



**Auditor of State  
Betty Montgomery**



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
General Purpose Financial Statements	
Combined Balance Sheet – All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Fund .....	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) – All Governmental Fund Types and Expendable Trust Fund .....	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance – All Proprietary Fund Types and Nonexpendable Trust Fund.....	12
Combined Statement of Cash Flows – All Proprietary Fund Types and Nonexpendable Trust Fund.....	13
Notes to the General Purpose Financial Statements .....	15
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	39
Schedule of Findings.....	41
Schedule of Prior Audit Findings.....	42

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Education  
New Albany-Plain Local School District  
Franklin County  
99 West Main Street, 2<sup>nd</sup> Floor  
New Albany, Ohio 43054

We have audited the accompanying general-purpose financial statements of New Albany-Plain Local School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the New Albany-Plain Local School District, Franklin County, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 21, certain corrections were made to restate Enterprise Fund retained earnings as of July 1, 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Betty Montgomery".

**BETTY MONTGOMERY**  
Auditor of State

March 21, 2003

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**New Albany-Plain Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2002**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$955,449	\$595,807	\$569,901	\$20,663,790
Cash and Cash Equivalents with Fiscal Agents				213,566
Receivables:				
Taxes	13,956,564		3,016,811	735,214
Accounts	15,544			
Intergovernmental		5,905		
Accrued Interest	3,827			29,196
Materials and Supplies Inventory				
Prepaid Items	9,370			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	585,335			
Fixed Assets (net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<u>\$15,526,089</u>	<u>\$601,712</u>	<u>\$3,586,712</u>	<u>\$21,641,766</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$222,267	\$35,768		\$45,959
Contracts Payable				272,634
Interest Payable			270,297	
Accrued Wages and Benefits	1,655,196	2,884		
Compensated Absences Payable	28,537			
Retainage Payable				213,566
Intergovernmental Payable	289,273	2,013		
Deferred Revenue	12,637,445	5,905	\$2,731,746	635,335
Due to Students				
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>14,832,718</u>	<u>46,570</u>	<u>3,002,043</u>	<u>1,167,494</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	91,485	64,908		88,455
Reserved for Prepaid Items	9,370			
Reserved for Debt Service Principal			299,604	
Reserved for Property Taxes	1,319,119		285,065	99,879
Reserved for Textbooks & Instructional Materials	236,853			
Reserved for Capital Improvements	32,842			
Reserved for Budget Stabilization	315,640			
Unreserved:				
Unreserved, Undesignated	(1,311,938)	490,234		20,285,938
<b>Total Fund Equity and Other Credits</b>	<u>693,371</u>	<u>555,142</u>	<u>584,669</u>	<u>20,474,272</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$15,526,089</u>	<u>\$601,712</u>	<u>\$3,586,712</u>	<u>\$21,641,766</u>

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



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$174,512	\$28,939	\$131,352			\$23,119,750 213,566
		228			17,708,589 15,772
9,359					15,264 33,023
8,643					8,643 9,370
			\$81,318,935		585,335 81,318,935
141,354					141,354
				\$584,669	584,669
				68,316,201	68,316,201
<u>\$333,868</u>	<u>\$28,939</u>	<u>\$131,580</u>	<u>\$81,318,935</u>	<u>\$68,900,870</u>	<u>\$192,070,471</u>
\$1,512	\$2,504	\$8,611			\$316,621 272,634 270,297
29,277					1,687,357
6,308				\$758,894	793,739 213,566
29,422				152,267	472,975 16,015,116
4,685					98,201
		98,201			67,989,709 67,989,709
<u>71,204</u>	<u>2,504</u>	<u>106,812</u>		<u>68,900,870</u>	<u>88,130,215</u>
			\$81,318,935		81,318,935
\$262,664	\$26,435				289,099
					244,848 9,370 299,604
					1,704,063 236,853 32,842 315,640
		24,768			19,489,002
<u>262,664</u>	<u>26,435</u>	<u>24,768</u>	<u>81,318,935</u>		<u>103,940,256</u>
<u>\$333,868</u>	<u>\$28,939</u>	<u>\$131,580</u>	<u>\$81,318,935</u>	<u>\$68,900,870</u>	<u>\$192,070,471</u>

