

NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
SINGLE AUDIT
JULY 1, 2007 - JUNE 30, 2008



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, 2007 through June 30, 2008. 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 17, 2009

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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the New Albany-Plain Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the New Albany-Plain Local School District, Franklin County, Ohio, as of June 30, 2008, 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.

As disclosed in Note 22, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

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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 accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine 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 the Schedule of Federal Awards Receipts and Expenditures to audit procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financials statements taken as a whole.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 26, 2008

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

As management of the New Albany-Plain Local School District, Franklin County (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, 2008. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which follows this section.

Financial Highlights

The District's Net Assets are \$33,436,497 as of June 30, 2008 according to the Statement of Net Assets. This represents an increase of \$4,892,200 or 17.1% as compared to last year. This increase can be primarily contributed to the capital contribution of \$5,290,365 that is recorded as a Special Item in the Statement of Activities, which is related to the New Albany Performing Arts Center (the Center).

The Center was constructed through a joint collaboration between the Village, District and Township. 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 Center.

At the time the District had no ongoing financial interest or responsibility in the operation of the Center until final construction and the Center became fully operational. Once completed and operational, the relationship between the Center and the District was to be re-evaluated.

The Center became fully operational in June 2008, with the original operating agreement amended in February 2008. The new agreement now provides the District, the Village, and Township with ongoing equity interests. As a result, the District recorded an equity interest in the Center as of June 30, 2008 equal to the percentage of the District's total contribution in relation to the overall cost to construct the Center, which totaled \$16,201,000. The District's contribution of \$5,290,365 is recorded as a special item within the Statement of Activities. Any further capital contributions to the Center may increase the District's equity in the Center for future fiscal years.

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 year 2009. In November 2008, a 24.4 mill operating levy issue was placed on the ballot and passed by the voters. The revenue from this levy issue represents approximately 50 percent of the District's revenue. Of the total millage request, *it is important to note that 3.87 mills were additional*. Most of the millage request replaced funds secured from a ballot issue passed in 2006 and which is set to expire on December 31, 2009. The total dollar amount for this new levy is \$21.7 million with new revenue representing \$3.8 million of that total. Collection on this levy begins in January 2010.

The General Fund reported a fund balance of \$18,138,443. On the budgetary basis of accounting the General Fund had a positive balance of \$11,835,163.

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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

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 basic financial statements.

Governmental Funds:

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

Fiduciary Funds:

The District's Fiduciary Funds include Student Managed Activities and the Performing Arts Center Agency Funds. The District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$33,436,497 according to the Statement of Net Assets at the close of the most recent fiscal year.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

A comparative analysis of fiscal year 2008 to 2007 follows from the Statements of Net Assets:

	Governmental Activities	
<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 65,490,278	\$ 51,012,685
Capital assets, net	88,607,560	92,764,588
Total assets	154,097,838	143,777,273
<u>Liabilities</u>		
Current liabilities	31,952,142	26,141,062
Long-term liabilities	88,709,199	89,091,914
Total liabilities	120,661,341	115,232,976
<u>Net Assets</u>		
Invested in capital assets, net of related debt	6,942,381	7,573,170
Restricted	7,931,908	7,784,181
Unrestricted	18,562,208	13,186,946
Total net assets	\$ 33,436,497	\$ 28,544,297

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

A comparative analysis of fiscal year 2008 and 2007 as follows from the Statement of Activities:

	Governmental Activities	
	2008	2007
Program Revenues:		
Charges for Services and Sales	\$ 2,298,795	\$ 2,129,796
Operating Grants and Contributions	1,743,778	1,591,849
General Revenues:		
Property Taxes	42,123,696	49,831,107
State Entitlements	6,127,026	5,905,485
Investment Earnings	914,844	835,721
Other	1,212,671	615,112
Total Revenues	54,420,810	60,909,070
 Program Expenses:		
Instructional	28,412,767	25,970,181
Support Services	18,818,187	17,303,519
Co-curricular Student Activities	2,154,543	2,164,849
Community Services	472,630	331,807
Interest on Long-Term Debt	4,960,848	4,573,202
Total Expenses	54,818,975	50,343,558
 Special Item-Capital Contribution	5,290,365	-
 Change in Net Assets	4,892,200	10,565,512
 Net Assets at Beginning of Year	28,544,297	17,978,785
Net Assets at End of Year	\$ 33,436,497	\$ 28,544,297

Governmental Activities:

Net assets of the District's governmental activities increased by \$4,892,200. This increase was less than expected based on the passage 2006 operating levy and may be a result of the timing of the certification of revenues by the County. In Ohio, the portion of property taxes legally available as an advance, on the future August real estate settlement, by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. Thus, in the previous years 2007 and 2006 Franklin County certified that the amount of taxes available for advance was approximately \$16.0 million and \$6.1 million respectively; whereas, the amount available for advance at June 30, 2008 was approximately \$14.3 million. This results in a decrease of property tax revenues based solely on the timing of collections by the county auditor, to be \$11.6 million. On a budget basis (cash basis), taxes increased approximately \$4.1 million, as expected.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

The expense increase over the prior year is mostly due to salary and benefits related to the additional staff hired in 2008, along with normal raises and increased health insurance premiums associated with existing staff.

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

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

	Total Cost of Services 2008	Net Cost of Service 2008	Total Cost of Services 2007	Net Cost of Service 2007
Instruction	\$ 28,412,767	\$ 27,322,022	\$ 25,970,181	\$ 24,977,335
Support Services	18,818,187	16,555,496	17,303,519	15,258,623
Co-curricular Student Activities	2,154,543	1,694,574	2,164,849	1,732,928
Community Services	472,630	243,462	331,807	79,825
Interest on Debt	<u>4,960,848</u>	<u>4,960,848</u>	<u>4,573,202</u>	<u>4,573,202</u>
Total Expenses	<u>\$ 54,818,975</u>	<u>\$ 50,776,402</u>	<u>\$ 50,343,558</u>	<u>\$ 46,621,913</u>

Local property taxes make up 77.4% of total revenues for governmental activities. The net services column reflecting the need for \$50,776,402 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 \$26,064,450, which represents an increase of \$2,920,525 as compared to last year's total of \$23,143,925, according to the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The schedule on the next page shows the fund balance and the total change in fund balance from June 30, 2008 to 2007.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

	Fund Balance at June 30, 2008	Fund Balance at June 30, 2007	Increase (Decrease)
General Fund	\$ 18,138,443	\$ 15,348,445	\$ 2,789,998
Bond Retirement Fund	4,871,754	5,482,076	(610,322)
Building Fund	444,139	361,020	83,119
Other Governmental Funds	2,610,114	1,952,384	657,730
Total	<u>\$ 26,064,450</u>	<u>\$ 23,143,925</u>	<u>\$ 2,920,525</u>

General Fund:

The District's General Fund balance increased primarily due to total revenues exceeding total expenditures during fiscal year 2008.

