



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

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
New Albany-Plain Local School District
Franklin County
99 W. Main Street
New Albany, Ohio 43054

We have audited the accompanying general-purpose financial statements of the New Albany-Plain Local School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the New Albany-Plain Local School District, Franklin County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

JIM PETRO
Auditor of State

January 23, 2002

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**New Albany Plain Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$759,672	\$765,722	\$833,500	\$19,547,545
Cash and Cash Equivalents:				
With Fiscal Agents				255,146
Receivables:				
Taxes	13,687,198		2,415,075	719,363
Accounts	22,775	7,959		
Intergovernmental		21,103		
Accrued Interest	30,936			71,038
Materials and Supplies Inventory				
Prepaid Items	4,499			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	759,515			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$15,264,595</u>	<u>\$794,784</u>	<u>\$3,248,575</u>	<u>\$20,593,092</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$175,260	\$31,319		\$203,347
Contracts Payable				4,873,458
Accrued Wages and Benefits	1,454,630	8,724		
Compensated Absences Payable	56,016	4,408		
Retainage Payable				255,146
Intergovernmental Payable	217,887	4,930		41
Deferred Revenue	11,873,710		\$2,093,007	623,833
Due to Students				
General Obligation Bonds Payable				
Total Liabilities	<u>13,777,503</u>	<u>49,381</u>	<u>2,093,007</u>	<u>5,955,825</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	114,329	72,469		9,780,301
Reserved for Prepaid Items	4,499			
Reserved for Debt Service Principal			833,500	
Reserved for Property Taxes	1,490,128		322,068	78,290
Reserved for Textbooks	277,946			
Reserved for Capital Acquisition	165,929			
Reserved for Budget Stabilization	315,640			
Unreserved:				
Unreserved, Undesignated	(881,379)	672,934		4,778,676
Total Fund Equity and Other Credits	<u>1,487,092</u>	<u>745,403</u>	<u>1,155,568</u>	<u>14,637,267</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$15,264,595</u>	<u>\$794,784</u>	<u>\$3,248,575</u>	<u>\$20,593,092</u>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$172,517	\$71,450	\$138,425			\$22,288,831
					255,146
390		3,215			16,821,636
5,538					34,339
					26,641
7,334					101,974
					7,334
					4,499
					759,515
181,200			\$68,558,014		68,739,214
(101,675)					(101,675)
				\$833,500	833,500
				47,841,998	47,841,998
<u>\$265,304</u>	<u>\$71,450</u>	<u>\$141,640</u>	<u>\$68,558,014</u>	<u>\$48,675,498</u>	<u>\$157,612,952</u>
		\$9,028			\$418,954
\$29,439					4,873,458
5,841				\$679,345	1,492,793
					745,610
18,720					255,146
3,014				125,813	367,391
		102,806			14,593,564
					102,806
<u>57,014</u>	<u></u>	<u>111,834</u>	<u></u>	<u>47,870,340</u>	<u>47,870,340</u>
				<u>48,675,498</u>	<u>70,720,062</u>
			\$68,558,014		68,558,014
\$208,290	\$71,450				279,740
		1,500			9,968,599
					4,499
					833,500
					1,890,486
					277,946
					165,929
					315,640
		28,306			4,598,537
<u>208,290</u>	<u>71,450</u>	<u>29,806</u>	<u>68,558,014</u>	<u></u>	<u>86,892,890</u>
<u>\$265,304</u>	<u>\$71,450</u>	<u>\$141,640</u>	<u>\$68,558,014</u>	<u>\$48,675,498</u>	<u>\$157,612,952</u>