**New Albany-Plain Local School District**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Year Ended June 30, 2002**

	Governmental Fund Types	
	General	Special Revenue
<b>Revenues:</b>		
Intergovernmental	\$4,058,918	\$633,602
Interest	140,358	
Increase in Fair Value of Investments		
Tuition and Fees	97,296	
Extracurricular Activities		347,940
Property & Other Local Taxes	13,426,531	
Miscellaneous	142,292	103,578
Total Revenues	17,865,395	1,085,120
<b>Expenditures:</b>		
Instruction:		
Regular	8,113,985	10,223
Special	1,178,622	144,119
Other	229,972	
Support services:		
Pupils	955,451	
Instructional Staff	738,071	31,407
Board of Education	63,273	
Administration	1,718,060	170,533
Fiscal	756,391	
Operation and Maintenance of Plant	2,424,866	
Pupil Transportation	1,015,162	
Central	26,269	562,339
Non-Instructional Services	473,537	57,069
Extracurricular activities	743,326	324,691
Capital Outlay		
Debt Service:		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	18,436,985	1,300,381
Excess of Revenues Over (Under) Expenditures	(571,590)	(215,261)
<b>Other Financing Sources and Uses</b>		
Operating Transfers In		25,000
Proceeds from Sale of Bonds		
Proceeds from Sale of Bonds for Advance Refunding		
Proceeds from Premium on Sale of Bonds		
Proceeds from Sale of Long-Term Notes	550,000	
Proceeds from Sale of Fixed Assets	50	
Refund of Prior Year Expenditures	36,666	
Payment to Refunded Bond Escrow Agent		
Bond Issuance Costs		
Operating Transfers Out	(595,000)	
Other Financing Uses	(213,847)	
Total Other Financing Sources (Uses)	(222,131)	25,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(793,721)	(190,261)
Fund Balance at Beginning of Year	1,487,092	745,403
<b>Fund Balance at End of Year</b>	<b>\$693,371</b>	<b>\$555,142</b>

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

Governmental Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$324,910	\$86,801		\$5,104,231
	605,110		745,468
	5,467		5,467
			97,296
			347,940
2,748,173	738,893		16,913,597
		\$6,561	252,431
<u>3,073,083</u>	<u>1,436,271</u>	<u>6,561</u>	<u>23,466,430</u>
	162,148		8,286,356
	5,189		1,327,930
			229,972
	7,632		963,083
	164,727		934,205
			63,273
	13,574		1,902,167
15	19,811		776,217
	196,774		2,621,640
	196,551		1,211,713
		6,500	588,608
			537,106
			1,068,017
	15,496,788		15,496,788
5,000			5,000
13,205,847			13,205,847
<u>13,210,862</u>	<u>16,263,194</u>	<u>6,500</u>	<u>49,217,922</u>
<u>(10,137,779)</u>	<u>(14,826,923)</u>	<u>61</u>	<u>(25,751,492)</u>
9,563,769	22,195		9,610,964
	20,340,680		20,340,680
25,690,000			25,690,000
2,223,744	882,668		3,106,412
	8,950,000		9,500,000
			50
3,111			39,777
(27,913,744)			(27,913,744)
	(495,651)		(495,651)
	(9,035,964)		(9,630,964)
			(213,847)
<u>9,566,880</u>	<u>20,663,928</u>		<u>30,033,677</u>
(570,899)	5,837,005	61	4,282,185
1,155,568	14,637,267	2,482	18,027,812
<u>\$584,669</u>	<u>\$20,474,272</u>	<u>\$2,543</u>	<u>\$22,309,997</u>