Revenues

	2008	2007	% Change
Property taxes	\$ 35,151,910	\$ 40,562,110	(13.3)%
Intergovernmental	6,464,652	5,816,457	11.1%
Investment income	795,106	680,672	16.8%
Other revenue	810,018	740,264	9.4%
Total	<u>\$ 43,221,686</u>	<u>\$ 47,799,503</u>	<u>(9.6)%</u>

Expenditures by Function

	2008	2007	% Change
Instructional services	\$ 23,217,010	\$ 21,545,486	7.8%
Support services	15,791,513	14,313,030	10.3%
Co-curricular student activities	1,091,175	1,146,208	(4.8)%
Community services	194,350	21,498	804.0%
Total	<u>\$ 40,294,048</u>	<u>\$ 37,026,222</u>	<u>8.8%</u>

Revenues decreased 9.6% primarily due to the aforementioned decrease in tax revenues, while expenditures increased 8.8% over the prior year. Expenditure increases are due to salary and benefits related to the additional staff hired in 2008, along with normal raises and increased health insurance premiums associated with existing staff.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Bond Retirement Fund:

The District's Bond Retirement Fund balance decreased due to the aforementioned decrease in tax revenues. The tables that follow assist in illustrating the financial activities and balances of the Debt Service Fund.

Revenues

	2008	2007	% Change
Property taxes	\$ 5,364,009	\$ 7,318,728	(26.7)%
Intergovernmental	842,624	685,415	22.4%
Other revenue	-	19,327	(100)%
Total	<u>\$ 6,206,633</u>	<u>\$ 8,023,470</u>	<u>(22.6)%</u>

As the table below indicates, Bond Retirement Fund expenditures are for primarily for principal and interest payments.

Expenditures by Function

	2008	2007	% Change
Support services	\$ 92,293	\$ 74,725	23.5%
Debt Service:			
Principal repayment	2,130,608	2,266,959	(6.0)%
Interest	4,864,620	4,153,558	17.1%
Bond issuance costs	-	287,839	(100)%
Total	<u>\$ 7,087,521</u>	<u>\$ 6,783,081</u>	<u>4.48%</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. There are currently no significant active construction projects. The fund balance at June 30, 2008 was \$444,139.

Other Funds

Other governmental funds consist of Special Revenue and other Capital Projects funds. Fund balance in these funds increased by \$657,730.

General Fund Budget Information

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

During the course of fiscal year 2008, the District amended its general fund appropriations; none of the amendments were significant. Final estimated receipts were \$3,563,344 higher than the original budget, while final appropriations were \$2,705,743 higher than the original budget.

The District's ending unobligated general fund balance was \$11,835,163.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Capital Assets

The District has \$88,607,560 invested in capital assets net of accumulated depreciation. Detailed information regarding capital asset activity is included in the Notes to the Basic Financial Statements.

Debt

On June 30, 2008, the District had \$86,885,867 in several long-term bonds and note payable. The District paid \$1,985,608 in principal on bonds and \$145,000 principal on notes outstanding. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

On October 3, 2007, the District issued \$850,000 School Facilities Bond Anticipation Notes, at an interest rate of 5%, which matured and were repaid on April 15, 2008. These notes were issued with the intent of constructing a new school building.

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

Restrictions and Other Limitations

The District faces various challenges with being one of the fastest growing school districts in the State. The District has been fortunate over the years to be able to manage the growth pattern while maintaining the educational program and facilities. However, the future financial stability of the District is not without challenges. The District has been on the ballot 17 times in the past 14 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
STATEMENT OF NET ASSETS
JUNE 30, 2008**

	<u>Primary Government</u>	<u>Component Unit</u>
	GOVERNMENTAL ACTIVITIES	SCHOOL FOR ARTS INTEGRATED LEARNING
ASSETS:		
Cash and cash equivalents	\$ 17,558,024	\$ 172,131
Receivables	41,660,773	
Inventory	25,259	-
Deferred charges	1,008,761	-
Equity interest in the performing arts centre	5,237,461	-
Capital assets:		
Land and construction in progress	3,146,592	-
Depreciable capital assets, net of accumulated depreciation	85,460,968	58,111
TOTAL ASSETS	<u>154,097,838</u>	<u>230,242</u>
LIABILITIES:		
Accounts payable	563,463	3,450
Due to other governments	837,639	-
Unearned revenue	25,686,296	-
Accrued liabilities	4,618,504	-
Accrued interest payable	246,240	-
Long-term liabilities:		
Due within one year	2,618,841	-
Due in more than one year	86,090,358	-
TOTAL LIABILITIES	<u>120,661,341</u>	<u>3,450</u>
NET ASSETS		
Invested in capital assets, net of related debt	6,942,381	58,111
Restricted for:		
Capital projects	2,216,017	-
Debt service	4,852,264	-
Other purposes	863,627	-
Unrestricted	18,562,208	168,681
TOTAL NET ASSETS	<u>\$ 33,436,497</u>	<u>\$ 226,792</u>

