

NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT

FRANKLIN COUNTY

SINGLE AUDIT

JUNE 30, 2005



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the New Albany - Plain Local School District, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2004 to June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 19, 2006

This Page is Intentionally Left Blank.

New Albany-Plain Local School District

Franklin County

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	10
STATEMENT OF ACTIVITIES	11
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET – GOVERNMENTAL FUNDS	12
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES	13
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	15
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES	16
NOTES TO THE BASIC FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	40
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	41
OTHER SUPPLEMENTAL DATA	
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	43
NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	44

New Albany-Plain Local School District

Franklin County

TABLE OF CONTENTS

	Page
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AND AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	45
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH <i>OMB CIRCULAR A-133</i>	47
SCHEDULE OF FINDINGS	49



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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Albany - Plain Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the New Albany - Plain Local School District, Franklin County, Ohio as of June 30, 2005, and the respective changes in financial position, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 22, the District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and adopted GASB Technical Bulletin No. 2004-02, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers*. In addition, the District obtained a reappraisal and changed its capitalization threshold over capital assets, which is also discussed in Note 22.

Wilson, Shannon & Snow, Inc.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Newark, Ohio
December 2, 2005

**New Albany-Plain Local School District
Franklin County**

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2005

As management of the New Albany-Plain Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which follow this section.

Financial Highlights

The District's net assets are \$20,161,859 as of June 30, 2005. This represents a decrease of \$5,258,666 or 20.69% as compared to last year.

The current operating levy will expire December 31, 2009. The five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through fiscal 2007, with a need to pass a new levy by the end of fiscal 2008.

The General Fund reported a fund balance of \$4,907,361. On the budgetary basis of accounting the General Fund had a positive balance of \$2,671,508.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**New Albany-Plain Local School District
Franklin County**

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2005

The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$20,161,859 according to the Statement of Net Assets at the close of the most recent fiscal year.

A comparative analysis of fiscal year 2005 to 2004 follows from the Statements of Net Assets:

	Governmental Activities 2005	(Restated) Governmental Activities 2004
	<hr/>	<hr/>
<u>Assets</u>		
Current and other assets	\$38,469,394	\$41,817,084
Capital assets	99,428,001	97,954,843
	<hr/>	<hr/>
Total assets	137,897,395	139,771,927
	<hr/>	<hr/>
<u>Liabilities</u>		
Current Liabilities	27,060,666	26,171,945
Long-term Liabilities	90,674,870	88,179,457
	<hr/>	<hr/>
Total Liabilities	117,735,536	114,351,402
	<hr/>	<hr/>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	9,761,660	10,608,536
Restricted	5,711,367	12,711,495
Unrestricted	4,688,832	2,100,494
	<hr/>	<hr/>
Total net assets	\$20,161,859	\$25,420,525
	<hr/>	<hr/>

**New Albany-Plain Local School District
Franklin County**

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2005

A comparative analysis of fiscal year 2005 to 2004 follows from the Statements of Activities:

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

	2005	2004
Program Revenues:		
Charges for Services and Sales	\$1,581,138	\$1,561,910
Operating Grants and Contributions	749,445	764,005
General Revenues:		
Property Taxes	30,622,864	27,636,455
State Entitlements	8,019,438	6,136,154
Investment Earnings	288,804	250,056
Other	<u>675,707</u>	<u>505,183</u>
Total Revenues	<u>41,937,396</u>	<u>36,853,763</u>
 Special Item	 (5,000,000)	 -
 Expenses:		
Instructional	21,309,382	16,639,747
Support Services	14,252,124	12,283,857
Co-curricular Student Activities	1,871,668	1,225,852
Community Services	340,469	258,283
Interest on Long-Term Debt	<u>4,422,419</u>	<u>4,890,016</u>
Total Expenses	<u>42,196,062</u>	<u>35,297,755</u>
Change in Net Assets	<u>(\$5,258,666)</u>	<u>\$1,556,008</u>

Governmental Activities

Net assets of the District's governmental activities decreased by \$5,258,666. The decrease in net assets is due to the contribution made by the District to the Performing Arts Joint Venture in the amount of \$5,000,000 (shown as a Special Item). The expenditures increase over the prior year is mostly due to salary and benefits related to the additional staff hired in 2005, along with normal raises and increased health insurance premiums associated with existing staff.

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

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

**New Albany-Plain Local School District
Franklin County**

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2005

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

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2005	2005	2004	2004
Instruction	\$21,309,382	\$20,761,257	\$16,639,747	\$15,926,933
Support Services	14,252,124	13,165,338	12,283,857	11,306,841
Co-curricular Student Activities	1,871,668	1,451,954	1,225,852	796,328
Community Services	340,469	64,511	258,283	51,722
Interest on Long-Term Debt	4,422,419	4,422,419	4,890,016	4,890,016
Total Expenses	\$42,196,062	\$39,865,479	\$35,297,755	\$32,971,840

Local property taxes make up 73% of total revenues for governmental activities. The net services column reflecting the need for \$39,865,479 of support indicates the reliance on general revenues to support governmental activities.