**New Albany-Plain Local School District**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Year Ended June 30, 2002**

	<b>Governmental Fund Types</b>		
	<b>General</b>		<b>Variance: Favorable (Unfavorable)</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues:</b>			
Intergovernmental	\$4,058,918	\$4,058,918	
Interest	167,467	167,467	
Tuition and Fees	100,237	100,237	
Extracurricular Activities			
Property & Other Local Taxes	13,920,900	13,920,900	
Miscellaneous	148,003	148,003	
<b>Total Revenues</b>	<b>18,395,525</b>	<b>18,395,525</b>	
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	7,867,565	7,867,565	
Special	1,152,914	1,152,914	
Other	247,501	247,501	
Support services:			
Pupils	932,241	932,241	
Instructional Staff	787,760	787,760	
Board of Education	69,999	69,999	
Administration	1,763,863	1,763,863	
Fiscal	763,929	763,929	
Operation and Maintenance of Plant	2,430,458	2,430,458	
Pupil Transportation	1,087,696	1,087,696	
Central	25,481	25,481	
Non-Instructional Services	495,151	495,151	
Extracurricular activities	737,599	737,599	
Capital Outlay			
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
<b>Total Expenditures</b>	<b>18,362,157</b>	<b>18,362,157</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>33,368</b>	<b>33,368</b>	
<b>Other Financing Sources and Uses</b>			
Operating Transfers In			
Proceeds from Sale of Bonds			
Proceeds from Sale of Bonds for Advance Refunding			
Proceeds from Premium on Sale of Bonds			
Proceeds from Sale of Long-Term Notes	550,000	550,000	
Proceeds from Sale of Fixed Assets	50	50	
Refund of Prior Year Expenditures	35,245	35,245	
Payment to Refunded Bond Escrow Agent			
Bond Issuance Costs			
Operating Transfers Out	(595,000)	(595,000)	
Other Financing Uses	(213,847)	(213,847)	
<b>Total Other Financing Sources (Uses)</b>	<b>(223,552)</b>	<b>(223,552)</b>	
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(190,184)</b>	<b>(190,184)</b>	
Fund Balances at Beginning of Year	1,301,754	1,301,754	
Prior Year Encumbrances Appropriated	217,436	217,436	
<b>Fund Balance at end of Year</b>	<b>\$1,329,006</b>	<b>\$1,329,006</b>	

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

**Governmental Fund Types**

<b>Special Revenue</b>			<b>Debt Service</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
\$654,706	\$654,706		\$324,910	\$324,910	
394,887	355,899		2,785,176	2,785,176	
64,590	103,578				
<u>1,114,183</u>	<u>1,114,183</u>		<u>3,110,086</u>	<u>3,110,086</u>	
11,808	11,808				
144,119	144,119				
32,443	32,443				
182,785	182,785		15	15	
625,624	625,624				
68,796	68,796				
340,787	340,787				
			9,505,000	9,505,000	
			3,435,550	3,435,550	
<u>1,406,362</u>	<u>1,406,362</u>		<u>12,940,565</u>	<u>12,940,565</u>	
<u>(292,179)</u>	<u>(292,179)</u>		<u>(9,830,479)</u>	<u>(9,830,479)</u>	
25,000	25,000		9,563,769	9,563,769	
			-	25,690,000	25,690,000
			-	2,223,744	2,223,744
			3,111	3,111	
			-	(27,913,744)	(27,913,744)
<u>25,000</u>	<u>25,000</u>		<u>9,566,880</u>	<u>9,566,880</u>	<u>-</u>
(267,179)	(267,179)		(263,599)	(263,599)	-
666,418	666,418		833,503	833,503	
99,298	99,298				
<u>\$498,537</u>	<u>\$498,537</u>		<u>\$569,904</u>	<u>\$569,904</u>	<u>\$0</u>

(Continued)