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	School for Arts Integrated Learning
Governmental Activities					
Instructional services:					
Regular	\$ 22,770,760	\$ 240,329	\$ -	\$ (22,530,431)	
Special	3,387,429	-	835,216	(2,552,213)	
Vocational	2,239,468	-	-	(2,239,468)	
Continuing	15,200	-	15,200	-	
Support services:					
Operation and maintenance of plant	4,555,534	-	-	(4,555,534)	
School administration	3,088,341	113,467	-	(2,974,874)	
Instructional staff	1,725,831	-	2,970	(1,722,861)	
Pupils	2,369,155	-	-	(2,369,155)	
Non-Instructional services	1,082,656	-	-	(1,082,656)	
Business operations	1,734,438	-	-	(1,734,438)	
Student transportation	2,532,345	-	599,082	(1,933,263)	
Food service	1,416,746	1,320,182	145,321	48,757	
Central services	239,663	-	81,669	(157,994)	
General administration	73,388	-	-	(73,388)	
Co-curricular student activities	2,154,543	459,969	-	(1,694,574)	
Community services	472,630	164,848	64,320	(243,462)	
Interest on debt	4,960,848	-	-	(4,960,848)	
Total Primary Governmental Activities	<u>\$ 54,818,975</u>	<u>\$ 2,298,795</u>	<u>\$ 1,743,778</u>	<u>(50,776,402)</u>	
Component Unit					
School for Arts Integrated Learning	<u>\$ 667,204</u>	<u>\$ -</u>	<u>\$ 300,000</u>		\$ (367,204)
General revenues:					
Property taxes				42,123,696	-
Grants and entitlements not restricted to specific programs				6,127,026	544,853
Investment earnings				914,844	3,054
Miscellaneous				1,212,671	-
Total General revenues				<u>50,378,237</u>	<u>547,907</u>
Special item - Contribution of equity interest in performing arts center				<u>5,290,365</u>	<u>-</u>
Change in Net Assets				4,892,200	180,703
Net Assets Beginning of Year				<u>28,544,297</u>	<u>46,089</u>
Net Assets End of Year				<u>\$ 33,436,497</u>	<u>\$ 226,792</u>

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	GENERAL	BOND RETIREMENT	BUILDING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 12,444,384	\$ 2,416,991	\$ 444,139	\$ 2,252,510	\$ 17,558,024
Receivables:					
Property taxes	33,899,371	6,315,000	-	1,419,000	41,633,371
Accounts	27,402	-	-	-	27,402
Due from other funds	-	283,763	-	-	283,763
Inventory	-	-	-	25,259	25,259
TOTAL ASSETS	\$ 46,371,157	\$ 9,015,754	\$ 444,139	\$ 3,696,769	\$ 59,527,819
LIABILITIES:					
Accounts payable	\$ 512,526	\$ -	\$ -	\$ 50,937	\$ 563,463
Due to other:					
Governments	817,646	-	-	19,993	837,639
Funds	283,763	-	-	-	283,763
Deferred revenue	22,083,000	4,144,000	-	933,000	27,160,000
Accrued liabilities	4,535,779	-	-	82,725	4,618,504
TOTAL LIABILITIES	28,232,714	4,144,000	-	1,086,655	33,463,369
FUND BALANCES:					
Reserved for:					
Future appropriations	11,461,000	2,333,162	-	486,000	14,280,162
Encumbrances	199,808	-	-	93,110	292,918
Inventory	-	-	-	25,259	25,259
Unreserved, reported in:					
General fund	6,477,635	-	-	-	6,477,635
Special revenue fund	-	-	-	785,213	785,213
Debt service fund	-	2,538,592	-	-	2,538,592
Capital projects fund	-	-	444,139	1,220,532	1,664,671
TOTAL FUND BALANCES	18,138,443	4,871,754	444,139	2,610,114	26,064,450
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,371,157	\$ 9,015,754	\$ 444,139	\$ 3,696,769	\$ 59,527,819

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008**

Total Governmental Fund Balances	\$ 26,064,450
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	88,607,560
The equity interest in the performing arts center is not a functional resource and therefore is not reported in the funds.	5,237,461
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,473,704
Unamortized bond issuance and swap costs are not recognized in the funds.	1,008,761
Unamortized bond and swap premiums, deferred refunding charges, and accretion on deep discount debt are not recognized in the funds.	(5,350,562)
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	(246,240)
Compensated absences	(1,647,332)
Capital lease obligation	(176,000)
Bonds and notes payable	(81,535,305)
 Net Assets of Governmental Activities	 \$ 33,436,497

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	GENERAL	BOND RETIREMENT	BUILDING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes	\$ 35,151,910	\$ 5,634,009	\$ -	\$ 1,312,073	\$ 42,097,992
Intergovernmental:					
Federal Restricted Grants-in-aid	-	-	-	711,343	711,343
State:					
Unrestricted Grants-in-aid	6,451,845	842,624	-	315,095	7,609,564
Restricted Grants-in-aid	12,807	-	-	92,107	104,914
Investment income	795,106	-	87,232	32,506	914,844
Co-curricular activities	54,815	-	-	373,103	427,918
Charges for services	-	-	-	1,320,182	1,320,182
Tuition fees	198,818	-	-	347,878	546,696
Other local revenues	556,385	-	-	105,017	661,402
TOTAL REVENUES	43,221,686	6,476,633	87,232	4,609,304	54,394,855
EXPENDITURES:					
Current:					
Instructional services:					
Regular	18,220,738	-	-	190,239	18,410,977
Special	2,757,299	-	-	635,599	3,392,898
Vocational	2,238,973	-	-	-	2,238,973
Continuing	-	-	-	15,200	15,200
TOTAL INSTRUCTIONAL SERVICES	23,217,010	-	-	841,038	24,058,048
Support services:					
Operation and maintenance of plant	4,247,855	-	-	260,013	4,507,868
School administration	2,930,062	-	-	123,500	3,053,562
Instructional staff	1,542,452	-	-	50,218	1,592,670
Pupils	2,038,394	-	-	314,839	2,353,233
Non-instructional services	1,082,656	-	-	-	1,082,656
Business operations	1,517,870	92,293	-	104,731	1,714,894
Student transportation	2,205,602	-	-	290,120	2,495,722
Food services	-	-	-	1,409,664	1,409,664
Central services	153,234	-	-	81,669	234,903
General administration	73,388	-	-	-	73,388
TOTAL SUPPORT SERVICES	15,791,513	92,293	-	2,634,754	18,518,560
Co-curricular student activities	1,091,175	-	-	543,949	1,635,124
Community services	194,350	-	-	278,280	472,630
Capital outlay	-	-	857,663	-	857,663
Debt service:					
Principal retirement	-	2,130,608	-	78,387	2,208,995
Interest	-	4,864,620	19,117	10,597	4,894,334
Swap issuance cost	-	-	-	537,542	537,542
TOTAL EXPENDITURES	40,294,048	7,087,521	876,780	4,924,547	53,182,896
Excess of revenues over (under) expenditures	2,927,638	(610,888)	(789,548)	(315,243)	1,211,959
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	872,667	137,640	1,010,307
Transfers out	(137,640)	-	-	(872,667)	(1,010,307)
Premium from the issuance of interest rate swap	-	-	-	1,708,000	1,708,000
Premium from the issuance of notes	-	566	-	-	566
TOTAL OTHER FINANCING SOURCES (USES)	(137,640)	566	872,667	972,973	1,708,566
Net Change in Fund Balances	2,789,998	(610,322)	83,119	657,730	2,920,525
FUND BALANCES AT BEGINNING OF YEAR	15,348,445	5,482,076	361,020	1,952,384	23,143,925
FUND BALANCE AT END OF YEAR	\$ 18,138,443	\$ 4,871,754	\$ 444,139	\$ 2,610,114	\$ 26,064,450