The District's Funds

The District's governmental funds reported a combined fund balance of \$10,614,087, which represents a decrease of \$4,541,007 as compared to last year's total of \$15,155,094 according to the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The schedule below shows the fund balance and the total change in fund balance from June 30, 2005 to 2004.

	(Restated)		
	Fund Balance at June 30, 2005	Fund Balance at June 30, 2004	Increase (Decrease)
General Fund	\$ 4,907,361	\$ 2,360,644	\$ 2,546,717
Bond Retirement Fund	3,124,962	2,213,665	911,297
Building Fund	1,091,880	9,583,957	(8,492,077)
Other Governmental Funds	1,489,884	996,828	493,056
Total	\$ 10,614,087	\$ 15,155,094	\$ (4,541,007)

General Fund

The District's General Fund balance increased as a result of the timing of certification of revenues by Franklin County. In fiscal 2004 the County certified that approximately \$5.7 million was available for advance whereas, in 2005 the County certified that approximately \$7.5 million was available for advance.

Revenues

	2005	2004	% Change
Property taxes	\$ 23,932,822	\$ 22,354,270	7.06%
Intergovernmental	7,300,990	5,777,463	26.37%
Investment income	165,309	55,577	197.44%
Other revenue	567,633	669,136	-15.17%
Total	\$ 31,966,754	\$ 28,856,446	10.78%

**New Albany-Plain Local School District
Franklin County**

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2005

Expenditures by Function

	2005	2004	% Change
Instructional services	\$ 16,057,162	\$ 13,321,473	20.54%
Support services	12,256,059	10,486,968	16.87%
Co-curricular student activities	932,215	738,135	26.29%
Community services	94,601	16,589	470.26%
Interest	-	22,400	-100.00%
Total	<u>\$ 29,340,037</u>	<u>\$ 24,585,565</u>	<u>19.34%</u>

Revenues are up 11 % while expenditures increased 19% over the prior year. Expenditure increases are due to salary and benefits related to the additional staff hired in 2005, along with normal raises and increased health insurance premiums associated with existing staff.

Bond Retirement Fund

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

Revenues

	2005	2004	% Change
Property taxes	\$ 5,121,540	\$ 4,515,947	13.41%
Intergovernmental	582,291	484,703	20.13%
Total	<u>\$ 5,703,831</u>	<u>\$ 5,000,650</u>	<u>14.06%</u>

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

Expenditures by Function

	2005	2004	% Change
Support services	\$ 42,496	\$ 30,697	38.44%
Debt Service:			
Principal repayment	755,000	18,956,850	-96.02%
Interest	3,995,038	4,568,480	-12.55%
Total	<u>\$ 4,792,534</u>	<u>\$ 23,556,027</u>	<u>-79.65%</u>

Expenditures decreased due to the repayment of approximately \$18,497,000 in notes that were previously recorded as long term, in fiscal 2004.

Building Fund

The District's Building Fund is used to account for financial resources used for the acquisition or construction of major capital facilities specifically funded by bonds approved by the voters. The fund balance consist of monies on hand from past bond issues and investment income. The tables that follow assist in illustrating the financial activities and balance of the Building Fund.

**New Albany-Plain Local School District
Franklin County**

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2005

Revenues

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Investment Income	\$ 116,264	\$ 191,240	100.00%
Total	<u>\$ 116,264</u>	<u>\$ 191,240</u>	<u>-39.21%</u>

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

Expenditures by Function

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Instructional services	\$ -	\$ 140,265	-100.00%
Business operations	167,000	-	100.00%
Capital outlay	<u>6,141,341</u>	<u>13,233,696</u>	<u>-53.59%</u>
Total	<u>\$ 6,308,341</u>	<u>\$ 13,373,961</u>	<u>-52.83%</u>

Other Governmental Funds

Other governmental funds consist of Special Revenue and other Capital Projects funds. Fund balance in these funds increased by \$493,056.

General Fund Budget Information

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

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

Capital Assets

The District has \$99,428,001 invested in capital assets net of depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2005, the District had \$88,958,262 in bonds and notes outstanding. The District paid \$755,000 in principal during the fiscal year related to this debt. Additionally, the District issued general obligation notes in the amount of \$2,700,000 in the current year to replace the aforementioned notes. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

**New Albany-Plain Local School District
Franklin County**

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2005

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

Restrictions and Other Limitations

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

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

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

Contacting The District's Financial Management

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for monies it receives. Questions concerning any information in this report or request for additional information should be directed to Brian Ramsay, Treasurer, New Albany Plain Local School District, 55 North High Street, New Albany, Ohio 43054.

