundation for the creation of a Performing Arts Center. There were no special items reported by the District at June 30, 2006.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006  
(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 or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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
6. in this division are made through eligible institutions; and

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

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

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.

**Deposits with Financial Institutions**

At June 30, 2006, the carrying amount of all District deposits was \$1,028,437, exclusive of the District's investments included in the table below. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2006, \$957,184 of the District's bank balance of \$1,057,184 was exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Deposit Insurance Corporation.

Additionally, the District had cash on hand in the amount of \$10,100, which is included on the balance sheet and statement of net assets as part of cash and cash equivalents.

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

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

**Investments**

As of June 30, 2006, the District had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities 1 Year or less</u>
Repurchase Agreement	\$ 159,953	\$ 159,953
STAROhio	8,235,483	8,235,483
	<u>\$ 8,395,436</u>	<u>\$ 8,395,436</u>

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

*Credit Risk* The District’s investments, except for the repurchase agreement as discussed above and STAROhio, were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAROhio an AAAM money market rating.

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

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

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2006:

Investments (summarized above)	<u>\$8,395,436</u>
Carrying amount of deposits	1,028,437
Cash on hand	10,100
Less: Fiduciary Fund – Cash and Cash Equivalents	<u>(181,003)</u>
 Total Cash and Cash Equivalents – Statement of Net Assets	 <u>\$9,252,970</u>

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**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, 2006, are available to finance fiscal year 2006 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, 2006. 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, 2006, was \$4,686,000 in the General Fund, \$1,167,000 in the Bond Retirement Fund and \$271,000 in the Other Governmental Funds.

The assessed values upon which fiscal year 2005 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$692,374,520	94%	\$826,437,860	95%
Public Utility	21,610,700	3%	21,742,340	3%
Tangible Personal Property	25,560,867	3%	16,958,738	2%
Total Assessed Value	<u>\$739,546,087</u>	<u>100%</u>	<u>\$865,138,938</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$51.94		\$58.16	

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**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2006, consisted of taxes, interest, and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:	
Taxes current	\$ 29,158,190
Taxes delinquent	1,171,810
Interest	3,118
Accounts	72,361
Total receivable	<u>\$ 30,405,479</u>

**NOTE 6 –DUE FROM OTHER GOVERNMENTS**

There were no intergovernmental receivables at June 30, 2006.

**NOTE 7 – INTERFUND TRANSACTIONS**

Interfund transfers for the fiscal year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$86,564

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

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**NOTE 8 – CAPITAL ASSETS**

The capital asset balances at June 30, 2006 is as follows:

<b>Governmental Activities</b>	Balance 6/30/2005	Additions	Deletions	Balance 6/30/2006
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,997,172	\$ -	\$ -	\$ 2,997,172
Total nondepreciable capital assets	2,997,172	-	-	2,997,172
<i>Depreciable capital assets:</i>				
Land Improvements	8,157,840	176,888	-	8,334,728
Buildings and improvements	107,191,151	849,131	-	108,040,282
Furniture and fixtures	1,911,973	408,484	-	2,320,457
Vehicles	2,578,272	715,168	(190,820)	3,102,620
Total depreciable capital assets	119,839,236	2,149,671	(190,820)	121,798,087
<i>Accumulated Depreciation:</i>				
Land Improvements	(2,201,681)	(412,314)	-	(2,613,995)
Buildings and improvements	(18,910,573)	(3,528,884)	-	(22,439,457)
Furniture and fixtures	(925,121)	(272,951)	-	(1,198,072)
Vehicles	(1,371,032)	(324,225)	190,820	(1,504,437)
Total accumulated depreciation	(23,408,407)	(4,538,374)	190,820	(27,755,961)
Total depreciable capital assets	96,430,829	(2,388,703)	-	94,042,126
Capital assets net	\$ 99,428,001	\$ (2,338,703)	\$ -	\$ 97,039,298

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,476,695
Vocational	495
Support Services:	
Instruction Staff	116,566
Operation and Maintenance of Plant	78,719
Student Transportation	340,950
Food Services	9,293
Co-curricular student activities	515,656
Total Depreciation Expense	<u>\$4,538,374</u>

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**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the District’s insurance coverage was as follows:

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

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

For fiscal year 2006, the District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). 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 10 - 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, Suite 100 Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 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 2006, 10.58 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

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for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$672,787, \$638,676, and \$605,328, respectively; 100 percent has been contributed for fiscal years 2006, 2005, and 2004.

