

NEW ALBANY - PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
SINGLE AUDIT
JULY 1, 2006 - JUNE 30, 2007



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the New Albany-Plain Local School District, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 1, 2008

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

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

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Albany - Plain Local School District, Franklin County, Ohio (the District) as of and for the fiscal year ended June 30, 2007, 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, 2007, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 2 E., the District changed its capitalization threshold for capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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New Albany-Plain Local School District
Franklin County
Independent Auditors' Report

Management's Discussion and Analysis and the Budgetary Comparison Schedule for the general fund are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 28, 2007

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

As management of the New Albany-Plain Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2007. 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 \$28,544,297 as of June 30, 2007 according to the Statement of Net Assets. This represents an increase of \$10,565,512 or 58.8% as compared to last year. This increase can be primarily contributed to the factors as follows:

- On February 7, 2006, the District's voters approved a three year \$17.9 million operating levy. Fiscal year 2007 was the 1st full year of collection for such monies.
- In Ohio, the portion of property taxes legally available as an advance by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. Thus, in the previous year, the County certified taxes available for advance of approximately \$6,124,000; whereas, the amount available for advance at June 30, 2007 was \$15,899,162.

The five-year forecast prepared by the District as mandated by state law reflects a positive operating cash balance through fiscal 2010, with a need to pass a new levy by the end of fiscal 2009.

The General Fund reported a fund balance of \$15,348,445. On the budgetary basis of accounting the General Fund had a positive balance of \$7,058,726.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities:

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements:

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Governmental Funds:

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

Fiduciary Fund:

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$28,544,297 according to the Statement of Net Assets at the close of the most recent fiscal year.

A comparative analysis of fiscal year 2007 to 2006 follows from the Statements of Net Assets:

	<u>Governmental Activities</u>	
	(Restated)	
<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets	\$ 51,012,685	\$ 39,944,857
Capital assets, net	<u>92,764,588</u>	<u>97,039,298</u>
Total assets	<u>143,777,273</u>	<u>136,984,155</u>
<u>Liabilities</u>		
Current liabilities	26,141,062	28,585,052
Long-term liabilities	<u>89,091,914</u>	<u>90,420,318</u>
Total liabilities	<u>115,232,976</u>	<u>119,005,370</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	7,573,170	8,868,680
Restricted	7,784,181	5,612,617
Unrestricted	<u>13,186,946</u>	<u>3,497,488</u>
Total net assets	<u>\$ 28,544,297</u>	<u>\$ 17,978,785</u>

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

A comparative analysis of fiscal year 2007 and 2006 as follows from the Statement of Activities:

	Governmental Activities	
	2007	2006
Program Revenues:		
Charges for Services and Sales	\$ 2,129,796	\$ 1,789,663
Operating Grants and Contributions	1,591,849	792,631
General Revenues:		
Property Taxes	49,831,107	33,802,785
State Entitlements	5,905,485	5,810,090
Investment Earnings	835,721	509,807
Other	615,112	829,738
Total Revenues	60,909,070	43,534,714
 Program Expenses:		
Instructional	25,970,181	23,316,064
Support Services	17,303,519	15,597,646
Co-curricular Student Activities	2,164,849	2,015,437
Community Services	331,807	347,935
Interest on Long-Term Debt	4,573,202	4,440,706
Total Expenses	50,343,558	45,717,788
 Change in Net Assets	10,565,512	(2,183,074)
 Net Assets at Beginning of Year	17,978,785	20,161,859
Net Assets at End of Year	\$ 28,544,297	\$ 17,978,785

Governmental Activities:

Net assets of the District's governmental activities increased by \$10,565,512. The increase in net assets is due to the increase in revenues as a result of the recent levy passage in fiscal 2006, as well as the increase in property tax revenues available for advance as certified by the county auditor, as previously discussed. Property taxes increased approximately \$16,028,322 over the prior year.

The expense increase over the prior year is mostly due to salary and benefits related to the additional staff hired in 2007, along with normal raises and increased health insurance premiums associated with existing staff.

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

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

	<u>Total Cost of Services 2007</u>	<u>Net Cost of Service 2007</u>	<u>Total Cost of Services 2006</u>	<u>Net Cost of Service 2006</u>
Instruction	\$ 25,970,181	\$ 24,977,335	\$ 23,316,064	\$ 22,652,843
Support Services	17,303,519	15,258,623	15,597,646	14,388,726
Co-curricular Student Activities	2,164,849	1,732,928	2,015,437	1,537,656
Community Services	331,807	79,825	347,935	115,563
Interest on Debt	<u>4,573,202</u>	<u>4,573,202</u>	<u>4,440,706</u>	<u>4,440,706</u>
Total Expenses	<u>\$ 50,343,558</u>	<u>\$ 46,621,913</u>	<u>\$ 45,717,788</u>	<u>\$ 43,135,494</u>

Local property taxes make up 81.8% of total revenues for governmental activities. The net services column reflecting the need for \$46,621,913 of support indicates the reliance on general revenues to support governmental activities.