**New Albany Plain Local School District**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Year Ended June 30, 2002**  
(Continued)

	<b>Governmental Fund Types</b>		
	<b>Capital Projects</b>		<b>Variance:</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Intergovernmental	\$86,801	\$86,801	
Interest	977,336	977,336	
Tuition and Fees			
Extracurricular Activities			
Property & Other Local Taxes	734,545	734,545	
Miscellaneous			
<b>Total Revenues</b>	<b>1,798,682</b>	<b>1,798,682</b>	
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	178,135	178,135	
Special	5,189	5,189	
Other			
Support services:			
Pupils	10,142	10,142	
Instructional Staff	159,293	159,293	
Board of Education			
Administration	13,574	13,574	
Fiscal	19,811	19,811	
Operation and Maintenance of Plant	214,919	214,919	
Pupil Transportation	196,550	196,550	
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	20,431,244	20,431,244	
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
<b>Total Expenditures</b>	<b>21,228,857</b>	<b>21,228,857</b>	
Excess of Revenues Over (Under) Expenditures	(19,430,175)	(19,430,175)	
<b>Other Financing Sources and Uses</b>			
Operating Transfers In	22,195	22,195	
Proceeds from Sale of Bonds	20,340,680	20,340,680	
Proceeds from Sale of Bonds for Advance Refunding			
Proceeds from Premium on Sale of Bonds	387,017	882,668	495,651
Proceeds from Sale of Long-Term Notes	8,950,000	8,950,000	
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Payment to Refunded Bond Escrow Agent			
Bond Issuance Costs	-	(495,651)	(495,651)
Operating Transfers Out	(9,035,964)	(9,035,964)	
Advances Out			
<b>Total Other Financing Sources (Uses)</b>	<b>20,663,928</b>	<b>20,663,928</b>	<b>-</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,233,753	1,233,753	-
Fund Balances at Beginning of Year	4,434,011	4,434,011	
Prior Year Encumbrances Appropriated	14,986,349	14,986,349	
<b>Fund Balance at end of Year</b>	<b>\$20,654,113</b>	<b>\$20,654,113</b>	<b>\$0</b>

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

Fiduciary Fund Types			Totals (Memorandum Only)		
Expendable Trust					
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
			\$5,125,335	\$5,125,335	
			1,144,803	1,144,803	
			100,237	100,237	
			394,887	355,899	
			17,440,621	17,440,621	
\$6,752	\$6,752		219,345	258,333	
6,752	6,752		24,425,228	24,425,228	
			8,057,508	8,057,508	
			1,302,222	1,302,222	
			247,501	247,501	
			942,383	942,383	
			979,496	979,496	
			69,999	69,999	
			1,960,222	1,960,222	
			783,755	783,755	
			2,645,377	2,645,377	
			1,284,246	1,284,246	
6,250	6,250		651,105	651,105	
			570,197	570,197	
			1,078,386	1,078,386	
			20,431,244	20,431,244	
			9,505,000	9,505,000	
			3,435,550	3,435,550	
6,250	6,250		53,944,191	53,944,191	
502	502		(29,518,963)	(29,518,963)	
			9,610,964	9,610,964	
			20,340,680	20,340,680	
			9,500,000	9,500,000	
			50	50	
			38,356	38,356	
			(9,630,964)	(9,630,964)	
			(213,847)	(213,847)	
			29,645,239	29,645,239	
502	502		126,276	126,276	
563	563		7,236,249	7,236,249	
5,750	5,750		15,308,833	15,308,833	
\$6,815	\$6,815		\$22,671,358	\$22,671,358	

**New Albany-Plain Local School District  
 Combined Statement of Revenues, Expenses  
 and Changes in Retained Earnings/Fund Balance  
 All Proprietary Funds and Non-Expendable Trust Fund  
 For the Year Ended June 30, 2002**