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Net Changes in Fund Balances - Total Governmental Funds		\$ 2,920,525
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Asset Additions	336,192	
Depreciation Expense	<u>(4,493,471)</u>	(4,157,279)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Long-term receivables	25,704	
Gain on disposal of assets	251	
Equity interest in performing arts center	<u>5,237,461</u>	5,263,416
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		2,208,995
Repayment of accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		514,017
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest is expended when due.		
		2,759
General obligation bonds issued and bond/swap premiums and discounts and other financing sources and uses in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.		
Premium on Swap Issued		(1,708,000)
Issuance costs are reported as an expenditure when paid in the governmental funds but are deferred on the statement of net assets (Issuance of swap agreement).		
		537,542
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences Payable		(105,919)
The amortization of premium and debt issuance costs are reported on the statement of activities:		
Premium Amortization	113,460	
Issuance Cost Amortization	<u>(57,478)</u>	55,982
The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of outstanding debt on the statement of activities.		
		(64,412)
Accretion on capital appreciation bonds is an expenditure in the governmental funds but is allocated as an expense over the life of the bonds.		
		<u>(575,426)</u>
Change in Net Assets of Governmental Activities		\$ <u><u>4,892,200</u></u>

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARYS FUNDS
JUNE 30, 2008**

	<u>AGENCY FUNDS</u>
ASSETS:	
Cash and cash equivalents	\$ 187,613
TOTAL ASSETS	<u>\$ 187,613</u>
LIABILITIES:	
Accounts payable	\$ 3,570
Due to others	<u>184,043</u>
TOTAL LIABILITIES	<u>\$ 187,613</u>

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

Average daily membership (ADM) reported for fiscal year 2008 was 3,929. The District employed 311 certified employees and 212 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. Included and discretely presented within the District's reporting entity is the School for Arts Integrated Learning (SAIL).

The School for Arts Integrated Learning (SAIL) is a legally separate not-for-profit served by an appointed five-member Board of Directors and meets the definition of a conversion school under chapter 3314 of the Ohio Revised Code. SAIL offers students an academically arts integrated approach, to advance achievement, critical thinking and creativity, The goal is to produce a student who feels he or she is an integral part of a caring school community and who is an independent, self-motivated and self disciplined lifelong learner.

SAIL is intended to serve kindergartners through first grade level students who reside within the New- Albany Plain Local School District and who are interested in pursuing an alternative schooling option. Financial information regarding SAIL may be obtained by contacting Brian Ramsay, Treasurer, at 55 North High Street, New Albany, Ohio 43054.

The District is also associated with a joint venture, three jointly governed organizations, an insurance purchasing pool, and a related organization. These organizations include the New Albany Performing Arts Center, the Metropolitan Education Council, the Eastland Vocational School District, the New Albany-Plain Local Joint Park District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Joint Growth Community Action Committee. These organizations are presented in Notes 16, 17, 18, and 19 to the basic financial statements.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Government-wide and fund financial statements

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

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

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

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

Fund Accounting:

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Building Fund – The building capital projects fund is used to account for the receipts and expenditures related to the construction and renovation of facilities of the District. During 2008, this fund had limited activity, however, the District elected to present separately for financial reporting purposes.

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Governmental funds use the modified accrual basis of accounting. Differences in accrual and modified accrual basis of accounting arise in the recognition of revenue, recording of deferred revenues, and presentation of expenditures and expenses.

Revenues - Exchange and Non-exchange Transactions

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Deferred/Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

Expenditures/Expenses

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

C. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. During fiscal year 2008, investments were limited to STAR Ohio, U.S. Treasuries, and repurchase agreements. Investment earnings are allocated as authorized by State statute or as governed by Board policy.

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2008. 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, 2008.

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 \$795,106.

D. Inventory

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

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

E. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. All reported capital assets, with the exception of land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. The District's capitalization threshold is \$10,000.

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

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

F. Interfund Activity

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

On fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the statement of net assets.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

I. 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 balance, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, future appropriations, and inventory.

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.

J. 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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include instructional activities, grants, and extracurricular activities. None of the District's reported net assets were restricted by enabling legislation at June 30, 2008.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District did not have extraordinary items during fiscal year 2008. 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. The District reported a special item for its equity contribution in the Performing Arts Center. See Note 16 for additional information.

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

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums, and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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, 2008, the carrying amount of all District deposits was \$7,987,711, 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, 2008, \$7,541,835 of the District's bank balance of \$7,741,835 was exposed to custodial risk as discussed below, while \$200,000 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.