The District's Funds

The District's governmental funds reported a combined fund balance of \$23,143,925, which represents an increase of \$12,873,010 as compared to last year's total of \$10,270,915 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, 2007 to 2006.

	<u>Fund Balance at June 30, 2007</u>	<u>Fund Balance at June 30, 2006</u>	<u>Increase</u>
General Fund	\$ 15,348,445	\$ 4,630,164	\$ 10,718,281
Bond Retirement Fund	5,482,076	3,953,848	1,528,228
Building Fund	361,020	305,266	55,754
Other Governmental Funds	<u>1,952,384</u>	<u>1,381,637</u>	<u>570,747</u>
Total	<u>\$ 23,143,925</u>	<u>\$ 10,270,915</u>	<u>\$ 12,873,010</u>

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

General Fund:

The District's General Fund balance increased primarily due to the timing of certification of revenues by Franklin County as well as a result of the recent levy passage in fiscal year 2006, as previously discussed.

Revenues

	2007	2006	% Change
Property taxes	\$ 40,562,110	\$ 26,804,482	51.33 %
Intergovernmental	5,816,457	5,027,029	15.70 %
Investment income	680,672	385,596	76.52 %
Other revenue	740,264	774,349	(4.40)%
Total	<u>\$ 47,799,503</u>	<u>\$ 32,991,456</u>	<u>44.88 %</u>

Expenditures by Function

	2007	2006	% Change
Instructional services	\$ 21,545,486	\$ 19,020,206	13.28%
Support services	14,313,030	13,057,773	9.61%
Co-curricular student activities	1,146,208	992,527	15.48%
Community services	21,498	111,583	(80.73)%
Total	<u>\$ 37,026,222</u>	<u>\$ 33,182,089</u>	<u>11.58%</u>

Revenues are up 44.9% primarily due to the aforementioned increase in tax revenues, while expenditures increased 11.6% over the prior year. Expenditure increases are due to salary and benefits related to the additional staff hired in 2007, 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 balances of the Debt Service Fund.

Revenues

	2007	2006	% Change
Property taxes	\$ 7,318,728	\$ 5,650,060	29.53%
Intergovernmental	685,415	645,506	6.18%
Other revenue	19,327	1,332	1,350.98%
Total	<u>\$ 8,023,470</u>	<u>\$ 6,296,898</u>	<u>27.42%</u>

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

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

Expenditures by Function

	2007	2006	% Change
Support services	\$ 74,725	\$ 44,831	66.70%
Debt Service:			
Principal repayment	2,266,959	1,296,836	74.81%
Interest	4,153,558	4,126,345	0.66%
Bond issuance costs	287,839	273,023	5.43%
Total	<u>\$ 6,783,081</u>	<u>\$ 5,741,035</u>	<u>18.20%</u>

Building Fund

The District's Building Fund is used to account for financial resources used for the acquisition or construction of major capital facilities specifically funded by bonds approved by the voters. The fund balance consist of monies on hand from past bond issues. There are currently no significant active construction projects.

Other Funds

Other governmental funds consist of Special Revenue and other Capital Projects funds. Fund balance in these funds increased by \$570,747.

General Fund Budget Information

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

During the course of fiscal year 2007, the District amended its general fund appropriations; none of the amendments were significant.

Budget basis revenue was \$40,774,355 compared to original estimates of \$38,803,782. Of this \$1,970,573 difference, the majority was due to differences in monies received from property taxes.

The District's ending unobligated general fund balance was \$7,058,726.

Capital Assets

The District has \$92,764,588 invested in capital assets net of accumulated depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On December 21, 2006, the District issued \$17,904,975 in general obligation refunding bonds for the purpose of advance refunding a portion of previously issued 2002 and 2003. The bonds were issued for a twenty-two year period with final maturity at December 1, 2028. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$884,505.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

On June 30, 2007, the District had \$87,296,114 in bonds and notes outstanding. The District paid \$2,126,959 in principal on bonds and \$140,000 principal on notes outstanding. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

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

Restrictions and Other Limitations

The District faces various challenges with being one of the fastest growing school districts in the State. The District has been fortunate over the years to be able to manage the growth pattern while maintaining the educational program and facilities. However, the future financial stability of the District is not without challenges. The District has been on the ballot 16 times in the past 13 years. Through community support, we have avoided cash operating deficits.