**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 or by calling (614) 227-4090.

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

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

For the fiscal year ended June 30, 2006, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions.

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The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2006, 2005 and 2004 were \$2,237,908, \$1,910,340, and \$1,684,704, respectively; 100% percent has been contributed for fiscal year 2006, 2005 and 2004.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2006, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**NOTE 11 - 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 of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$159,850 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$99,268.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for

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maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Life Insurance**

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

**NOTE 13 - LONG-TERM OBLIGATIONS**

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

As of June 30, 2006, the District had six general obligation bonds 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 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.

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

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

*School Facilities Construction and Improvement Bonds* - On February 20, 2003, the District issued \$18,496,850 in voted general obligation notes for the purpose of constructing and furnishing a new elementary school as well as additional improvements to the High School Campus. The notes were subsequently bonded in July 2003. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2031. The bonds will be retired from the debt service fund.

*Energy Conservation Notes* - On June 2, 2005, the District issued \$2,700,000 in unvoted general obligation notes for the purpose of purchasing and installing energy conservation measures. The notes were issued for a fifteen year period with final maturity at December 1, 2019. The notes will be retired from the debt service fund.

*General Obligation Advance Refunding Bonds (2005)* - On November 9, 2005, the District issued \$6,760,000 in general obligation refunding bonds for the purpose of advance refunding a portion of the 1998 bonds listed above. The bonds were issued for a twelve year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$343,799.

*General Obligation Advance Refunding Bonds (2006)* - On January 26, 2006, the District issued \$9,184,993 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 bonds listed above. The bonds were issued for a twenty-four year period with final maturity at December 1, 2029. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$485,568.

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

	Balance at 07/01/05	Additions	Deductions	Balance at 06/30/06
General obligation bonds payable	\$ 84,529,708	\$ 15,944,993	(\$ 17,051,829)	\$ 83,422,872
Unamortized bond premium, net of accumulated amortization	699,129	475,319	(48,495)	1,125,953
Accretion on debt	1,728,553	1,234,615	(139,303)	2,823,865
Deferred refunding charges	-	(1,001,213)	30,441	(970,772)
General obligation notes payable	2,700,000	-	(190,000)	2,510,000
Net bonds & note payable	<u>89,657,390</u>	<u>16,653,714</u>	<u>(17,399,186)</u>	<u>88,911,918</u>
Installment loan/ Capital lease obligation	8,950	394,437	(74,313)	329,074
Compensated absences	1,008,529	1,179,326	(1,008,529)	1,179,326
Total Long-Term Liabilities	<u>\$ 90,674,869</u>	<u>\$ 18,227,477</u>	<u>(\$18,482,028)</u>	<u>\$ 90,420,318</u>

Amounts Due in One Year

General obligation bonds payable	\$2,126,959
General obligation notes payable	140,000
Capital lease obligation	74,687
Compensated absences	265,000
	<u>\$2,606,646</u>

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

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 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.

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Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2006, are as follows:

Fiscal year Ending June 30,	Principal	Interest
2007	\$2,266,959	\$4,254,592
2008	1,495,608	5,056,358
2009	2,136,253	4,679,908
2010	2,336,713	4,748,256
2011	2,483,379	4,872,778
2012 – 2016	18,645,035	21,376,439
2017 – 2021	20,567,650	12,515,442
2022 – 2026	23,080,000	6,453,267
2027 – 2031	11,741,005	4,530,897
2032 – 2033	1,180,270	51,684
Total	<u>\$85,932,872</u>	<u>\$68,539,621</u>

**Accretion**

Capital accretion bonds were issued with the Various Purpose Bonds – 2000 bonds, the Building Construction General Obligation Bonds – 2002, and with the 2006 Refunding Bonds. These bonds were purchased at a discount at the time of issuance and at maturity all compound interest is paid to the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases the accretion is booked as principal. The fiscal year 2006 amount of accretion for the 2000, 2002 and 2006 Bonds is \$201,416, \$209,131 and \$824,068 respectfully. The \$824,068 includes a premium on the issuance of the 2006 Refunding Bonds in the amount of \$805,892.

**Advance Refunding**

The District defeased certain School Construction and Improvement Bonds and notes by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. As of June 30, 2006, \$44,695,978 bonds outstanding are considered defeased.

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**NOTE 14 – INSTALLMENT LOAN OBLIGATION**

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

The District made its final loan payment of \$8,990 for this obligation in fiscal 2006.