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, 2008, the District had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>1 Year or less</u>
Repurchase Agreement	\$ 1,155,924	\$ 1,155,924
U.S. Treasuries	4,459,500	4,459,500
STAROhio	4,132,402	4,132,402
	<u>\$ 9,747,826</u>	<u>\$ 9,747,826</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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2008:

	Amounts
Investments (summarized on the previous page)	\$9,747,826
Carrying amount of deposits	7,987,711
Cash on hand	10,100
Less: Fiduciary Fund – Cash and Cash Equivalents	(187,613)
Total Cash and Cash Equivalents – Statement of Net Assets	\$17,558,024

Component Unit Cash and Cash Equivalents

At June 30, 2008, the carrying value of the component unit deposits was \$177,131. The bank balance was \$189,477 of which \$100,000 was covered by the Federal Deposit Insurance Corporation. The remaining \$89,477 was exposed to custodial credit risk as discussed above.

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.

Beginning in tax year 2006, the tax on tangible personal property begins to be phased out for most businesses. In tax year 2006, the assessment percentage for machinery and equipment, inventory, and furniture and fixtures was reduced to 18.75 %; in tax year 2007, to 12.5%; in tax year 2008, 6.5%; and for tax year 2009 and thereafter, 0%.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 4 - PROPERTY TAXES (Continued)

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, 2008, are available to finance fiscal year 2008 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, 2008. 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, 2008, was \$11,461,000 in the General Fund, \$2,333,162 in the Bond Retirement Fund and \$486,000 in the Other Governmental Funds.

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$861,497,230	96%	\$871,534,240	97%
Public Utility	20,940,880	2%	19,180,140	2%
Tangible Personal Property	12,872,168	2%	8,849,756	1%
Total Assessed Value	<u>\$895,310,278</u>	<u>100%</u>	<u>\$899,564,136</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$56.16		\$56.16	

NOTE 5 - RECEIVABLES

Receivables at June 30, 2008, 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	\$39,936,175
Taxes delinquent	1,697,196
Accounts	27,402
Total	<u>\$41,660,773</u>

NOTE 6 - DUE FROM OTHER GOVERNMENTS

There were no Intergovernmental receivables at June 30, 2008.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 7 – INTERFUND TRANSACTIONS

- A. Interfund transfers for the fiscal year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$137,640
Transfers to Major Governmental fund-Building Fund from:	
Nonmajor Governmental Fund-Permanent Improvement fund	\$872,667

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.

During 2008, the District recorded proceeds and related cost for the interest rate swap contract (see Note 13) in the Permanent Improvement Fund, a nonmajor Capital Projects Fund. Subsequently a portion of these funds, \$872,667 were subsequently transferred to the Building Fund, a major Capital Projects Fund to repay short term borrowings related to various capital improvement projects (see Note 14). This transfer is considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

- B. Interfund balances at June 30, 2008, reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Retirement	General	\$283,763

The primary purpose of the interfund balance is to provide funds for debt service payments associated with the District’s House Bill 264 notes that are considered a general fund obligation but paid from the District’s Bond Retirement Fund. During fiscal year 2009, the Treasurer identified this matter and transferred the required funds accordingly.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 8 – CAPITAL ASSETS

The capital asset balances at June 30, 2008 is as follows:

<u>Governmental Activities</u>	<u>Balance 7/1/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2008</u>
<i>Nondepreciable capital assets:</i>				
Land	\$ 3,146,592	\$ -	\$ -	\$ 3,146,592
Construction In Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nondepreciable capital assets	<u>3,146,592</u>	<u>-</u>	<u>-</u>	<u>3,146,592</u>
<i>Depreciable capital assets:</i>				
Land Improvements	8,334,728	-	-	8,334,728
Buildings and improvements	108,085,876	-	-	108,085,876
Furniture and fixtures	2,376,452	47,872	(12,989)	2,411,335
Vehicles	<u>3,035,693</u>	<u>288,320</u>	<u>-</u>	<u>3,324,013</u>
Total depreciable capital assets	<u>121,832,749</u>	<u>336,192</u>	<u>(12,989)</u>	<u>122,155,952</u>
<i>Accumulated Depreciation:</i>				
Land Improvements	(3,030,731)	(416,736)	-	(3,447,467)
Buildings and improvements	(25,998,825)	(3,550,128)	-	(29,538,953)
Furniture and fixtures	(1,443,885)	(224,349)	13,240	(1,654,994)
Vehicles	<u>(1,751,312)</u>	<u>(302,258)</u>	<u>-</u>	<u>(2,053,570)</u>
Total accumulated depreciation	<u>(32,214,753)</u>	<u>(4,493,471)</u>	<u>13,240</u>	<u>(36,694,984)</u>
Total depreciable capital assets	<u>89,617,996</u>	<u>(4,157,279)</u>	<u>251</u>	<u>85,460,968</u>
Capital assets, net	\$ <u>92,764,588</u>	\$ <u>(4,157,279)</u>	\$ <u>251</u>	\$ <u>88,607,560</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,427,327
Vocational	495
Support Services:	
Pupil Services	6,300
Instruction Staff	105,088
Operation and Maintenance of Plant	105,460
Student Transportation	318,983
Central services	3,350
Food Services	11,245
Co-curricular student activities	<u>515,223</u>
Total Depreciation Expense	<u>\$4,493,471</u>

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 2008, 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 2008, 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. State Teachers Retirement System

The District participates in the State Teachers Retirement system of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone comprehensive annual financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3371 or by calling toll-free 1-888-227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. DC and Combined Plan members will transfer to the DB plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

The DB Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the formula benefit the retirement allowance is based on years of credited service and final average salary, which is the average of the members' three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5% with an additional one-tenth of a percent added to the calculation for every year over 31 years until 100% of the final average salary is reached. For members with 35 or more years of Ohio contributing services, the first 30 years will be calculated at 2.5%. Under the money-purchase benefit, members' lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. The total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by 3% of the original base amount.

The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. Benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the members' designated beneficiary is entitled to receive the member's account balance.