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

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

Contacting the District's Financial Management

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2007**

	GOVERNMENTAL ACTIVITIES
ASSETS:	
Cash and cash equivalents	\$ 12,340,094
Restricted cash and cash equivalents	65,640
Receivables	38,044,834
Due from other:	
Governments	8,665
Inventory	24,755
Deferred charges	528,697
Capital assets:	
Land and construction in progress	3,146,592
Depreciable capital assets, net of accumulated depreciation	89,617,996
TOTAL ASSETS	143,777,273
LIABILITIES:	
Accounts payable	166,780
Due to other governments	749,276
Unearned revenue	20,556,000
Accrued liabilities	4,420,007
Accrued interest payable	248,999
Long-term liabilities:	
Due within one year	2,583,321
Due in more than one year	86,508,593
TOTAL LIABILITIES	115,232,976
NET ASSETS	
Invested in capital assets, net of related debt	7,573,170
Restricted for:	
Capital Projects	1,528,997
Debt Service	5,460,077
Other purposes	795,107
Unrestricted	13,186,946
TOTAL NET ASSETS	\$ 28,544,297

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	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	\$ 20,341,816	\$ 237,726	\$ 4,000	\$ (20,100,090)
Special	3,720,634	-	729,820	(2,990,814)
Vocational	1,886,431	-	-	(1,886,431)
Continuing	21,300	-	21,300	-
Support services:				
Operation and maintenance of plant	4,565,716	-	-	(4,565,716)
School administration	3,287,570	149,085	-	(3,138,485)
Instructional staff	1,430,831	-	3,300	(1,427,531)
Pupils	2,038,270	-	-	(2,038,270)
Non-Instructional services	655,255	-	-	(655,255)
Business operations	1,504,636	-	-	(1,504,636)
Student transportation	2,364,415	-	593,151	(1,771,264)
Food service	1,220,015	1,108,700	115,504	4,189
Central services	200,053	-	75,156	(124,897)
General administration	36,758	-	-	(36,758)
Co-curricular student activities	2,164,849	431,921	-	(1,732,928)
Community services	331,807	202,364	49,618	(79,825)
Interest on debt	4,573,202	-	-	(4,573,202)
Total Governmental Activities	\$ 50,343,558	\$ 2,129,796	\$ 1,591,849	(46,621,913)
General revenues:				
Property taxes				49,831,107
Grants and entitlements not restricted to specific programs				5,905,485
Investment earnings				835,721
Miscellaneous				615,112
Total General revenues				57,187,425
Change in Net Assets				10,565,512
Net Assets Beginning of Year				17,978,785
Net Assets End of Year				\$ 28,544,297

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	GENERAL	BOND RETIREMENT	BUILDING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 7,444,559	\$ 3,007,076	\$ 361,020	\$ 1,527,439	\$ 12,340,094
Restricted cash and cash equivalents	65,640	-	-	-	65,640
Receivables:					
Property taxes	30,924,572	5,895,000	-	1,191,000	38,010,572
Other	34,262	-	-	-	34,262
Due from other:					
Governments	-	-	-	8,665	8,665
Inventory	-	-	-	24,755	24,755
TOTAL ASSETS	\$ 38,469,033	\$ 8,902,076	\$ 361,020	\$ 2,751,859	\$ 50,483,988
LIABILITIES:					
Accounts payable	\$ 159,632	\$ -	\$ -	\$ 7,148	\$ 166,780
Due to other:					
Governments	731,960	-	-	17,316	749,276
Deferred revenue	17,891,000	3,420,000	-	693,000	22,004,000
Accrued liabilities	4,337,996	-	-	82,011	4,420,007
TOTAL LIABILITIES	23,120,588	3,420,000	-	799,475	27,340,063
FUND BALANCES:					
Reserved for:					
Future appropriations	12,764,000	2,637,162	-	498,000	15,899,162
Encumbrances	367,690	-	-	158,562	526,252
Budget Stabilization	65,640	-	-	-	65,640
Inventory	-	-	-	24,755	24,755
Unreserved, reported in					
General fund	2,151,115	-	-	-	2,151,115
Special revenue fund	-	-	-	691,898	691,898
Debt Service fund	-	2,844,914	-	-	2,844,914
Capital projects fund	-	-	361,020	579,169	940,189
TOTAL FUND BALANCES	15,348,445	5,482,076	361,020	1,952,384	23,143,925
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,469,033	\$ 8,902,076	\$ 361,020	\$ 2,751,859	\$ 50,483,988

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007**

Total Governmental Fund Balances	\$ 23,143,925
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	92,764,588
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,448,000
Unamortized bond issuance costs are not recognized in the funds.	528,697
Unamortized bond premiums, deferred refunding charges, and accretion on deep discount debt are not recognized in the funds.	(3,630,201)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	(248,999)
Compensated absences	(1,541,413)
Capital lease obligation	(254,387)
Bonds and Notes payable	<u>(83,665,913)</u>
Net Assets of Governmental Activities	<u><u>\$ 28,544,297</u></u>