**New Albany Plain Local School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Fund
 For the Year Ended June 30, 2001**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Intergovernmental	\$3,158,914	\$878,797
Interest	239,518	
Increase(Decrease) in Fair Value of Investments		
Tuition and Fees	115,170	
Rent	6,857	
Extracurricular Activities		345,280
Property & Other Local Taxes	12,348,945	
Miscellaneous	212,353	72,094
Total Revenues	16,081,757	1,296,171
Expenditures:		
Instruction:		
Regular	6,545,939	9,283
Special	1,046,429	76,621
Other	207,741	
Support services:		
Pupils	810,092	
Instructional Staff	728,940	25,003
Board of Education	23,292	
Administration	1,464,780	131,396
Fiscal	522,192	
Operation and Maintenance of Plant	1,971,180	
Pupil Transportation	1,009,969	
Central	14,058	556,563
Non-Instructional Services	332,841	92,958
Extracurricular activities	512,435	272,679
Capital Outlay		
Debt Service		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	15,189,888	1,164,503
Excess of Revenues Over (Under) Expenditures	891,869	131,668
Other Financing Sources and Uses		
Operating Transfers In	370,000	67,417
Refund of Prior Year Expenditures	19,545	
Operating Transfers Out	(165,000)	(1,096)
Total Other Financing Sources (Uses)	224,545	66,321
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,116,414	197,989
Fund Balance at Beginning of Year	370,678	547,414
Fund Balance at End of Year	\$1,487,092	\$745,403

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

Governmental Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$251,770	\$135,425		\$4,424,906
	1,894,089	\$419	2,134,026
	182,733		182,733
			115,170
			6,857
			345,280
2,228,466	690,135		15,267,546
		6,484	290,931
<u>2,480,236</u>	<u>2,902,382</u>	<u>6,903</u>	<u>22,767,449</u>
	224,968		6,780,190
	1,800		1,124,850
			207,741
	1,513		811,605
	160,894		914,837
			23,292
	2,354		1,598,530
	6,198		528,390
	479,866		2,451,046
	189,797		1,199,766
			570,621
		7,000	432,799
			785,114
	17,009,224		17,009,224
945,000	33,360		978,360
<u>2,586,621</u>	<u>815</u>		<u>2,587,436</u>
<u>3,531,621</u>	<u>18,110,789</u>	<u>7,000</u>	<u>38,003,801</u>
<u>(1,051,385)</u>	<u>(15,208,407)</u>	<u>(97)</u>	<u>(15,236,352)</u>
1,000,170	440,691		1,878,278
			19,545
	(1,810,861)		(1,976,957)
<u>1,000,170</u>	<u>(1,370,170)</u>		<u>(79,134)</u>
(51,215)	(16,578,577)	(97)	(15,315,486)
1,206,783	31,215,844	2,579	33,343,298
<u>\$1,155,568</u>	<u>\$14,637,267</u>	<u>\$2,482</u>	<u>\$18,027,812</u>

New Albany Plain Local School District
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Year Ended June 30, 2001

	Governmental Fund Types		
	General		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$3,179,537	\$3,179,537	\$0
Interest	218,117	218,117	0
Tuition and Fees	120,870	120,870	0
Extracurricular Activities			
Property & Other Local Taxes	11,590,203	11,590,203	0
Miscellaneous	199,377	199,377	0
Total Revenues	15,308,104	15,308,104	0
Expenditures:			
Current:			
Instruction:			
Regular	6,370,896	6,370,896	0
Special	978,675	978,675	0
Other	216,480	216,480	0
Support services:			
Pupils	802,559	802,559	0
Instructional Staff	724,647	724,647	0
Board of Education	30,154	30,154	0
Administration	1,556,351	1,556,351	0
Fiscal	518,183	518,183	0
Operation and Maintenance of Plant	1,999,053	1,999,053	0
Pupil Transportation	1,004,949	1,004,949	0
Central	17,401	17,401	0
Non-Instructional Services	334,450	334,450	0
Extracurricular activities	518,177	518,177	0
Capital Outlay			0
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	15,071,975	15,071,975	0
Excess of Revenues Over (Under) Expenditures	236,129	236,129	0
Other Financing Sources and Uses			
Operating Transfers In	370,000	370,000	0
Proceeds from Sale of Long-Term Notes	750,000	750,000	0
Refund of Prior Year Expenditures	19,545	19,545	0
Operating Transfers Out	(915,000)	(915,000)	0
Total Other Financing Sources (Uses)	224,545	224,545	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	460,674	460,674	0
Fund Balances at Beginning of Year	604,154	604,154	
Prior Year Encumbrances Appropriated	236,926	236,926	
Fund Balance at end of Year	\$1,301,754	\$1,301,754	\$0