New Albany-Plain Local School District
STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS:	
Cash and Cash Equivalents	\$ 8,268,681
Cash with fiscal agent	40,277
Restricted cash	65,640
Receivables	30,067,652
Due from other:	
Governments	12,774
Inventory	14,370
Capital assets:	
Land and construction in progress	2,997,172
Depreciable capital assets, net of accumulated depreciation	96,430,829
TOTAL ASSETS	<u>137,897,395</u>
LIABILITIES:	
Accounts payable	697,473
Retainage payable	40,277
Due to other governments	836,979
Unearned revenue	22,001,858
Accrued liabilities	3,484,079
Long-term liabilities:	
Due within one year	2,226,205
Due in more than one year	88,448,665
TOTAL LIABILITIES	<u>117,735,536</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,761,660
Restricted for:	
Capital Projects	1,832,449
Debt Service	3,083,603
Other purposes	795,315
Unrestricted	4,688,832
TOTAL NET ASSETS	<u>\$ 20,161,859</u>

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

New Albany-Plain Local School District
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Instructional services:				
Regular	\$ 17,619,792	\$ 20,495	\$ 63,457	\$ (17,535,840)
Special	2,492,250	-	438,873	(2,053,377)
Vocational	1,171,960	-	-	(1,171,960)
Continuing	25,380	-	25,300	(80)
Support services:				
Operation and maintenance of plant	3,430,423	-	-	(3,430,423)
School administration	2,991,157	-	-	(2,991,157)
Instructional staff	1,619,896	-	11,852	(1,608,044)
Pupils	1,474,668	-	-	(1,474,668)
Non-Instructional services	663,763	-	-	(663,763)
Business operations	997,781	-	-	(997,781)
Student transportation	1,997,890	-	18,608	(1,979,282)
Food service	871,224	909,012	81,586	119,374
Central services	162,832	-	65,728	(97,104)
General administration	42,490	-	-	(42,490)
Co-curricular student activities	1,871,668	419,714	-	(1,451,954)
Community services	340,469	231,917	44,041	(64,511)
Interest on debt	4,422,419	-	-	(4,422,419)
Total Governmental Activities	\$ 42,196,062	\$ 1,581,138	\$ 749,445	(39,865,479)

General revenues:

Property taxes	30,622,864
Grants and entitlements not restricted to specific programs	8,019,438
Investment earnings	288,804
Miscellaneous	675,707
Total general revenues	39,606,813

Special item - Contribution to Joint Venture (5,000,000)

Change in Net Assets (5,258,666)

Net Assets Beginning of Year (as Restated) 25,420,525

Net Assets End of Year \$ 20,161,859

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

New Albany-Plain Local School District
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	GENERAL	BOND RETIREMENT FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 3,513,425	\$ 1,921,962	\$ 1,614,949	\$ 1,218,345	\$ 8,268,681
Cash with fiscal agent	-	-	40,277	-	40,277
Restricted cash and cash equivalents	65,640	-	-	-	65,640
Receivables:					
Property taxes	23,477,381	5,079,569	-	1,326,908	29,883,858
Other	171,621	-	8,010	4,163	183,794
Due from other:					
Governments	-	-	-	12,774	12,774
Inventory	-	-	-	14,370	14,370
TOTAL ASSETS	\$ 27,228,067	\$ 7,001,531	\$ 1,663,236	\$ 2,576,560	\$ 38,469,394
LIABILITIES:					
Accounts payable	\$ 145,732	\$ -	\$ 526,721	\$ 25,020	\$ 697,473
Retainage payable	-	-	40,277	-	40,277
Due to other:					
Governments	836,979	-	-	-	836,979
Deferred revenue	18,126,381	3,876,569	-	1,012,908	23,015,858
Accrued liabilities	3,211,614	-	4,358	48,748	3,264,720
TOTAL LIABILITIES	22,320,706	3,876,569	571,356	1,086,676	27,855,307
FUND BALANCES:					
Reserved for:					
Future appropriations	5,879,089	1,322,059	-	345,352	7,546,500
Encumbrances	298,515	-	62,336	72,647	433,498
Budget Stabilization	65,640	-	-	-	65,640
Inventory	-	-	-	14,370	14,370
Unreserved, reported in					
General fund	(1,335,883)	-	-	-	(1,335,883)
Special revenue fund	-	-	-	741,030	741,030
Debt Service fund	-	1,802,903	-	-	1,802,903
Capital projects fund	-	-	1,029,544	316,485	1,346,029
TOTAL FUND BALANCES	4,907,361	3,124,962	1,091,880	1,489,884	10,614,087
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,228,067	\$ 7,001,531	\$ 1,663,236	\$ 2,576,560	\$ 38,469,394

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

New Albany-Plain Local School District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005