**NOTE 15 – CAPITAL LEASE OBLIGATION**

In fiscal 2006 the District entered into a capital lease obligation for copiers throughout the District. The cost of the equipment \$322,124, net of accumulated depreciation of \$72,313, is included in capital assets on the statement of net assets at June 30, 2006. The related lease obligation is included in long-term liabilities in the aforementioned statement.

The District’s future minimum lease payments under this obligation as of June 30, 2006 are as follows:

Fiscal Year Ending June 30,	Lease
2007	\$ 88,985
2008	88,985
2009	88,985
2010	88,985
	7,415
Total minimum loan payments	363,355
Less: Amount Representing Interest	(34,281)
Present Value of Net Minimum Lease Payments	\$329,074

**NOTE 16 – JOINT VENTURE**

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

The Center will serve both school and community needs, including music, theater, dance and ballet. The Center is ran by a six member Board of Trustees (the “Board”) consisting of two members appointed by the District, two members

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006  
(Continued)**

appointed by the Village, one member appointed by the Township and one member appointed by the Foundation. The District does not appoint a voting majority of the Board.

The District has no ongoing financial interest or responsibility in the operation of the Center until final construction and the Performing Arts Center is fully operational of which at this time the relationship between the Performing Arts Center and the District will be re-evaluated. The Board approves the operating budget of the Center. Financial information for the Center may be obtained from the Treasurer of the New Albany-Plain Local School District at 55 North High Street, New Albany, OH 43054.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

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

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

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

**NOTE 18 - 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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006  
(Continued)**

the GRP.

**NOTE 19 - 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, 2006.

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2005	(\$ 7,166)	(\$2,467,307)	\$ 65,640
Current Year Set-aside Requirement	402,883	402,883	-
Qualifying Disbursements	<u>(824,697)</u>	<u>(744,943)</u>	<u>-</u>
Set-aside Cash Balance as of June 30, 2006	<u>(\$428,980)</u>	<u>(\$2,809,367)</u>	<u>\$ 65,640</u>
Balance Carried Forward to FY 2007	<u>(\$428,980)</u>	<u>(\$2,467,307)</u>	<u>\$ 65,640</u>

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks reserve and this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. During the fiscal year 2005, the District issued \$2,700,000 related to energy conservation capital improvements undertaken by the District. These proceeds may be used to reduce the capital acquisition below zero for future years. Therefore, this negative amount is presented as being carried forward to the next fiscal year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2006  
(Continued)**

A schedule of the restricted assets at June 30, 2006 follows:

Amounts restricted for BWC refunds	\$ 65,640
Total restricted assets	<u>\$ 65,640</u>

**NOTE 20 – 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.

**NOTE 21 – CONTINGENCIES**

**Litigation**

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

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

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
<b>REVENUES:</b>				
Property taxes	\$ 25,223,507	\$ 25,099,170	\$ 25,099,170	\$ -
Revenue in lieu of taxes	2,930,129	2,915,685	2,915,685	-
Investment income	386,806	384,899	384,899	-
Tuition fees	70,278	69,932	69,932	-
Miscellaneous	672,773	669,457	669,457	-
State sources	5,072,031	5,047,029	5,047,029	-
<b>TOTAL REVENUES</b>	<u>34,355,524</u>	<u>34,186,172</u>	<u>34,186,172</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Instructional services:				
Regular	16,326,130	14,682,459	14,682,459	-
Special	2,735,663	2,460,244	2,460,244	-
Other instructional	1,824,694	1,640,989	1,640,989	-
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<u>20,886,487</u>	<u>18,783,692</u>	<u>18,783,692</u>	<u>-</u>
Support services:				
Pupils	1,699,085	1,528,026	1,528,026	-
Instructional staff	1,297,003	1,166,424	1,166,424	-
Board of Education	91,582	82,362	82,362	-
School administration	3,098,570	2,786,614	2,786,614	-
Fiscal services	1,176,149	1,057,737	1,057,737	-
Operation and maintenance of plant	4,392,412	3,950,196	3,950,196	-
Student transportation	2,094,773	1,883,877	1,883,877	-
Central services	100,372	90,267	90,267	-
<b>TOTAL SUPPORT SERVICES</b>	<u>13,949,946</u>	<u>12,545,503</u>	<u>12,545,503</u>	<u>-</u>
Community services	24,753	22,261	22,261	-
Co-curricular activities	1,137,492	1,022,972	1,022,972	-
Other non instruction services	693,380	623,572	623,572	-
<b>TOTAL EXPENDITURES</b>	<u>36,692,058</u>	<u>32,998,000</u>	<u>32,998,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(2,336,534)	1,188,172	1,188,172	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	805,000	805,000	805,000	-
Transfers out	(1,004,539)	(1,004,539)	(1,004,539)	-
Other	-	104,368	104,368	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(199,539)</u>	<u>(95,171)</u>	<u>(95,171)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,536,073)	1,093,001	1,093,001	-
Prior year encumbrances appropriated	330,012	330,012	330,012	-
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>2,671,508</u>	<u>2,671,508</u>	<u>2,671,508</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 465,447</u>	<u>\$ 4,094,521</u>	<u>\$ 4,094,521</u>	<u>\$ -</u>