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

Governmental Fund Types

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$872,028	\$872,028	\$0	\$251,770	\$251,770	\$0
		0			
337,463	337,463	0	2,079,114	2,079,114	0
72,094	72,094	0			
<u>1,281,585</u>	<u>1,281,585</u>	<u>0</u>	<u>2,330,884</u>	<u>2,330,884</u>	<u>0</u>
9,533	9,533	0			
84,133	84,133	0			
24,597	24,597	0			
131,851	131,851	0			
597,886	597,886	0			
98,592	98,592	0			
285,759	285,759	0			
			1,695,000	1,695,000	
			<u>2,586,621</u>	<u>2,586,621</u>	<u>0</u>
<u>1,232,351</u>	<u>1,232,351</u>	<u>0</u>	<u>4,281,621</u>	<u>4,281,621</u>	<u>0</u>
<u>49,234</u>	<u>49,234</u>	<u>0</u>	<u>(1,950,737)</u>	<u>(1,950,737)</u>	<u>0</u>
67,417	67,417	0	1,750,170	1,750,170	0
(1,096)	(1,096)	0			
<u>66,321</u>	<u>66,321</u>	<u>0</u>	<u>1,750,170</u>	<u>1,750,170</u>	<u>0</u>
115,555	115,555	0	(200,567)	(200,567)	0
527,582	527,582		1,034,070	1,034,070	
23,281	23,281				
<u>\$666,418</u>	<u>\$666,418</u>	<u>\$0</u>	<u>\$833,503</u>	<u>\$833,503</u>	<u>\$0</u>

(Continued)

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

(See Accountant's Compilation Report)

	Governmental Fund Types		
	Capital Projects		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$138,425	\$138,425	\$0
Interest	1,619,855	1,823,051	203,196
Tuition and Fees			
Extracurricular Activities			
Property & Other Local Taxes	653,796	653,796	0
Miscellaneous			
Total Revenues	<u>2,412,076</u>	<u>2,615,272</u>	<u>203,196</u>
Expenditures:			
Current:			
Instruction:			
Regular	231,941	231,941	0
Special	1,800	1,800	0
Other			
Support services:			
Pupils	1,513	1,513	0
Instructional Staff	191,048	191,048	0
Board of Education			
Administration	7,392	7,392	0
Fiscal	6,198	6,198	0
Operation and Maintenance of Plant	486,367	486,367	0
Pupil Transportation	189,797	189,797	0
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	27,392,062	27,392,062	0
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>28,508,118</u>	<u>28,508,118</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(26,096,042)</u>	<u>(25,892,846)</u>	<u>203,196</u>
Other Financing Sources and Uses			
Operating Transfers In	440,691	440,691	0
Proceeds from Sale of Long-Term Notes			
Refund of Prior Year Expenditures			
Operating Transfers Out	(1,810,861)	(1,810,861)	0
Total Other Financing Sources (Uses)	<u>(1,370,170)</u>	<u>(1,370,170)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(27,466,212)</u>	<u>(27,263,016)</u>	<u>203,196</u>
Fund Balances at Beginning of Year	30,529,410	30,529,410	
Prior Year Encumbrances Appropriated	1,167,617	1,167,617	
Fund Balance at end of Year	<u><u>\$4,230,815</u></u>	<u><u>\$4,434,011</u></u>	<u><u>\$203,196</u></u>

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

Fiduciary Fund Types			Totals (Memorandum Only)		
Expendable Trust					
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
			\$4,441,760	\$4,441,760	\$0
			1,837,972	2,041,168	203,196
			120,870	120,870	0
			337,463	337,463	0
			14,323,113	14,323,113	0
\$6,484	\$6,484	\$0	277,955	277,955	0
6,484	6,484	0	21,339,133	21,542,329	203,196
			6,612,370	6,612,370	0
			1,064,608	1,064,608	0
			216,480	216,480	0
			804,072	804,072	0
			940,292	940,292	0
			30,154	30,154	0
			1,695,594	1,695,594	0
			524,381	524,381	0
			2,485,420	2,485,420	0
			1,194,746	1,194,746	0
			615,287	615,287	0
11,500	11,500	0	444,542	444,542	0
			803,936	803,936	0
			27,392,062	27,392,062	0
			1,695,000	1,695,000	0
			2,586,621	2,586,621	0
11,500	11,500	0	49,105,565	49,105,565	0
(5,016)	(5,016)	0	(27,766,432)	(27,563,236)	203,196
			2,628,278	2,628,278	0
			750,000	750,000	0
			19,545	19,545	0
			(2,726,957)	(2,726,957)	0
			670,866	670,866	0
(5,016)	(5,016)	0	(27,095,566)	(26,892,370)	203,196
1,079	1,079		32,696,295	32,696,295	
4,500	4,500		1,432,324	1,432,324	
\$563	\$563	\$0	\$7,033,053	\$7,236,249	\$203,196