Total Governmental Fund Balances	\$ 10,614,087
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.</p>	99,428,001
<p>Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.</p>	1,014,000
<p>Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.</p>	
Interest payable	(219,359)
Compensated absences	(1,008,529)
Installment loan payable	(8,950)
Bonds and Notes payable	(89,657,391)
 Net Assets of Governmental Activities	 <u><u>\$ 20,161,859</u></u>

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

New Albany-Plain Local School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	GENERAL	BOND RETIREMENT FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes	\$ 23,932,822	\$ 5,121,540	\$ -	\$ 1,265,502	\$ 30,319,864
Intergovernmental:					
Federal Restricted Grants-in-aid	-	-	-	572,856	572,856
State:					
Unrestricted Grants-in-aid	7,282,382	582,291	-	290,066	8,154,739
Restricted Grants-in-aid	18,608	-	-	22,680	41,288
Investment income	165,309	-	116,264	7,231	288,804
Co-curricular activities	48,505	-	-	357,549	406,054
Charges for services	-	-	-	909,012	909,012
Tuition fees	192,916	-	-	205,303	398,219
Other local revenues	326,212	-	-	217,348	543,560
TOTAL REVENUES	31,966,754	5,703,831	116,264	3,847,547	41,634,396
EXPENDITURES:					
Current:					
Instructional services:					
Regular	12,862,235	-	-	428,450	13,290,685
Special	2,022,967	-	-	458,623	2,481,590
Vocational	1,171,960	-	-	-	1,171,960
Continuing	-	-	-	25,380	25,380
TOTAL INSTRUCTIONAL SERVICES	16,057,162	-	-	912,453	16,969,615
Support services:					
Operation and maintenance of plant	3,429,828	-	-	55,928	3,485,756
School administration	2,891,271	-	-	80,074	2,971,345
Instructional staff	1,233,938	-	-	262,393	1,496,331
Pupils	1,393,287	-	-	51,270	1,444,557
Non-instructional services	663,763	-	-	-	663,763
Business operations	756,264	42,496	167,000	26,434	992,194
Student transportation	1,750,463	-	-	405,892	2,156,355
Food services	-	-	-	851,466	851,466
Central services	94,755	-	-	68,077	162,832
General administration	42,490	-	-	-	42,490
TOTAL SUPPORT SERVICES	12,256,059	42,496	167,000	1,801,534	14,267,089
Co-curricular student activities	932,215	-	-	420,693	1,352,908
Community services	94,601	-	-	245,868	340,469
Capital outlay	-	-	6,141,341	-	6,141,341
Debt service:					
Principal retirement	-	755,000	-	52,527	807,527
Interest	-	3,995,038	-	1,416	3,996,454
TOTAL EXPENDITURES	29,340,037	4,792,534	6,308,341	3,434,491	43,875,403
Excess (deficiency) of revenues over expenditures	2,626,717	911,297	(6,192,077)	413,056	(2,241,007)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	80,000	80,000
Transfers out	(80,000)	-	-	-	(80,000)
Proceeds from the issuance of notes	-	-	2,700,000	-	2,700,000
TOTAL OTHER FINANCING SOURCES (USES)	(80,000)	-	2,700,000	80,000	2,700,000
SPECIAL ITEM - CONTRIBUTION					
TO JOINT VENTURE	-	-	(5,000,000)	-	(5,000,000)
Net Change in Fund Balances	2,546,717	911,297	(8,492,077)	493,056	(4,541,007)
FUND BALANCES AT BEGINNING					
OF YEAR, as restated	2,360,644	2,213,665	9,583,957	996,828	15,155,094
FUND BALANCE AT END OF YEAR	\$ 4,907,361	\$ 3,124,962	\$ 1,091,880	\$ 1,489,884	\$ 10,614,087

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

New Albany-Plain Local School District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net Changes in Fund Balances - Total Governmental Funds \$ (4,541,007)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 1,473,158

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 303,000

Repayment of bond and installment loan principal are an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 807,527

Proceeds from issuance of long-term obligations are revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets and does not result in revenue in the statement of activities (2,700,000)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. 28,486

Additional interest reported in the statement of activities is due to the accrued interest on bonds and additional accumulated accreted interest on the capital appreciation bonds. (454,451)

The expense related to compensated absences reported in the statement of activities does require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (175,379)

Change in Net Assets of Governmental Activities \$ (5,258,666)

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

New Albany - Plain Local School District
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2005

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 157,845</u>
Total assets	<u><u>\$ 157,845</u></u>
LIABILITIES	
Due to Others	<u>\$ 157,845</u>
Total liabilities	<u><u>\$ 157,845</u></u>

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

**Notes to the Basic Financial Statements
June 30, 2005**

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, 2004 was 3,209. The District employed 258 certified employees and 177 non-certificated employees. The District co-operates with the Franklin County Educational Service Center, a separate entity, for curricular services.