See notes to the required supplementary information.

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**A. Budgetary Process**

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

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

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

*Tax Budget:*

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

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

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The revised amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2006.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District.

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)

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The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

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 accounting principles generally accepted in the United States of America (GAAP). The actual column presented on the Budgetary Comparison Schedule – General Fund is prepared in accordance with the budget basis of accounting.

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

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

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

Net Change in Fund Balance	\$ (277,197)
<b>Adjustments</b>	
Due to revenues	1,194,716
Due to expenditures	184,089
Due to other financing sources (uses)	(8,607)
Excess of revenues and other financing sources over expenditures and other financing uses (Budget Basis)	<u>\$ 1,093,001</u>

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass thru Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
Food Donation	N/A	10.550	\$ -	\$ 48,231	\$ -	\$ 48,231
National School Lunch Program	LL-P4-04,05	10.555	78,608	-	78,608	-
<i>Total Child Nutrition Cluster:</i>			<u>78,608</u>	<u>48,231</u>	<u>78,608</u>	<u>48,231</u>
<b>Total U.S. Department of Agriculture</b>			<u>78,608</u>	<u>48,231</u>	<u>78,608</u>	<u>48,231</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1-05	84.010	42,835	-	42,835	-
Special Education-Grants to States	6B-SF-05	84.027	477,073	-	477,073	-
Safe and Drug Free Schools and Communities-State Grants	DR-S1-05	84.186	8,050	-	8,050	-
State Grants for Innovative Programs	C2-S1-05	84.298	8,774	-	8,774	-
Education Technology State Grants	TJ-S1-05	84.318	779	-	779	-
English Language Acquisition Grants	T3-S2-05	84.365	4,700	-	4,700	-
Improving Teacher Quality State Grants	TR-S1-05	84.367	35,626	-	35,626	-
<b>Total U.S. Department of Education</b>			<u>577,837</u>	<u>-</u>	<u>577,837</u>	<u>-</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u>\$ 656,445</u>	<u>\$ 48,231</u>	<u>\$ 656,445</u>	<u>\$ 48,231</u>

The accompanying notes to this schedule are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the accompanying Schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture.



**Report on Internal Control over Financial Reporting and on Compliance and Other Matters**  
**Based on an Audit of Financial Statements Performed in Accordance with**  
**Government Auditing Standards**

Board of Education  
New Albany - Plain Local School District  
55 North High Street  
New Albany, Ohio 43054

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Albany - Plain Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2006 and have issued our report thereon dated November 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

New Albany-Plain Local School District  
Franklin County  
Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*  
Page 2

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

*Wilson, Sherman & Sons, Inc.*

Newark, Ohio  
November 16, 2006



**Report on Compliance with Requirements Applicable to Its Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Education  
New Albany - Plain Local School District  
55 North High Street  
New Albany, Ohio 43054

**Compliance**

We have audited the compliance of the New Albany - Plain Local School District, Franklin County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2006. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2006.

**Internal Control over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

New Albany-Plain Local School District  
Franklin County  
Report on Compliance with Requirements Applicable to  
Its Major Program and on Internal Control over Compliance  
in Accordance with *OMB Circular A-133*  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
November 16, 2006

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(I)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(I)(ii)</i>	<b>Was there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(I)(iv)</i>	<b>Were there any material internal control weakness conditions reported for its major federal program?</b>	No
<i>(d)(I)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for its major federal program?</b>	No
<i>(d)(I)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(I)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(I)(vii)</i>	<b>Major Program (list):</b>	Special Education Grants to States \84.027
<i>(d)(I)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**JUNE 30, 2006**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



**Mary Taylor, CPA**  
Auditor of State

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**FEBRUARY 20, 2007**