**New Albany Plain Local School District
 Combined Statement of Revenues, Expenses
 and Changes in Retained Earnings/Fund Balance
 All Proprietary Funds and Non-Expendable Trust Fund
 For the Year Ended June 30, 2001**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating Revenues:				
Tuition	\$36,906			\$36,906
Sales	474,300			474,300
Other			\$32,530	32,530
Total Operating Revenues	<u>511,206</u>		<u>32,530</u>	<u>543,736</u>
Operating Expenses				
Salaries	130,884			130,884
Fringe Benefits	74,306			74,306
Purchased Services	16,172	\$9,250	7,490	32,912
Materials and Supplies	289,150		1,269	290,419
Depreciation	19,469			19,469
Total Operating Expenses	<u>529,981</u>	<u>9,250</u>	<u>8,759</u>	<u>547,990</u>
Operating Income (Loss)	(18,775)	(9,250)	23,771	(4,254)
Non-Operating Revenues and Expenses				
Federal Donated Commodities	18,268			18,268
Federal and State Subsidies	38,849			38,849
Total Non-Operating Revenues and Expenses	<u>57,117</u>			<u>57,117</u>
Income (Loss) Before Operating Transfers	38,342	(9,250)	23,771	52,863
Operating Transfers-In	20,000	80,000		100,000
Net Income (Loss)	58,342	70,750	23,771	152,863
Retained Earnings/Fund Balances at Beginning of Year	149,948	700	3,553	154,201
Retained Earnings/Fund Balances at End of Year	<u>\$208,290</u>	<u>\$71,450</u>	<u>\$27,324</u>	<u>\$307,064</u>

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

**New Albany Plain Local School District
Combined Statement of Cash Flows
All Proprietary Funds and Non-Expendable Trust Fund
For the Year Ended June 30, 2001**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received from Tuition	\$36,516			\$36,516
Cash Received from Sales	474,300			474,300
Other Cash Receipts			\$32,530	32,530
Cash Payments to Suppliers for Goods and Service	(272,949)		(621)	(273,570)
Cash Payments for Contract Services	(16,172)	(\$9,250)	(7,490)	(32,912)
Cash Payments for Employee Services	(155,644)			(155,644)
Cash Payments for Employee Benefits	(70,523)			(70,523)
Net Cash Provided (Used) by Operating Activities	<u>(4,472)</u>	<u>(9,250)</u>	<u>24,419</u>	<u>10,697</u>
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	33,311			33,311
Transfers In	20,000	80,000		100,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>53,311</u>	<u>80,000</u>		<u>133,311</u>
Net Increase (Decrease) in Cash and Cash Equivalents	48,839	70,750	24,419	144,008
Cash and Cash Equivalents at Beginning of Year	123,678	700	3,553	127,931
Cash and Cash Equivalents at End of Year	<u><u>\$172,517</u></u>	<u><u>\$71,450</u></u>	<u><u>\$27,972</u></u>	<u><u>\$271,939</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(\$18,775)	(\$9,250)	\$23,771	(\$4,254)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:				
Depreciation	19,469			19,469
Donated Commodities Used During the Year	18,268			18,268
(Increase) Decrease in Assets:				
Accounts Receivable	(390)			(390)
Material and Supplies Inventory	(455)			(455)
Increase (Decrease) in Liabilities:				
Accounts Payable	(270)		648	378
Compensated Absences Payable	(23,271)			(23,271)
Intergovernmental Payable	4,028			4,028
Deferred Revenue	(1,342)			(1,342)
Accrued Wages and Benefits	(1,734)			(1,734)
Total Adjustments	<u>14,303</u>		<u>648</u>	<u>14,951</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$4,472)</u></u>	<u><u>(\$9,250)</u></u>	<u><u>\$24,419</u></u>	<u><u>\$10,697</u></u>
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2001:				
Cash and Cash Equivalents — Trust and Agency Funds				\$138,425
Less: Expendable Trust Funds				(6,313)
Less: Agency Funds				(104,140)
Cash and Cash Equivalents — Nonexpendable Trust Funds				<u><u>\$27,972</u></u>