Combined Plan offers features of the DC Plan and the DB Plan. Member contributions are allocated to investments selected by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Plan members' defined benefit is determined by multiplying 1% of the members' final average salary by the members' years of service credit. The defined benefit portion of the Combined Plan is payable to members on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

For fiscal year ended June 30, 2008 members were required to contribute 10% of their annual covered salary and the District was required to contribute 14%. Member and employer contributions were established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers provided by Chapter 3307 of the Ohio Revised Code. Of the 14% contributed by the District, 13% was the portion used to fund pension obligations.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$2,621,628, \$1,732,170, and \$2,237,908, respectively; 100% percent has been contributed for fiscal year 2008, 2007 and 2006. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report can be obtained by contacting SERS, 300 E. Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free 1-800-878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the years ended June 30, 2008, 2007 and 2006 were \$802,824, \$676,657 and \$672,787, respectively; 100% has been contributed for fiscal year 2008, 2007, and 2006.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Ohio law authorizes STRS to offer a cost-sharing, multiple employer health care plan to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care. For the fiscal years ended June 30, 2008, 2007 and 2006, the District's contributions to post-employment health care were \$381,165, \$364,071, and \$354,674; respectively. 100% has been contributed for 2008, 2007, and 2006.

SERS administers two post-employment benefit plans, the Medicare Part B Plan and the Health Care Plan as permitted by Ohio Revised Code Sections 3309.69 and 3309.375. The Medicare Part B Plan reimburses for Medicare Part B premiums paid by eligible retirees. The Health Care Plan provides health care and prescription drug plans administered by two third-party administrators. The Retirement Board establishes rules for premiums paid by retirees for health care coverage and varies depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

The Medicare Part B premium reimbursement plan reimburses eligible retirees for the lesser of January 1, 1999 Medicare Part B premiums or the current premium. The Medicare Part B premium for calendar year 2007 (most recent information available) was \$93.50. SERS' reimbursement to retirees was \$45.50. The Retirement Board, with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare Part B Fund. For fiscal year 2007 (most recent information available) the actuarially required allocation was .68%. For the fiscal years ended June 30, 2008, 2007 and 2006 the District's contributions to Medicare Part B were \$59,614, \$64,696 and \$63,284 respectively; 100% has been contributed for fiscal year 2008, 2007, and 2006.

The Health Care Plan is funded through employer contributions. Each year after allocation for required benefits the Retirement Board allocates the remainder of the employers' 14% contribution. At June 30, 2007 (the most recent information available) the health care allocation was 3.32%. The actuarially required contribution (ARC), as of December 31, 2006 annual valuation, was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007 (most recent information available), the minimum compensation level was established at \$35,800.

For fiscal year ended June 30, 2008, the District contribution to the Health Care Plan, including the surcharge, was \$480,674.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - LONG-TERM OBLIGATIONS

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

As of June 30, 2008, the District had seven general obligation bonds and one general obligation note outstanding. This debt was issued for governmental 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 bond retirement fund.
- ***Various Purpose General Obligation Bonds*** – On June 6, 2000, the District issued \$36,539,029 in voted general obligation bonds for the purpose of an addition and improvements. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2027. The bonds will be retired from the bond retirement fund.
- ***Building Construction General Obligation Bonds*** - On January 1, 2002, the District issued \$51,110,000 in voted general obligation bonds for the purpose of an addition and improvement to the high school building. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2030. The bonds will be retired from the bond retirement fund.
- ***School Facilities Construction and Improvement Bonds*** - On February 20, 2003, the District issued \$18,496,850 in voted general obligation notes for the purpose of constructing and furnishing a new elementary school as well as additional improvements to the High School Campus. The notes were subsequently bonded in July 2003. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2031. The bonds will be retired from the bond retirement fund.
- ***Energy Conservation Notes*** - On June 2, 2005, the District issued \$2,700,000 in unvoted general obligation notes for the purpose of purchasing and installing energy conservation measures. The notes were issued for a fifteen year period with final maturity at December 1, 2019. The notes will be retired from the bond retirement fund.
- ***General Obligation Advance Refunding Bonds (2005)*** - On November 9, 2005, the District issued \$6,760,000 in general obligation refunding bonds for the purpose of advance refunding a portion of the 1998 bonds listed above. The bonds were issued for a twelve year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$343,799.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

- **General Obligation Advance Refunding Bonds (2006A)** - On January 26, 2006, the District issued \$9,184,993 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 bonds listed above. The bonds were issued for a twenty-four year period with final maturity at December 1, 2029. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$485,568.
- **General Obligation Advance Refunding Bonds (2006B)** - On December 21, 2006, the District issued \$17,904,975 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 and 2003 bonds listed above. The bonds were issued for a twenty-two year period with final maturity at December 1, 2028. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$884,505.

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

	Balance at <u>07/01/07</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>06/30/08</u>
General obligation bonds payable	\$81,295,913	\$ -	\$(1,985,608)	\$79,310,305
Unamortized bond premium, net of accumulated amortization	663,592	-	(32,127)	631,465
Accretion on debt	4,326,518	575,426	(514,017)	4,387,927
Deferred refunding charges	(1,359,909)	-	64,412	(1,295,497)
Interest rate swap	-	1,708,000	(81,333)	1,626,667
General obligation notes payable	<u>2,370,000</u>	<u>-</u>	<u>(145,000)</u>	<u>2,225,000</u>
Total general obligation bonds and long-term note payable	<u>87,296,114</u>	<u>2,283,426</u>	<u>(2,693,673)</u>	<u>86,885,867</u>
Installment loan/ Capital lease obligation	254,387	-	(78,387)	176,000
Compensated absences	<u>1,541,413</u>	<u>480,245</u>	<u>(374,326)</u>	<u>1,647,332</u>
Total Long-Term Obligations	<u>\$89,091,914</u>	<u>\$2,763,671</u>	<u>\$(3,146,386)</u>	<u>\$88,709,199</u>

<u>Amounts Due in One Year</u>	
General obligation bonds payable	\$1,991,523
General obligation notes payable	145,000
Capital lease obligation	82,270
Compensated absences	<u>400,048</u>
	<u>\$2,618,841</u>

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

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

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2008, are as follows:

Fiscal year Ending June 30,	Principal	Interest
2009	\$2,136,523	\$4,452,476
2010	2,336,712	4,517,147
2011	2,483,373	4,636,899
2012	2,612,257	4,710,071
2013	3,274,514	4,441,569
2014 – 2018	20,255,921	18,307,054
2019 – 2023	20,905,000	8,810,338
2024 – 2028	19,991,005	6,552,773
2029– 2032	7,540,000	545,979
Total	\$81,535,305	\$56,974,306

Accretion

Capital accretion bonds were issued with the Various Purpose Bonds – 2000 bonds, the Building Construction General Obligation Bonds – 2002, the 2006A Refunding Bonds, and with the 2006B Refunding Bonds. These bonds were purchased at a discount at the time of issuance and at maturity all compound interest is paid to the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases the accretion is booked as principal. The fiscal year 2008 amount of accretion for the 2000, 2002, 2006A and 2006 Bonds is \$193,232, \$267,943, \$55,911 and \$58,340, respectively.