	<b>Proprietary Fund Types</b>		<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Internal Service</b>	<b>Nonexpendable Trust</b>	
<b>Operating Revenues:</b>				
Tuition	\$57,552			\$57,552
Interest			\$9,216	9,216
Sales	509,316			509,316
Other Revenues			12,006	12,006
<b>Total Operating Revenues</b>	<b>566,868</b>		<b>21,222</b>	<b>588,090</b>
<b>Operating Expenses</b>				
Salaries	195,351			195,351
Fringe Benefits	86,189			86,189
Purchased Services	12,659	\$45,015	25,572	83,246
Materials and Supplies	337,711		749	338,460
Depreciation	11,555			11,555
<b>Total Operating Expenses</b>	<b>643,465</b>	<b>45,015</b>	<b>26,321</b>	<b>714,801</b>
Operating Loss	(76,597)	(45,015)	(5,099)	(126,711)
<b>Non-Operating Revenues and Expenses</b>				
Federal Donated Commodities	24,856			24,856
Federal and State Subsidies	36,125			36,125
<b>Total Non-Operating Revenues and Expenses</b>	<b>60,981</b>			<b>60,981</b>
Loss Before Operating Transfers	(15,616)	(45,015)	(5,099)	(65,730)
Operating Transfers-In	20,000			20,000
Net Income (Loss)	4,384	(45,015)	(5,099)	(45,730)
Retained Earnings/Fund Balances at Beginning of Year (as restated)	258,280	71,450	27,324	357,054
<b>Retained Earnings/Fund Balances at End of Year</b>	<b>\$262,664</b>	<b>\$26,435</b>	<b>\$22,225</b>	<b>\$311,324</b>

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



**New Albany-Plain Local School District  
Combined Statement of Cash Flows  
All Proprietary Funds and Non-Expendable Trust Fund  
For the Year Ended June 30, 2002**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
Cash Flows from Operating Activities:				
Cash Received from Tuition	\$57,942			\$57,942
Cash Received from Sales	509,316			509,316
Other Cash Receipts			\$21,222	21,222
Cash Payments to Suppliers for Goods and Service	(324,375)		(792)	(325,167)
Cash Payments for Contract Services	(12,659)	(\$42,511)	(25,572)	(80,742)
Cash Payments for Employee Services	(191,383)			(191,383)
Cash Payments for Employee Benefits	(79,150)			(79,150)
Net Cash Provided (Used) by Operating Activities	(40,309)	(42,511)	(5,142)	(87,962)
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	32,304			32,304
Transfers In	20,000			20,000
Net Cash Provided (Used) by Noncapital Financing Activities	52,304			52,304
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments for Capital Acquisitions	(10,000)			(10,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,000)			(10,000)
Net Increase (Decrease) in Cash and Cash Equivalents	1,995	(42,511)	(5,142)	(45,658)
Cash and Cash Equivalents at Beginning of Year	172,517	71,450	27,972	271,939
<b>Cash and Cash Equivalents at End of Year</b>	\$174,512	\$28,939	\$22,830	\$226,281
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(\$76,597)	(\$45,015)	(\$5,099)	(\$126,711)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:				
Depreciation	11,555			11,555
Donated Commodities Used During the Year	24,856			24,856
Adjustments to Capital Outlay	(13,394)			(13,394)
(Increase) Decrease in Assets:				
Accounts Receivable	390			390
Material and Supplies Inventory	(1,309)			(1,309)
Increase (Decrease) in Liabilities:				
Accounts Payable	1,512	2,504	(43)	3,973
Compensated Absences Payable	467			467
Intergovernmental Payable	10,702			10,702
Deferred Revenue	1,671			1,671
Accrued Wages and Benefits	(162)			(162)
Total Adjustments	36,288	2,504	(43)	38,749
<b>Net Cash Provided (Used) by Operating Activities</b>	(\$40,309)	(\$42,511)	(\$5,142)	(\$87,962)
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2002:				
Cash and Cash Equivalents — Trust and Agency Funds				\$131,352
Less: Expendable Trust Funds				(6,815)
Less: Agency Funds				(101,707)
Cash and Cash Equivalents — Nonexpendable Trust Funds				\$22,830

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

Average daily membership (ADM) as of October 1, 2001 was 2,274. The District employed 161 certified employees and 94 non-certificated employees. The District co-operates with the Franklin County Educational Service Center, a separate entity, for curricular services.