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

Average daily membership (ADM) as of October 1, 2000 was 1,995. The District employed 161 certified employees and 94 non-certificated employees. The District co-operates with the Franklin County Educational Service Center, a separate entity, for curricular services.

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

Reporting Entity:

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

Proprietary Fund Types:

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

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

Fiduciary Fund Types:

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

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

Non-Expendable Trust Funds - These funds are accounted for in essentially the same manner as proprietary funds.

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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 School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School 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 7.) 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred 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, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

C. Budgetary Process

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

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

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

Tax Budget:

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations:

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

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

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

Encumbrances:

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Lapsing of Appropriations:

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

D. Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2001, investments were limited to STAR Ohio, repurchase agreements, treasury notes, and federal agency securities. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner of consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$239,518.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation

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

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

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

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Venture Capital
Auxiliary Services
Professional Development Block Grant
School Age Child Care
GTE Gift Program
Education Management Information Systems
Solid Waste Authority
Data Communications for School Buildings
School Net Professional Development
Ohio Reads
Miscellaneous State Grant
Eisenhower Grant
Title VI-B
Title I

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues (Continued)

Title VI
Telecommunications E-Rate
Miscellaneous Federal Grant

Capital Project *Funds*
School Net Plus

Reimbursable Grants
General Fund
Driver Education

Proprietary Funds
National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 20 percent of the District's operating revenue during the 2001 fiscal year.

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

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

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

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Fund Balance Reserves

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$460,674	\$115,555	(\$200,567)	(\$27,263,016)	(\$5,016)
Adjustments for:					
Revenue Accruals	773,651	14,591	149,352	287,109	419
Expenditure Accruals	(335,347)	(31,455)		(4,589,019)	(1,250)
Other Sources/Uses					
Encumbrances	217,436	99,298		14,986,349	5,750
GAAP Basis	<u>\$1,116,414</u>	<u>\$197,989</u>	<u>(\$51,215)</u>	<u>(\$16,578,577)</u>	<u>(\$97)</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of 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).

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$11,549,423 and the bank balance was \$11,560,738. Of the bank balance, \$200,000 was covered by federal depository insurance and \$11,360,738 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments of \$6,741,919, in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

	<u>Category 2</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Federal Agency Securities	\$4,884,813	\$4,884,813	\$5,012,000
STAR Ohio		6,741,919	6,741,919
Total Investments		<u>\$11,626,732</u>	<u>\$11,753,919</u>

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

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

	<u>Cash and Cash Equivalents Deposits</u>	<u>Investments</u>
GASB Statement 9		
	\$23,303,492	
Cash on Hand	(150)	
Investments:		
Federal Agency Securities	(5,012,000)	\$5,012,000
STAR Ohio	(6,741,919)	6,741,919
GASB Statement 3	<u>\$11,549,423</u>	<u>\$11,753,919</u>

NOTE 5 - PROPERTY TAXES

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 5 - PROPERTY TAXES (Continued)

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

The District receives property taxes from Franklin and Licking Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 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, 2001. 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, 2001, was \$1,490,128 in the General Fund, \$262,668 in the Bond Retirement Debt Service Fund and \$78,290 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$396,877,560	93%	\$437,013,430	93%
Public Utility	21,566,770	5%	21,767,010	5%
Tangible Personal Property	6,897,195	2%	9,632,683	3%
Total Assessed Value	<u>\$425,341,525</u>	<u>100%</u>	<u>\$468,413,123</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$49.46		\$54.17	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 6 - RECEIVABLES (Continued)