Note Purchase Agreement/Swaption Agreement

The District entered into an agreement to issue and sell to Dexia Credit Local variable interest rate notes dated October 17, 2007, in the amounts of \$23,875,000 and \$8,140,000. The \$23,875,000 notes have scheduled maturities beginning June 1, 2012 and ending September 1, 2029. The \$8,140,000 notes have scheduled maturities beginning June 1, 2011 and ending September 1, 2025. The notes have a variable interest rate of 1.85% and proceeds of the notes may be used to refund outstanding general obligation bonds.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

The District and Dexia Credit Local also entered into an interest rate swap agreement in which the Dexia Credit Local agreed to pay interest at a variable rate on the notional amount equal to the unpaid principal amount of the notes and the District agreed to pay interest on the notional amount at a fixed rate. The District received an upfront payment from Dexia Credit Local of \$1,708,000 and incurred issuance costs of \$537,542 representing the present value of the debt service savings to be achieved through the refunding based on a total notional amount of the notes of \$32,015,000. The swap's fixed interest rate fluctuates between 5.0% - 6.0% for these notes.

Fair Value As of June 30, 2008, the swap had a negative fair value of \$2,574,451 estimated using the zero-coupon method. This method calculated the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Market Access Risk In the event the District fails to issue the refunding notes, the District would be required to pay Dexia Credit Local for its "loss" as that term is defined under the swap agreement. Under certain circumstances, Dexia Credit Local has the right to terminate the note purchase agreement. If Dexia Credit Local were to exercise its right to terminate the note purchase agreement, the District would be required to pay \$1,708,000 to Dexia Credit Local with neither party having any further liability with respect to the swap agreement.

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, 2008, \$59,730,847 bonds outstanding are considered defeased.

NOTE 14 – SHORT-TERM OBLIGATION

On October 3, 2007, the District issued \$850,000 School Facilities Bond Anticipation Notes, at 5% and matured on April 15, 2008 (see Note 7). These notes were issued with the intent of beginning construction of a new school building. However, the District elected not to proceed with this project. A schedule of the District's Bond Anticipation Note activity is as follows:

<u>Description</u>	<u>Issued</u>	<u>Maturity</u>	<u>Balance at 7/1/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/08</u>
Bond Anticipation Note – 5%	10/3/07	4/15/08	\$ _____	\$850,000	(\$850,000)	\$ _____

Under accounting principles generally accepted in the United States of America, this transaction has been eliminated within the financial statements for financial reporting purposes.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 15 – CAPITAL LEASE OBLIGATION

In fiscal year 2007 the District entered into a capital lease obligation for copiers throughout the District. The cost of the equipment \$322,124, net of accumulated depreciation of \$230,087, is included in capital assets on the statement of net assets at June 30, 2008. 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, 2008 are as follows:

Fiscal Year Ending June 30,	<u>Lease</u>
2009	\$ 88,985
2010	88,985
2011	<u>7,415</u>
Total minimum loan payments	185,385
Less: Amount Representing Interest	<u>(9,385)</u>
Present Value of Net Minimum Lease Payments	<u>\$176,000</u>

NOTE 16 – JOINT VENTURE WITH AN EQUITY INTEREST

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 was constructed through a joint collaboration between the Village, District and Township. Each of these entities would own a portion of the Center, as tenants in common, equal to their financial contribution of the construction. The Village, District and Township committed amounts not to exceed \$5,000,000, \$5,000,000, and \$3,000,000, respectively, to supplement the construction of the Center. The Foundation contributed \$2,231,377 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 will be governed by a Board that is comprised of three members appointed by the Village, three members appointed by the Township, three members appointed by the Foundation, and the Center governing Board as appointed shall appoint an additional three members subject to the ratification and appointment by a majority of owners.

The Center became fully operational in June 2008, with the original operating agreement amended in February 2008. The new agreement now provides the District, the Village, and Township with ongoing equity interests. As a result, the District recorded an equity interest in the Center as of June 30, 2008 equal to the percentage of the District's total contribution in relation to the overall cost to construct the Center, which totaled \$16,201,000. The District's contribution of \$5,290,365 is recorded as a special item within the Statement of Activities. Any further capital contributions to the Center may increase the District's equity in the Center for future fiscal years.

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 the GRP.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 19 – RELATED ORGANIZATION

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

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

The District is not obligated nor has any interest in the continuance of the Committee nor any payments provided during 2008.

NOTE 20 - CONTINGENCIES

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

B. Litigation

The District is currently party to legal proceedings and is unable to determine any potential liability at this time.

NOTE 21 - 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. During fiscal year 2008, the Board of Education authorized the transfer of such funds to the permanent improvement fund for the purpose of capital improvements.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Balance as of June 30, 2007	\$ (395,916)	\$(2,467,307)	\$ 65,640
Current Year Set-aside Requirement	556,993	556,993	-
Qualifying Disbursements	(580,737)	(672,007)	(65,640)
Set-aside Balance as of June 30, 2008	(419,660)	(2,582,321)	-
Balance Carried Forward to FY 2009	\$(419,660)	\$(2,467,307)	\$ -

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 until the notes are retired by the District. Therefore, this negative amount is presented as being carried forward to the next fiscal year.