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	BOND			OTHER	TOTAL
	GENERAL	RETIREMENT	BUILDING	GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS
REVENUES:					
Property taxes	\$ 40,562,110	\$ 7,318,728	\$ -	\$ 1,557,269	\$ 49,438,107
Intergovernmental:					
Federal Restricted Grants-in-aid	-	-	-	729,153	729,153
State:					
Unrestricted Grants-in-aid	5,796,267	685,415	-	266,309	6,747,991
Restricted Grants-in-aid	20,190	-	-	-	20,190
Investment income	680,672	-	116,868	38,181	835,721
Co-curricular activities	55,175	-	-	446,606	501,781
Charges for services	-	-	-	1,108,700	1,108,700
Tuition fees	180,885	-	-	309,224	490,109
Other local revenues	504,204	19,327	2,765	118,022	644,318
TOTAL REVENUES	47,799,503	8,023,470	119,633	4,573,464	60,516,070
EXPENDITURES:					
Current:					
Instructional services:					
Regular	16,573,631	-	-	195,807	16,769,438
Special	3,085,919	-	-	586,916	3,672,835
Vocational	1,885,936	-	-	-	1,885,936
Continuing	-	-	-	21,300	21,300
TOTAL INSTRUCTIONAL SERVICES	21,545,486	-	-	804,023	22,349,509
Support services:					
Operation and maintenance of plant	3,906,141	-	-	644,403	4,550,544
School administration	3,050,964	-	-	147,977	3,198,941
Instructional staff	1,242,131	-	-	80,385	1,322,516
Pupils	1,877,156	-	-	163,588	2,040,744
Non-instructional services	655,255	-	-	-	655,255
Business operations	1,395,812	74,725	-	31,523	1,502,060
Student transportation	2,008,839	-	-	4,845	2,013,684
Food services	-	-	-	1,213,942	1,213,942
Central services	139,974	-	-	75,156	215,130
General administration	36,758	-	-	-	36,758
TOTAL SUPPORT SERVICES	14,313,030	74,725	-	2,361,819	16,749,574
Co-curricular student activities	1,146,208	-	-	492,582	1,638,790
Community services	21,498	-	-	310,309	331,807
Capital outlay	-	-	63,879	-	63,879
Debt service:					
Principal retirement	-	2,266,959	-	74,687	2,341,646
Interest	-	4,153,558	-	14,297	4,167,855
Bond issuance cost	-	287,839	-	-	287,839
TOTAL EXPENDITURES	37,026,222	6,783,081	63,879	4,057,717	47,930,899
Excess of revenues over expenditure:	10,773,281	1,240,389	55,754	515,747	12,585,171
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	55,000	55,000
Transfers out	(55,000)	-	-	-	(55,000)
Refunding bonds issued	-	17,904,975	-	-	17,904,975
Premium from the issuance of refunding bond:	-	1,132,484	-	-	1,132,484
Payment to refunded bond escrow agent	-	(18,749,620)	-	-	(18,749,620)
TOTAL OTHER FINANCING SOURCES (USES):	(55,000)	287,839	-	55,000	287,839
Net Change in Fund Balances	10,718,281	1,528,228	55,754	570,747	12,873,010
FUND BALANCES AT BEGINNING OF YEAR	4,630,164	3,953,848	305,266	1,381,637	10,270,915
FUND BALANCE AT END OF YEAR	<u>\$ 15,348,445</u>	<u>\$ 5,482,076</u>	<u>\$ 361,020</u>	<u>\$ 1,952,384</u>	<u>\$ 23,143,925</u>

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Net Changes in Fund Balances - Total Governmental Funds		\$ 12,873,010
<p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Asset Additions	251,009	
Depreciation Expense	<u>(4,525,719)</u>	(4,274,710)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		393,000
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		2,341,646
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest is expended when due.		(423,754)
General obligation bonds issued and bond premiums and discounts and other financing sources and uses in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.		
Advance Refunding Bonds Issued	(17,904,975)	
Premium on Advance Refunding Bonds Issued	<u>(1,132,484)</u>	(19,037,459)
Payment to refunded bond escrow agent is an other financing use in governmental funds but the payment reduces long-term liabilities on the statement of net assets.		18,749,620
Issuance costs are reported as an expenditure when paid in the governmental funds but are deferred on the statement of net assets.		287,839
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences Payable		362,087
The amortization of issuance costs and charges reported on the statement of activities:		
Issuance Costs/Charges Amortization		(54,612)
The retirement of unamortized bond premium is an expenditure in the governmental funds, but the retirement reduces long-term liabilities in the statement of net assets.		462,361
The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of outstanding debt on the statement of activities.		389,137
Accretion on capital appreciation bonds is an expenditure in the governmental funds but is allocated as an expense over the life of the bonds.		<u>(1,502,653)</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$ 10,565,512</u></u>

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2007**

	<u>AGENCY FUND</u>
ASSETS:	
Cash and cash equivalents	\$ 170,511
TOTAL ASSETS	\$ 170,511
LIABILITIES:	
Accounts payable	\$ 875
Due to others	169,636
TOTAL LIABILITIES	\$ 170,511

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

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) reported for fiscal year 2007 was 3,697. The District employed 300 certified employees and 205 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, an insurance purchasing pool, and a related organization. These organizations include the New Albany Performing Arts Center, the Metropolitan Education Council, the Eastland Vocational School District, the New Albany-Plain Local Joint Park District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Joint Growth Community Action Committee. These organizations are presented in Notes 15, 16, 17, and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Government-wide and fund financial statements

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

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

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

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

Fund Accounting:

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

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

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Building Fund – The building capital projects fund is used to account for the receipts and expenditures related to the construction and renovation of facilities of the District. During 2007, this fund had limited activity, however, the District elected to present separately for financial reporting purposes.