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$13,687,198
Accounts	22,775
Interest	30,936
Special Revenue Fund	
Accounts	7,959
Intergovernmental	21,103
Debt Service Fund	
Taxes	2,415,075
Capital Projects Funds	
Taxes	719,363
Intergovernmental	71,038
Enterprise Funds	
Accounts	390
Intergovernmental	5,538
Trust and Agency Funds	
Accounts	3,215
Total Receivables	\$16,984,590

NOTE 7 - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$1,364,730	\$2,910,206		\$4,274,936
Buildings	43,559,637	97,131		43,656,768
Furniture and Equipment	4,425,918	133,671		4,559,589
Vehicles	926,133	251,396		1,177,529
Construction in Progress		14,889,192		14,889,192
Total General Fixed Assets	\$50,276,418	\$18,281,596		\$68,558,014

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$181,200
Less: Accumulated Depreciation	(101,675)
Net Fixed Assets	\$79,525

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents-replacement cost	\$1,000	\$12,558,200
Automobile Liability	500	1,000,000
Uninsured Motorists		1,000,000
General Liability		
Per occurrence		1,000,000
Per year		5,000,000

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

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the Plain Local School District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$332,753, \$270,241, and \$232,043 respectively; 48 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$172,260 representing unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2001 were 9.3 percent of covered payroll for members and 14 percent for employers. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,041,868, \$918,009, and \$774,454, respectively; 84 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$168,230 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

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

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2001. The Health Care Reserve Fund allocation for the year ended June 30, 2001 will be 4.5 percent of covered payroll.

For the year ended June 30, 2001, net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2001, the allocation rate is 8.45 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits were \$252.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .6036, then adding the surcharge due as of June 30, 2001, as certified to your district by SERS.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE

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

The computer equipment has been capitalized in the general fixed assets account group in the amount of \$107,682. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$33,360 in the governmental funds

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2001 were as follows:

	Interest Rate	Principal Outstanding June 30, 2000	Additions	Deductions	Principal Outstanding June 30, 2001
Building Construction Bonds	3.60%	\$12,060,000		\$945,000	\$11,115,000
Various Purpose Bonds	6.40%	36,539,029	\$216,311		36,755,340
Long-Term Bonds & Loans		\$48,599,029	216,311	945,000	47,870,340
Capital Lease Obligations		33,360		33,360	
Intergovernmental Payable		106,107	19,706		125,813
Compensated Absences		740,971		61,626	679,345
Total Long-Term Obligations		<u>\$49,479,467</u>	<u>\$236,017</u>	<u>\$1,039,986</u>	<u>\$48,675,498</u>

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

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

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

The District's voted legal debt margin was (\$5,713,159) with an unvoted debt margin of \$468,413 at June 30, 2001.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2001, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$5,000	\$2,596,903	\$2,601,903
2003	75,000	2,594,910	2,669,910
2004	210,000	2,587,680	2,797,680
2005	360,000	2,573,055	2,933,055
2006	278,438	2,846,949	3,125,387
2007 - thereafter	46,941,902	41,257,233	88,199,135
Total	<u>\$47,870,340</u>	<u>\$54,456,730</u>	<u>\$102,327,070</u>

Advance Refunding

The School District defeased certain School Construction and Improvement Bonds and notes by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2001, \$7,350,383 bonds outstanding are considered defeased.

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and rotary. The table below reflects the more significant financial data relating to the enterprise funds of the Plain Local School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Rotary	Total Enterprise Funds
Operating Revenues	\$437,541	\$36,759	\$36,906	\$511,206
Operating Expenses	426,243	44,375	39,894	510,512
Depreciation	19,469			19,469
Total Operating Expenses	<u>445,712</u>	<u>44,375</u>	<u>39,894</u>	<u>529,981</u>
Operating Income (Loss)	(8,171)	(7,616)	(2,988)	(18,775)
Non Operating Revenues				
State and Federal Grants	38,849			38,849
Federal Commodities	18,268			18,268
Operating Transfers In		20,000		20,000
Net Income (Loss)	<u>48,946</u>	<u>12,384</u>	<u>(2,988)</u>	<u>58,342</u>
Net Working Capital	<u>91,109</u>	<u>37,149</u>	<u>507</u>	<u>128,765</u>
Total Assets	<u>227,648</u>	<u>37,149</u>	<u>507</u>	<u>265,304</u>
Total Liabilities	<u>57,014</u>			<u>57,014</u>
Total Equity	<u>170,634</u>	<u>37,149</u>	<u>507</u>	<u>208,290</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 15 - CONTRACTUAL COMMITMENTS