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

Reporting Entity:

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

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

The District is associated with a joint venture, three jointly governed organizations and an insurance purchasing pool. These organizations include the New Albany Performing Arts Center, the Metropolitan Education Council, the Eastland Vocational School District, the New Albany-Plain Local Joint Park District, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

A. Government-wide and fund financial statements

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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

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

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

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

Expenditures/Expenses

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

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund types:

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

C. Cash and Investments

To improve cash management, all cash received by the District other than cash with fiscal agent is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. During fiscal year 2005, investments were limited to STAR Ohio, repurchase agreements, and federal agency securities. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute or as governed by Board policy.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements 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 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2005.

Investment earnings are allocated as authorized by State statute or as governed by Board policy. Interest revenue credited to the General Fund during the fiscal year amounted to \$165,309.

D. Inventory

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

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

E. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$5,000 and a useful life of less than one year. The District does not possess any infrastructure. All reported capital assets, with the exception of land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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

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

F. Interfund Activity

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

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

G. Compensated Absences

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

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

H. Accrued Liabilities and Long-Term Obligations

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

I. Restricted Assets

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

J. Fund Balance Reserves

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

The reserve for future appropriations represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

K. Estimates

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

L. Net Assets

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

M. Extraordinary and Special Items

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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

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

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

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

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

Deposits with Financial Institutions

At June 30, 2005, the carrying amount of all District deposits was \$969,974, exclusive of the District's investments included in the table below. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2005, \$915,677 of the District's bank balance of \$1,055,954 was exposed to custodial risk as discussed below, while \$140,277 was covered by Federal Deposit Insurance Corporation.

Additionally, the District had cash on hand in the amount of \$10,050, which is included on the balance sheet and statement of net assets as part of cash and cash equivalents.

Cash with Fiscal Agent: At fiscal year-end, the District had \$40,277 in depository accounts for retainage obligations related to construction projects undertaken by the District. The balance in these depository accounts are included in the amount of "deposits" reported by the District.

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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

Investments

As of June 30, 2005, the District had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities 1 Year or less</u>
Repurchase Agreement	\$ 3,379,777	\$ 3,379,777
STAROhio	3,195,054	3,195,054
FHLMC DN	977,588	977,588
	<u>\$ 7,552,419</u>	<u>\$ 7,552,419</u>

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

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

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

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

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2005:

	<u>Amounts</u>
Investments (summarized above)	\$7,552,419
Carrying amount of deposits	969,974
Cash on hand	10,050
Less: Fiduciary Fund – Cash and Cash Equivalents	<u>(157,845)</u>
Total Cash and Cash Equivalents – Statement of Net Assets	<u>\$8,374,598</u>

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

NOTE 4 - PROPERTY TAXES

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

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

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

The District receives property taxes from Franklin and Licking Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2005, are available to finance fiscal year 2005 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, 2005. 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, 2005, was \$5,879,089 in the General Fund, \$1,322,059 in the Bond Retirement Fund and \$345,352 in the Other Governmental Funds.

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

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$641,167,390	95%	\$692,374,520	94%
Public Utility	19,935,780	3%	21,610,700	3%
Tangible Personal Property	15,978,505	2%	25,560,867	3%
Total Assessed Value	<u>\$677,081,675</u>	<u>100%</u>	<u>\$739,546,087</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$51.94		\$51.94	

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

NOTE 5 - RECEIVABLES

Receivables at June 30, 2005, consisted of taxes, interest, and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:	
Taxes current	\$ 28,869,858
Taxes delinquent	1,014,000
Interest	17,662
Accounts	166,132
Total receivable	<u>\$ 30,067,652</u>

NOTE 6 –DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2005, consist of the following:

Nonmajor Fund:	
Food Service Fund	\$ 12,774

NOTE 7 – INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$80,000

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

NOTE 8 – CAPITAL ASSETS

The capital asset balances have been restated due to a reappraisal and changes in the District's capitalization policy. A summary for the fiscal year follows:

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

Governmental Activities	Balance 6/30/2004	Restatement	Restated Balance 7/1/2004	Additions	Deletions	Balance 6/30/2005
<i>Nondepreciable capital assets:</i>						
Land	\$ 5,574,945	(\$ 2,577,773)	\$ 2,997,172	\$ -	\$ -	\$ 2,997,172
Construction In Progress	11,691,124	(11,691,124)	-	-	-	-
Total nondepreciable capital assets	<u>17,266,069</u>	<u>(14,268,897)</u>	<u>2,997,172</u>	<u>-</u>	<u>-</u>	<u>2,997,172</u>
<i>Depreciable capital assets:</i>						
Land Improvements	-	8,157,840	8,157,840	-	-	8,157,840
Buildings and improvements	88,469,028	13,500,025	101,969,053	5,222,098	-	107,191,151
Furniture and fixtures	6,986,384	(5,115,736)	1,870,648	41,325	-	1,911,973
Vehicles	2,203,645	(1,237)	2,202,408	394,040	(18,176)	2,578,272
Total depreciable capital assets	<u>97,659,057</u>	<u>16,540,892</u>	<u>114,199,949</u>	<u>5,657,463</u>	<u>(18,176)</u>	<u>119,839,236</u>
<i>Accumulated Depreciation:</i>						
Land Improvements	-	(1,793,789)	(1,793,789)	(407,892)	-	(2,201,681)
Buildings and improvements	(10,807,168)	(4,795,748)	(15,602,916)	(3,307,657)	-	(18,910,573)
Furniture and fixtures	(3,857,677)	3,161,597	(696,080)	(229,041)	-	(925,121)
Vehicles	(1,039,564)	(109,929)	(1,149,493)	(239,715)	18,176	(1,371,032)
Total accumulated depreciation	<u>(15,704,409)</u>	<u>(3,537,869)</u>	<u>(19,242,278)</u>	<u>(4,184,305)</u>	<u>18,176</u>	<u>(23,408,407)</u>
Total depreciable capital assets	<u>81,954,648</u>	<u>13,003,023</u>	<u>94,957,671</u>	<u>1,473,158</u>	<u>-</u>	<u>96,430,829</u>
Capital assets net	<u>\$ 99,220,717</u>	<u>(\$ 1,265,874)</u>	<u>\$ 97,954,843</u>	<u>\$ 1,473,158</u>	<u>\$ -</u>	<u>\$ 99,428,001</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,298,499
Vocational	495
Support Services:	
Instruction Staff	51,886
Operation and Maintenance of Plant	50,885
Student Transportation	256,441
Food Services	9,293
Co-curricular student activities	516,806
Total Depreciation Expense	<u>\$4,184,305</u>

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2005, the District's insurance coverage was as follows:

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

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

For fiscal year 2005, 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 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100 Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 8.17 percent of annual covered salary was the portion used to fund pension obligations.

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$638,676, \$605,328, and \$470,803, respectively; 100 percent has been contributed for fiscal years 2005, 2004, and 2003.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

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

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

For the fiscal year ended June 30, 2005, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2004, the portion used to fund pension obligations was 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions.

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$1,910,340, \$1,684,704, and \$1,439,244, respectively; 100% percent has been contributed for fiscal year 2005, 2004 and 2003.

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, 2005, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit Plan and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care costs in the form of monthly premium.

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently at 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2004, the board allocated employer contributions equal to 1% of covered payroll to Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004. For the year ended June 30, 2004, (the latest information available), net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

After the allocation for the basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2004, the allocation rate is 4.91%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2004, the minimum pay has been established as \$24,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the Retirement System's net assets available for payment of health care benefits were \$300.8 million. The number of participants currently receiving health care benefits is approximately 62,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .35072, then adding the surcharge due as of June 30, 2004, as certified to your district by SERS.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

NOTE 13 - LONG-TERM OBLIGATIONS

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

As of June 30, 2005, the District had four general obligation bonds and one general obligation note outstanding. This debt was issued for general government activities, specifically, the construction and renovation of school buildings. The issues are as follows:

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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

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

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

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

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

	Balance at 07/01/04	Additions	Deductions	Balance at 06/30/05
General obligation bonds payable	\$ 86,558,811	\$ 454,451	(\$ 755,000)	\$ 86,258,262
Unamortized bond premium, net of accumulated amortization	726,019	-	(26,890)	699,129
General obligation notes payable	-	2,700,000	-	2,700,000
Installment loan obligation	61,477	-	(52,527)	8,950
Compensated absences	833,150	1,008,529	(833,150)	1,008,529
Total Long-Term Liabilities	\$ 88,179,457	\$ 4,162,980	(\$ 1,667,567)	\$ 90,674,870

Amounts Due in One Year

General obligation bonds payable	\$ 991,836
Unamortized bond premium, net of accumulated amortization	26,890
General obligation notes payable	190,000
Installment loan obligation	8,950
Compensated absences	1,008,529
	<u>\$2,226,205</u>

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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

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

Principal (including accretion) and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2005, are as follows:

Fiscal year Ending June 30,	Principal	Interest
2006	\$1,306,586	\$4,231,098
2007	2,265,742	4,288,180
2008	1,691,460	4,912,439
2009	2,184,414	4,659,454
2010	2,397,256	4,710,156
2011 – 2015	16,736,799	22,327,139
2016 – 2020	22,380,000	12,775,633
2021 – 2025	21,965,000	7,215,380
2026-2030	15,721,005	4,963,498
2031-2032	2,310,000	102,155
Total	\$88,958,262	\$70,185,132

Accretion

Capital accretion bonds were issued with the Various Purpose Bonds – 2000 and the Building Construction General Obligation Bonds – 2002. These bonds were purchased at a discount at the time of issuance and at maturity all compound interest is paid to the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases the accretion is booked as principal. The fiscal year 2005 amount of accretion for the 2000 and 2002 Bonds is \$226,298 and \$228,153 respectfully.