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

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

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

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

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

Revenues - Exchange and Non-exchange Transactions

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred/Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

Expenditures/Expenses

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

C. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. During fiscal year 2007, investments were limited to STAR Ohio and repurchase agreements. 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 2007. 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, 2007.

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 \$680,672.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Inventory

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

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

E. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District changed its policy of capitalizing assets from \$5,000 to \$10,000. This change did not have a significant impact on net assets at July 1, 2006. The District does not possess any infrastructure. All reported capital assets, with the exception of land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Useful Lives</u>
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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences

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

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

H. Accrued Liabilities and Long-Term Obligations

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

I. Restricted Assets

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. None of the District's reported net assets were restricted by enabling legislation at June 30, 2007.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. 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. There were no extraordinary or special items reported for fiscal year 2007.

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

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

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

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
6. The State Treasurer's investment pool (STAR Ohio);

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2007, the carrying amount of all District deposits was \$8,197,223, 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, 2007, \$8,036,123 of the District's bank balance of \$8,236,123 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

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

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

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of June 30, 2007, 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	\$ 1,487,539	\$ 1,487,539
STAROhio	2,881,383	2,881,383
	<u>\$ 4,368,922</u>	<u>\$ 4,368,922</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. Securities underlying the District's repurchase agreement are in the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. government, which are not considered to have credit risk.

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

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

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2007:

	<u>Amounts</u>
Investments (summarized above)	\$4,368,922
Carrying amount of deposits	8,197,223
Cash on hand	10,100
Less: Fiduciary Fund – Cash and Cash Equivalents	<u>(170,511)</u>
Total Cash and Cash Equivalents – Statement of Net Assets	<u>\$12,405,734</u>

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 4 - PROPERTY TAXES

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

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

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, 2007, are available to finance fiscal year 2007 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, 2007. 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, 2007, was \$12,764,000 in the General Fund, \$2,637,162 in the Bond Retirement Fund and \$498,000 in the Other Governmental Funds.

The assessed values upon which fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$826,437,860	95%	\$861,497,230	96%
Public Utility	21,742,340	3%	20,940,880	3%
Tangible Personal Property	16,958,738	2%	12,872,168	1%
Total Assessed Value	<u>\$865,138,938</u>	<u>100%</u>	<u>\$895,310,278</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$58.16		\$56.16	

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 5 - RECEIVABLES

Receivables at June 30, 2007, 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	\$ 36,459,444
Taxes delinquent	1,551,128
Interest	7,112
Accounts	27,150
Total	<u>\$ 38,044,834</u>

NOTE 6 –DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables at June 30, 2007, consisted of \$8,665 due from the Federal Government.

NOTE 7 – INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2007, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$55,000

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.

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**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 8 – CAPITAL ASSETS

The capital asset balances at June 30, 2007 is as follows:

<u>Governmental Activities</u>	<u>Balance 7/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2007</u>
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,997,172	\$ 149,420	\$ -	\$ 3,146,592
Construction In Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nondepreciable capital assets	<u>2,997,172</u>	<u>149,420</u>	<u>-</u>	<u>3,146,592</u>
<i>Depreciable capital assets:</i>				
Land Improvements	8,334,728	-	-	8,334,728
Buildings and improvements	108,040,282	45,594	-	108,085,876
Furniture and fixtures	2,320,457	55,995	-	2,376,452
Vehicles	<u>3,102,620</u>	<u>-</u>	<u>(66,927)</u>	<u>3,035,693</u>
Total depreciable capital assets	<u>121,798,087</u>	<u>101,589</u>	<u>(66,927)</u>	<u>121,832,749</u>
<i>Accumulated Depreciation:</i>				
Land Improvements	(2,613,995)	(416,736)	-	(3,030,731)
Buildings and improvements	(22,439,457)	(3,549,368)	-	(25,998,825)
Furniture and fixtures	(1,198,072)	(245,813)	-	(1,443,885)
Vehicles	<u>(1,504,437)</u>	<u>(313,802)</u>	<u>66,927</u>	<u>(1,751,312)</u>
Total accumulated depreciation	<u>(27,755,961)</u>	<u>(4,525,719)</u>	<u>66,927</u>	<u>(32,214,753)</u>
Total depreciable capital assets	<u>94,042,126</u>	<u>(4,424,130)</u>	<u>-</u>	<u>89,617,996</u>
Capital assets, net	\$ <u>97,039,298</u>	\$ <u>(4,274,710)</u>	\$ <u>-</u>	\$ <u>92,764,588</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,446,199
Vocational	495
Support Services:	
Pupil Services	1,292
Instruction Staff	114,959
Operation and Maintenance of Plant	105,030
Student Transportation	330,527
Central services	1,675
Food Services	9,888
Co-curricular student activities	<u>515,654</u>
Total Depreciation Expense	<u>\$4,525,719</u>

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

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 2007, 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 2007, 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 defined pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100 Columbus, Ohio 43215-3746.