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLES

For 2008, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and the STRS post-employment healthcare plans, which was the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	\$ 32,436,437	\$ 32,801,320	\$ 32,801,320	\$ -
Revenue in lieu of taxes	3,336,337	3,497,014	3,497,014	-
Investment income	758,784	795,327	795,327	-
Tuition fees	47,392	49,674	49,674	-
Miscellaneous	579,438	607,344	607,344	-
State sources	5,025,389	6,464,652	6,464,652	-
TOTAL REVENUES	<u>42,183,777</u>	<u>44,215,331</u>	<u>44,215,331</u>	<u>-</u>
EXPENDITURES:				
Instructional services:				
Regular	17,272,835	18,147,000	18,147,000	-
Special	2,606,348	2,726,306	2,726,306	-
Other instructional	2,238,973	2,238,973	2,238,973	-
TOTAL INSTRUCTIONAL SERVICES	<u>22,118,156</u>	<u>23,112,279</u>	<u>23,112,279</u>	<u>-</u>
Support services:				
Pupils	1,932,065	2,020,989	2,020,989	-
Instructional staff	1,418,606	1,483,898	1,483,898	-
Board of Education	70,159	73,388	73,388	-
School administration	2,874,661	3,006,968	3,006,968	-
Fiscal services	1,335,664	1,397,138	1,397,138	-
Business operations	134,170	140,345	140,345	-
Operation and maintenance of plant	4,099,028	4,287,686	4,287,686	-
Student transportation	2,092,443	2,188,748	2,188,748	-
Central services	148,681	155,524	155,524	-
TOTAL SUPPORT SERVICES	<u>14,105,477</u>	<u>14,754,684</u>	<u>14,754,684</u>	<u>-</u>
Community services	28,059	29,350	29,350	-
Co-curricular activities	1,053,282	1,101,759	1,101,759	-
Other non instructional services	648,461	678,307	678,307	-
TOTAL EXPENDITURES	<u>37,953,435</u>	<u>39,676,379</u>	<u>39,676,379</u>	<u>-</u>
Excess of revenues over expenditures	4,230,342	4,538,952	4,538,952	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,403,000	1,403,000	-
Advances in			-	-
Transfers out	(782,840)	(1,765,640)	(1,765,640)	-
Other	-	128,780	128,780	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(782,840)</u>	<u>(233,860)</u>	<u>(233,860)</u>	<u>-</u>
Net changes in fund balances	3,447,502	4,305,092	4,305,092	-
Prior year encumbrances appropriated	471,345	471,345	471,345	-
FUND BALANCE AT BEGINNING OF YEAR	7,058,726	7,058,726	7,058,726	-
FUND BALANCE AT END OF YEAR	<u>\$ 10,977,573</u>	<u>\$ 11,835,163</u>	<u>\$ 11,835,163</u>	<u>\$ -</u>

See accompanying notes to the required supplementary schedule.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

A. Budgetary Process

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

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

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

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The revised amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008.

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
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

A. Budgetary Process (Continued)

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.

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	\$ 2,789,998
Adjustments:	
Due to revenues	993,645
Due to expenditures	617,669
Due to other financing sources	<u>(96,220)</u>
Net Change in Fund Balances	<u>\$ 4,305,092</u>

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass thru Grantor/ Program Title	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Passed through the Ohio Department of Education:</i>					
Food Donation	10.550	\$ -	\$ 49,101	\$ -	\$ 49,101
<i>Child Nutrition Cluster:</i>					
School Breakfast Program	10.553	415	-	415	-
National School Lunch Program	10.555	110,709	-	110,709	-
<i>Total Child Nutrition Cluster:</i>		<u>111,124</u>	<u>-</u>	<u>111,124</u>	<u>49,101</u>
Total U.S. Department of Agriculture		<u>111,124</u>	<u>49,101</u>	<u>111,124</u>	<u>49,101</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Passed through the Ohio Department of Education:</i>					
<i>Special Education Cluster:</i>					
Special Education-Grants to States	84.027	562,398	-	562,398	-
Special Education-Preschool Grants	84.173	-	3,389	-	3,389
<i>Total Special Education Cluster:</i>		<u>562,398</u>	<u>3,389</u>	<u>562,398</u>	<u>3,389</u>
Title I Grants to Local Educational Agencies	84.010	52,780	-	52,780	-
Safe and Drug Free Schools and Communities-State Grants	84.186	7,391	-	7,391	-
State Grants for Innovative Programs	84.298	8,019	-	8,019	-
Education Technology State Grants	84.318	531	-	531	-
English Language Acquisition Grants	84.365	-	7,828	-	7,828
Improving Teacher Quality State Grants	84.367	37,612	-	37,612	-
Total U.S. Department of Education		<u>668,731</u>	<u>11,217</u>	<u>668,731</u>	<u>11,217</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
<i>Passed Through Ohio Department of Public Safety</i>					
Disaster Grants - Public Assistance Grants	97.036	-	-	6,572	-
TOTAL FEDERAL ASSISTANCE		<u>\$ 779,855</u>	<u>\$ 60,318</u>	<u>\$ 786,427</u>	<u>\$ 60,318</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, 2008**

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

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

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. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

The District used the services of DJ Co-ops to hold, process, and deliver its federal commodities at a nominal rate.

NOTE D – NONCASH AWARDS

The District had the following federal non-cash receipts and non-cash disbursements which were received and disbursed on behalf of the District for fiscal year 2008.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Non-Cash Receipts</u>	<u>Non-Cash Disbursements</u>
Special Education-Preschool Grants	84.173	\$3,389	\$3,389
English Language Acquisition Grant	84.365	7,828	7,828



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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the New Albany-Plain Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated December 26, 2008, wherein we noted the District implemented GASB Statement No.'s 45, 48, and 50 as disclosed in Note 22. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we did note matters that we have reported to management in a separate letter dated December 26, 2008.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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Compliance and Other Matters

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 26, 2008



**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 apply to its major federal program for the fiscal year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

The District's basic financial statements include the operations of the School for Arts Integrated Learning (SAIL), a discretely presented component unit. Because this component unit is legally separate from the District which this report addresses, and because this component unit expended less than \$500,000 of federal awards for the fiscal year ended June 30, 2008, this component unit was not subject to OMB Circular A-133 audit requirements.

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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the New Albany-Plain Local School District, Franklin County, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2008.

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Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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

Wilson, Sherman & Snow, Inc.

Newark, Ohio
December 26, 2008

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

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

JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for its major federal program?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in its internal control for its major federal program?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program (list):	Special Education Cluster: Special Education Grants to States \ CFDA #84.027 and Special Education Preschool Grants \ CFDA #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

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

JUNE 30, 2008

**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
MARCH 3, 2009**