Advance Refunding

The School District defeased certain School Construction and Improvement Bonds and notes by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District’s financial statements. As of June 30, 2005, \$28,750,985 bonds outstanding are considered defeased.

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

NOTE 14 – INSTALLMENT LOAN OBLIGATION

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

The District's future minimum loan payments under this obligation as of June 30, 2005 are as follows:

Fiscal Year Ending June 30,	Loan
2006	\$ 8,990
Total minimum loan payments	8,990
Less: Amount Representing Interest	(40)
Present Value of Net Minimum Lease Payments	\$ 8,950

NOTE 15 – JOINT VENTURE

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

The Center will serve both school and community needs, including music, theater, dance and ballet. The Center is ran by a six member Board of Trustees (the "Board") consisting of two members appointed by the District, two members appointed by the Village, one member appointed by the Township and one member appointed by the Foundation. The District does not appoint a voting majority of the Board.

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(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.

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

NOTE 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.

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

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, 2005.

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2004	(\$ 59,606)	\$ -	\$ 65,640
Current Year Set-aside Requirement	402,883	402,883	-
Current Year Offsets	-	(2,700,000)	-
Qualifying Disbursements	<u>(350,443)</u>	<u>(170,190)</u>	-
Set-aside Cash Balance as of June 30, 2005	<u>(\$ 7,166)</u>	<u>(\$2,467,307)</u>	<u>\$ 65,640</u>
Balance Carried Forward to FY 2006	<u>(\$ 7,166)</u>	<u>(\$2,467,307)</u>	<u>\$ 65,640</u>

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

A schedule of the restricted assets at June 30, 2005 follows:

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

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

NOTE 20 – STATE SCHOOL FUNDING DECISION

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

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

NOTE 21 – CONTINGENCIES

Litigation

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

NOTE 22 - ACCOUNTABILITY

A. Restatement of Net Assets

The beginning net assets of the governmental activities have been restated due to the re-appraising capital assets and change in the District's capitalization policy during fiscal year 2005. The adjustment for capital assets had the following effect on net assets as previously reported:

	<u>Governmental Activities</u>
Net Assets, June 30, 2004	\$26,686,399
Adjustment for Capital Assets	(1,265,874)
Restated Adjusted Net Assets, June 30, 2004	<u>\$25,420,525</u>

B. Restatement of Fund Balances

The District has implemented GASB Technical Bulletin No. 2004-02, "*Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.*" This Bulletin addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment (OPEB) plans.

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

**Notes to the Basic Financial Statements
June 30, 2005
(Continued)**

The implementation of this Bulletin had the following effect on fund balance of the General fund as previously reported at June 30, 2004:

	<u>General Fund</u>
Fund Balance, June 30, 2004	\$2,572,156
GASB Technical Bulletin No. 2004-02	(211,512)
Restated Fund Balance, June 30, 2004	<u>\$2,360,644</u>

C. Change in Accounting Principle

The District has implemented GASB Statement No. 40, *Deposits and Investment Disclosures*, which amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*. Implementation of this GASB had no impact on the District's financial position or results of operation.

NOTE 23 - SUBSEQUENT EVENTS

At the September 2005 board meeting the Board of Education approved the issuance of bonds in an amount not to exceed \$7,300,000 to partially refund bonds issued in 1998. These bonds were issued in October 2005 for \$7,300,000.

**New Albany - Plain Local School District
Franklin County**

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	\$ 23,853,433	\$ 23,201,823	\$ 22,656,452	\$ (545,371)
Revenue in lieu of taxes	2,460,414	2,393,202	2,393,202	-
Investment income	166,984	162,422	162,422	-
Tuition fees	63,584	61,847	61,847	-
Miscellaneous	370,434	360,315	360,315	-
State sources	5,025,058	4,887,787	4,887,787	-
TOTAL REVENUES	31,379,219	31,067,396	30,522,025	(545,371)
EXPENDITURES:				
Instructional services:				
Regular	12,300,157	12,528,679	12,528,679	-
Special	1,902,954	1,938,309	1,938,309	-
Other instructional	1,151,300	1,172,690	1,172,690	-
TOTAL INSTRUCTIONAL SERVICES	15,354,412	15,639,678	15,639,678	-
Support services:				
Pupils	1,351,158	1,376,261	1,376,261	-
Instructional staff	1,186,910	1,208,961	1,208,961	-
Board of Education	40,834	41,593	41,593	-
School administration	2,976,725	3,032,029	3,032,029	-
Fiscal services	823,377	838,674	838,674	-
Operation and maintenance of plant	3,417,873	3,481,373	3,481,373	-
Student transportation	1,724,534	1,756,574	1,756,574	-
Central services	93,969	95,715	95,715	-
TOTAL SUPPORT SERVICES	11,615,380	11,831,180	11,831,180	-
Community services	95,921	97,703	97,703	-
Co-curricular activities	901,449	918,197	918,197	-
Other non instruction services	582,701	593,527	593,527	-
TOTAL EXPENDITURES	28,549,863	29,080,285	29,080,285	-
Excess (deficiency) of revenues over expenditures	2,829,356	1,987,111	1,441,740	545,371
OTHER FINANCING SOURCES (USES):				
Transfers in	-	565,000	565,000	-
Transfers out	(666,696)	(705,000)	(705,000)	-
Other	-	54,809	54,809	-
TOTAL OTHER FINANCING SOURCES (USES)	(666,696)	(85,191)	(85,191)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,162,660	1,901,920	1,356,549	(545,371)
Prior year encumbrances appropriated	119,486	119,486	119,486	-
FUND BALANCES AT BEGINNING OF YEAR	1,195,473	1,195,473	1,195,473	-
FUND BALANCES AT END OF YEAR	\$ 3,477,619	\$ 3,216,879	\$ 2,671,508	\$ (545,371)