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 District 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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to 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, 2007, 2006, and 2005 were \$676,657, \$672,787, and \$638,676, respectively; 100 percent has been contributed for fiscal years 2007, 2006, and 2005.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand alone financial report that may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strs.org.

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, 2007, 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 2006, 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.

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$1,732,170, \$2,237,908, and \$1,910,340, respectively; 100% percent has been contributed for fiscal year 2007, 2006 and 2005.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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, 2007, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

All STRS Ohio retirees who participated in the DB or Combined Plan and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to Health Care Stabilization Fund. For the District this amount equaled \$167,843 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, (the latest information available), net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

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

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year end June 30, 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2007, the minimum pay has been established as \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$259,560.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants eligible to receive benefits.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

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 Bond Retirement Fund.

As of June 30, 2007, the District had seven general obligation bonds and one general obligation note outstanding. This debt was issued for governmental activities, specifically, the construction and renovation of school buildings. The issues are as follows:

- ***Building Construction General Obligation Bonds*** - On June 1, 1998, the District issued \$20,045,000 in voted general obligation bonds for the purpose of an addition and improvement to the junior high school building. The bonds were issued for a twenty-year period with final maturity at December 1, 2017. The bonds will be retired from the bond retirement fund.
- ***Various Purpose General Obligation Bonds*** – On June 6, 2000, the District issued \$36,539,029 in voted general obligation bonds for the purpose of an addition and improvements. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2027. The bonds will be retired from the bond retirement fund.
- ***Building Construction General Obligation Bonds*** - On January 1, 2002, the District issued \$51,110,000 in voted general obligation bonds for the purpose of an addition and improvement to the high school building. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2030. The bonds will be retired from the bond retirement fund.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

- ***School Facilities Construction and Improvement Bonds*** - On February 20, 2003, the District issued \$18,496,850 in voted general obligation notes for the purpose of constructing and furnishing a new elementary school as well as additional improvements to the High School Campus. The notes were subsequently bonded in July 2003. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2031. The bonds will be retired from the bond retirement fund.
- ***Energy Conservation Notes*** - On June 2, 2005, the District issued \$2,700,000 in unvoted general obligation notes for the purpose of purchasing and installing energy conservation measures. The notes were issued for a fifteen year period with final maturity at December 1, 2019. The notes will be retired from the bond retirement fund.
- ***General Obligation Advance Refunding Bonds (2005)*** - On November 9, 2005, the District issued \$6,760,000 in general obligation refunding bonds for the purpose of advance refunding a portion of the 1998 bonds listed above. The bonds were issued for a twelve year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$343,799.
- ***General Obligation Advance Refunding Bonds (2006A)*** - On January 26, 2006, the District issued \$9,184,993 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 bonds listed above. The bonds were issued for a twenty-four year period with final maturity at December 1, 2029. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$485,568.
- ***General Obligation Advance Refunding Bonds (2006B)*** - On December 21, 2006, the District issued \$17,904,975 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 and 2003 bonds listed above. The bonds were issued for a twenty-two year period with final maturity at December 1, 2028. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$884,505.

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

	Balance at <u>07/01/06</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>06/30/07</u>
General obligation bonds payable	\$83,422,872	\$17,904,975	\$(20,031,934)	\$81,295,913
Unamortized bond premium, net of accumulated amortization	1,125,953	-	(462,361)	663,592
Accretion on debt	2,823,865	1,692,863	(190,210)	4,326,518
Deferred refunding charges	(970,772)	(443,470)	54,333	(1,359,909)
General obligation notes payable	<u>2,510,000</u>	<u>-</u>	<u>(140,000)</u>	<u>2,370,000</u>
Net bonds & note payable	<u>88,911,918</u>	<u>19,154,368</u>	<u>(20,770,172)</u>	<u>87,296,114</u>
Installment loan/ Capital lease obligation	329,074	-	(74,687)	254,387
Compensated absences	<u>1,179,326</u>	<u>627,087</u>	<u>(265,000)</u>	<u>1,541,413</u>
Total Long-Term Liabilities	<u>\$90,420,318</u>	<u>\$19,781,455</u>	<u>\$(21,109,859)</u>	<u>\$89,091,914</u>

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Amounts Due in One Year	
General obligation bonds payable	\$1,985,608
General obligation notes payable	145,000
Capital lease obligation	78,387
Compensated absences	<u>374,326</u>
	<u>\$2,583,321</u>

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

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

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2007, are as follows:

Fiscal year Ending June 30,	Principal	Interest
2008	\$2,130,608	\$4,864,589
2009	2,136,523	4,452,476
2010	2,336,713	4,517,147
2011	2,483,379	4,636,899
2012	2,612,257	4,710,071
2013 – 2017	18,650,402	20,384,188
2018 – 2022	21,335,000	9,817,600
2023 – 2027	21,693,335	6,108,606
2028– 2032	<u>10,287,696</u>	<u>2,347,319</u>
Total	<u>\$83,665,913</u>	<u>\$61,838,895</u>

Accretion

Capital accretion bonds were issued with the Various Purpose Bonds – 2000 bonds, the Building Construction General Obligation Bonds – 2002, the 2006A Refunding Bonds, and with the 2006B Refunding Bonds. These bonds were purchased at a discount at the time of issuance and at maturity all compound interest is paid to the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases the accretion is booked as principal. The fiscal year 2007 amount of accretion for the 2000, 2002, 2006A and 2006 Bonds is \$203,413, \$248,939, \$53,750 and \$1,186,761 respectfully. The \$1,186,761 includes a premium on the issuance of the 2006A Refunding Bonds in the amount of \$1,161,543.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Advance Refunding

The District defeased certain School Construction and Improvement Bonds and notes by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2007, \$59,730,847 bonds outstanding are considered defeased.

NOTE 14 – CAPITAL LEASE OBLIGATION

In fiscal year 2007 the District entered into a capital lease obligation for copiers throughout the District. The cost of the equipment \$322,124, net of accumulated depreciation of \$78,887, is included in capital assets on the statement of net assets at June 30, 2007. The related lease obligation is included in long-term liabilities in the aforementioned statement.

The District's future minimum lease payments under this obligation as of June 30, 2007 are as follows:

Fiscal Year Ending June 30,	<u>Lease</u>
2007	\$ 88,985
2008	88,985
2009	88,985
2010	<u>7,415</u>
Total minimum loan payments	274,370
Less: Amount Representing Interest	<u>(19,983)</u>
Present Value of Net Minimum Lease Payments	<u>\$254,387</u>

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 run 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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 15 – JOINT VENTURE (Continued)

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 Center is expected to become fully operational in June 2008 and an operating agreement shall be finalized accordingly. At this time, the District does not expect any changes to the original terms and agreements which would significantly impact the District's financial statements at June 30, 2007.

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

NOTE 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.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 18 – RELATED ORGANIZATION

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

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

The District is not obligated nor has any interest in the continuance of the Committee nor any payments provided during 2007.

NOTE 19 - CONTINGENCIES

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2007.

B. Litigation

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$38,612 per year. A portion of the refund may be recovered from additional State entitlement payments.

A former employee of the District filed a charge with the Equal Employment Opportunity Commission alleging the District discriminated against him on the basis of race and retaliated against him by not renewing his contract with the District. A settlement agreement was reached by the District and the former employee which totaled \$32,000 for the release of all claims. The District's liability insurance is expected to cover such costs above and beyond the District's deductible.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2007**

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Balance as of June 30, 2006	\$ (428,980)	\$(2,467,307)	\$ 65,640
Current Year Set-aside Requirement	506,996	506,996	-
Qualifying Disbursements	(473,932)	(519,481)	-
Set-aside Balance as of June 30, 2007	(395,916)	(2,479,792)	<u>65,640</u>
Balance Carried Forward to FY 2008	<u>\$(395,916)</u>	<u>\$(2,467,307)</u>	<u>\$ 65,640</u>

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

A schedule of the restricted assets at June 30, 2007 follows:

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

NOTE 21 – SUBSEQUENT EVENTS

On October 3, 2007, the District issued \$850,000 School Facilities Bond Anticipation Notes, 5%, maturing April 15, 2008. These notes were issued for future building construction projects.