As of June 30, 2001, the District had Middle School Construction contractual purchase commitments as follows:

Contractor	Fund	Purchase Commitments	Amounts Paid as of June 30, 2001	Amounts Remaining on Contracts
Thomas Glass Co.	Middle School	\$433,748	\$46,439	\$387,309
Apex/M &P Construction	Middle School	2,372,816	774,316	1,598,500
George Igel & Co.	Middle School	1,037,658	708,993	328,665
International Masonry	Middle School	3,027,763	1,150,368	1,877,395
Marysville Steel	Middle School	364,600	145,423	219,177
Settle-Muter Electric	Middle School	1,848,243	420,333	1,427,910
Croson Teepe LLP	Middle School	852,644	178,662	673,982
Croson Teepe LLP	Middle School	3,746,450	913,755	2,832,695
Totals	Middle School	\$13,683,922	\$4,338,289	\$9,345,633

As of June 30, 2001, the District had other contractual purchase commitments as follows:

<u>VENDOR NAME</u>	<u>P.O. AMOUNT</u>
Bartha Visual	\$91,400
Central Ohio Building Co., Inc.	499,799
Chemcote, Inc.	298,320
Columbus Micro Systems	77,964
Continental Office	6,137
G G C Engineers	15,000
Miller Pavement Maintenance	151,234
Parallel Technologies, Inc.	72,300
Resource One Computer	63,076
Rocky Fork Co.	8,476
Trucco Construction Co., Inc.	52,578
Turner Construction	160,000
Virco Inc.	5,841
Wenger Corporation	26,980
Total	\$1,529,105

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

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

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

NOTE 17 - INSURANCE PURCHASING POOL

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

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

NOTE 18 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

The School District 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 relating to the worker's compensation refunds.

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

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 2000	82,622	74,066	\$173,000	
Current Year Set-aside Requirement	\$445,000	\$450,000	142,640	
Current Year Offsets				
Qualifying Disbursements	(249,676)	(358,137)	0	
Total	\$277,946	\$165,929	\$315,640	
Cash Balance Carried Forward to FY 2002	\$277,946	\$165,929	\$315,640	
 Total Restricted Assets				 \$759,515

NOTE 20 – STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of the date of this report, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

NOTE 20 – STATE SCHOOL FUNDING DECISION (Continued)

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

NOTE 21 - CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Reporting for Certain Shared Nonexchange Revenues". The implementation of the new accounting principles had no effect on fund balance/retained earnings as of June 30, 2000.

NOTE 22 - SUBSEQUENT EVENT

On January 7, 2002 the board of education authorized the issuance of general obligation bonds in the amount of \$ 50 million. \$20.3 million is to be used for the construction of a new elementary school. The other \$29.7 is to be used for the advance refunding bonds issued in 2000.

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

Board of Education
New Albany-Plain Local School District
Franklin County
99 W. Main Street
New Albany, Ohio 43054

We have audited the general purpose financial statements of New Albany-Plain Local School District, Franklin County (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated January 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2001-10625-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 23, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2001-10625-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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

JIM PETRO
Auditor of State

January 23, 2002

NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2001

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

Finding Number	2001-10625-001
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Ohio Rev. Code Section 5705.41 (D) states that no subdivision or taxing unit shall make any contract or any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section, also provides an exception to the above requirements:

Then and Now Certificate - if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The District did not properly certify expenditures on 24% of the transactions reviewed.

Finding Number	2001-10625-002
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Fixed Assets

Information on additions to fixed assets is not being maintained to easily identify changes from year to year. Capital outlay expenditures does not provide enough information to accurately classify additions to general fixed assets.

We noted the following errors:

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

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

NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2001
(Continued)

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

Finding Number	2001-10625-002 (Continued)
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Fixed Assets

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

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

**SCHEDULE OF PRIOR AUDIT FINDING
JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10625-001	Reportable Condition- Property , Plant , and Equipment errors and policy weaknesses.	No	Corrections have not been made by the District. The District is in the process of taking corrective action to resolve these weaknesses.



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NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2002**