See notes to the required supplementary information.

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

Notes to the Required Supplementary Information
For the Year Ended June 30, 2005

A. Budgetary Process

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

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

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

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The revised amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2005.

Appropriations:

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

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

Notes to the Required Supplementary Information (Continued)

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

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

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

NOTE B - RECONCILING BUDGET BASIS AND GAAP

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

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

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

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

Net Change in Fund Balance	\$ 2,546,717
Adjustments	
Due to revenues	(1,444,729)
Due to expenditures	259,752
Due to other financing sources	(5,191)
Excess of revenues and other financing sources over expenditures and other financing uses (Budget Basis)	<u><u>\$ 1,356,549</u></u>

New-Albany Plain Local School District
Franklin County

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
For the fiscal year ended June 30, 2005

Federal Grantor/ Pass thru Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
Food Donation	N/A	10.550	\$ -	\$ 32,597	\$ -	\$ 32,597
National School Lunch Program	LL-P4-04,05	10.555	81,191	-	81,191	-
<i>Total Child Nutrition Cluster:</i>			<u>81,191</u>	<u>32,597</u>	<u>81,191</u>	<u>32,597</u>
Total U.S. Department of Agriculture			<u>81,191</u>	<u>32,597</u>	<u>81,191</u>	<u>32,597</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1-05	84.010	40,612	-	40,612	-
Special Education-Grants to States	6B-SF-05	84.027	382,600	-	382,600	-
Safe and Drug Free Schools and Communities-State Grants	DR-S1-05	84.186	8,023	-	9,182	-
State Grants for Innovative Programs	C2-S1-05	84.298	12,020	-	12,020	-
Education Technology State Grants	TJ-S1-05	84.318	1,080	-	1,080	-
English Language Acquisition Grants	T3-S2-05	84.365	5,661	-	5,661	-
Improving Teacher Quality State Grants	TR-S1-05	84.367	34,673	-	34,673	-
Total U.S. Department of Education			<u>484,669</u>	<u>-</u>	<u>485,828</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 565,860</u>	<u>\$ 32,597</u>	<u>\$ 567,019</u>	<u>\$ 32,597</u>

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

**New Albany Local School District
Franklin County**

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

For the fiscal year ended June 30, 2005

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Albany - Plain Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2005 and have issued our report thereon dated December 2, 2005. As discussed in Note 22, the District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and adopted GASB Technical Bulletin No. 2004-02, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers*. In addition, the District obtained a reappraisal and changed its capitalization threshold over capital assets, which is also discussed in Note 22. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated December 2, 2005.

Wilson, Shannon & Snow, Inc.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter that we have reported to management of the District in a separate letter dated December 2, 2005.

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 2, 2005



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

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

Compliance

We have audited the compliance of the New Albany - Plain Local School District, Franklin County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2005. As discussed in Note 22, the District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and adopted GASB Technical Bulletin No. 2004-02, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers*. In addition, the District obtained a reappraisal and changed its capitalization threshold over capital assets, which is also discussed at Note 22. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2005.

Wilson, Shannon & Snow, Inc.

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

Internal Control over Compliance

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

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 2, 2005

**New Albany - Plain Local School District
Franklin County**

SCHEDULE OF FINDINGS

OMB CIRCULAR A-133 §.505

June 30, 2005

1. SUMMARY OF AUDITOR'S RESULTS

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

**New Albany - Plain Local School District
Franklin County**

SCHEDULE OF FINDINGS

OMB CIRCULAR A-133 §.505

June 30, 2005

<p>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
--

None were noted

<p>3. FINDINGS FOR FEDERAL AWARDS</p>
--

None were noted



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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 9, 2006**