On October 17, 2007, the District entered into an interest rate swap agreement for the purpose of refunding prior obligations of the District. This transaction allowed the District to issue an amount not to exceed \$32,015,000.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	\$ 28,586,088	\$ 29,053,480	\$ 29,053,480	\$ -
Revenue in lieu of taxes	3,179,844	3,231,835	3,231,835	-
Investment income	665,792	676,678	676,678	-
Tuition fees	80,370	81,684	81,684	-
Miscellaneous	523,802	528,301	528,301	-
State sources	5,722,886	5,816,457	5,816,457	-
TOTAL REVENUES	<u>38,758,782</u>	<u>39,388,435</u>	<u>39,388,435</u>	<u>-</u>
EXPENDITURES:				
Instructional services:				
Regular	18,461,281	16,220,234	16,220,234	-
Special	3,398,554	3,001,150	3,001,150	-
Other instructional	2,139,830	1,887,936	1,887,936	-
TOTAL INSTRUCTIONAL SERVICES	<u>23,999,665</u>	<u>21,109,320</u>	<u>21,109,320</u>	<u>-</u>
Support services:				
Pupils	2,022,854	1,808,275	1,808,275	-
Instructional staff	1,492,113	1,281,779	1,281,779	-
Board of Education	42,413	42,074	42,074	-
School administration	3,502,477	3,176,864	3,176,864	-
Fiscal services	1,282,653	1,272,394	1,272,394	-
Business operations	113,443	112,536	112,536	-
Operation and maintenance of plant	5,096,544	4,063,780	4,063,780	-
Student transportation	2,446,361	2,059,049	2,059,049	-
Central services	151,658	150,445	150,445	-
TOTAL SUPPORT SERVICES	<u>16,150,516</u>	<u>13,967,196</u>	<u>13,967,196</u>	<u>-</u>
Community services	23,767	23,577	23,577	-
Co-curricular activities	1,148,248	1,139,064	1,139,064	-
Other non instructional services	639,262	634,149	634,149	-
TOTAL EXPENDITURES	<u>41,961,458</u>	<u>36,873,306</u>	<u>36,873,306</u>	<u>-</u>
Excess of revenues over expenditures	(3,202,676)	2,515,129	2,515,129	-
OTHER FINANCING SOURCES (USES):				
Transfers in	45,000	1,190,000	1,190,000	-
Advances in			-	-
Transfers out	(1,325,000)	(1,325,000)	(1,325,000)	-
Other	-	195,920	195,920	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,280,000)</u>	<u>60,920</u>	<u>60,920</u>	<u>-</u>
Net changes in fund balances	(4,482,676)	2,576,049	2,576,049	-
Prior year encumbrances appropriated	388,156	388,156	388,156	-
FUND BALANCE AT BEGINNING OF YEAR	4,094,521	4,094,521	4,094,521	-
FUND BALANCE AT END OF YEAR	<u>\$ 1</u>	<u>\$ 7,058,726</u>	<u>\$ 7,058,726</u>	<u>\$ -</u>

See accompanying notes to the required supplementary schedule.

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

A. Budgetary Process

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

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

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

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The revised amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007.

Appropriations:

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

**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

A. Budgetary Process (Continued)

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

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

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

B. Reconciling Budget Basis and GAAP

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

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

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

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

Net Change in Fund Balance	\$10,718,281
Adjustments:	
Due to revenues	(8,411,068)
Due to expenditures	152,916
Due to other financing sources	<u>115,920</u>
Net Change in Fund Balances	<u>\$ 2,576,049</u>

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 the Ohio Department of Education:</i>						
Food Donation	N/A	10.550	\$ -	\$ 52,423	\$ -	\$ 52,423
National School Lunch Program	LL-P4-06,07	10.555	93,489	-	93,489	-
Total U.S. Department of Agriculture			93,489	52,423	93,489	52,423
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through the Ohio Department of Education:</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	6B-SF-07	84.027	517,954	-	517,954	-
Special Education - Preschool Grants	N/A	84.173	-	3,445	-	3,445
<i>Total Special Education Cluster:</i>			517,954	3,445	517,954	3,445
Title I Grants to Local Educational Agencies	C1-S1-07	84.010	49,287	-	49,287	-
Safe and Drug Free Schools and Communities-State Grants	DR-S1-07	84.186	6,802	-	6,802	-
State Grants for Innovative Programs	C2-S1-07	84.298	4,612	-	4,612	-
Education Technology State Grants	TJ-S1-07	84.318	513	-	513	-
English Language Acquisition Grants	N/A	84.365	-	5,336	-	5,336
Improving Teacher Quality State Grants	TR-S1-07	84.367	36,134	-	36,134	-
Total U.S. Department of Education			615,302	8,781	615,302	8,781
TOTAL FEDERAL ASSISTANCE			\$ 708,791	\$ 61,204	\$ 708,791	\$ 61,204

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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.

NOTE C – NON-CASH AWARDS

The District had the following federal receipts and disbursements which were received and disbursed by the Franklin County Educational Service Center on behalf of the District for fiscal year 2007.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Non-Cash Receipts</u>	<u>Non-Cash Disbursements</u>
Special Education-Preschool Grants	84.173	\$3,445	\$3,445
English Language Acquisition Grants	84.365	5,336	5,336



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, 2007 which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2007. As disclosed in Note 2 E., the District changed its capitalization threshold for capital assets. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

However, we noted certain internal control matters that we reported to the District's management in a letter dated December 28, 2007.

Wilson, Shannon & Snow, Inc.

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

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*.

This report is intended solely for the information and use of the audit committee, management, Board of Education, the Auditor of State, federal awarding agencies and pass-through entities, and other members of the District, 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 28, 2007



**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, 2007. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the New Albany - Plain Local School District, Franklin County, 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, 2007.

Internal Control over Compliance

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

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

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

Wilson, Shanna E. Snow, Inc.

Newark, Ohio
December 28, 2007

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

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

JUNE 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

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

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

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

JUNE 30, 2007

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 15, 2008**