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

*Reporting Entity:*

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

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

The District is associated with two governed organizations and an insurance purchasing pool. These organizations include the Metropolitan Education Council, the Eastland Joint Vocational School District, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the general-purpose financial statements.

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis Of Presentation - Fund Accounting**

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

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

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

*Governmental Fund Types:*

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

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

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

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

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

*Proprietary Fund Types:*

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis Of Presentation - Fund Accounting (Continued)**

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

*Fiduciary Fund Types:*

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

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

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

*Account Groups:*

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

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 year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, includes property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements included timing requirements, which specify the year when the revenue 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 specific purpose, and expenditure requirements, in which the resources provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year end.

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

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

**C. Budgetary Process**

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

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

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

*Tax Budget:*

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

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

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

*Appropriations:*

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

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

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

*Encumbrances:*

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

*Lapsing of Appropriations:*

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

**D. Cash and Investments**

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2002, investments were limited to STAR Ohio, repurchase agreements, treasury notes, and federal agency securities. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Investments (Continued)**

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 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner of consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$140,358, which includes, approximately, \$68,712 assigned from other funds.

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

**E. Inventory**

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Assets acquired before October 31, 2001 are capitalized at estimated historical cost using the deflation of estimated replacement costs back to the year of acquisition using a combination of appropriate indices available. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

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

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

NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Intergovernmental Revenues**

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

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

*Entitlements*

*General Fund*

State Foundation Program  
School Bus Purchase Reimbursement

*Non-Reimbursable Grants*

*Special Revenue Funds*

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

*Capital Project Funds*

School Net Plus

*Reimbursable Grants*

*General Fund*

Driver Education

*Proprietary Funds*

National School Lunch Program  
National School Breakfast Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 21 percent of the District's operating revenue during the 2002 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Interfund Assets/Liabilities**

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

**J. Compensated Absences**

The District has implemented the provisions of GASB Statement No. 16, "Accounting for 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.

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Interfund Transactions**

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

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

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Fund Balance Reserves**

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

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

**O. Estimates**

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

**P. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	(\$190,184)	(\$267,179)	(\$263,599)	\$1,233,753	\$502
Adjustments for:					
Revenue Accruals	(530,130)	(29,062)	(37,003)	(362,409)	(191)
Expenditure Accruals	(286,609)	8,716	(270,297)	4,758,253	(250)
Other Sources/Uses	1,421				
Encumbrances	211,781	97,264		207,408	
GAAP Basis	<u>(\$793,721)</u>	<u>(\$190,261)</u>	<u>(\$570,899)</u>	<u>\$5,837,005</u>	<u>\$61</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim 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 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

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).

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

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

*Deposits:* At fiscal year end, the carrying amount of the District's deposits was \$1,079,260 and the bank balance was \$1,233,619. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,133,619 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

*Investments:* The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments of \$19,851,270, in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Carrying/Fair Value
Federal Agency Securities	\$2,978,071	\$2,978,071
STAR Ohio		19,851,270
Total Investments		\$22,829,341

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

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

	Cash and Cash Equivalents Deposits	Investments
GASB Statement 9		
Investment in Cash	\$23,918,651	
Cash on Hand	(10,050)	
Investments:		
Federal Agency Securities	(2,978,071)	\$2,978,081
STAR Ohio	(19,851,270)	19,851,270
GASB Statement 3	\$1,079,260	\$22,829,341

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 5 - PROPERTY TAXES**

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

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

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

The District receives property taxes from Franklin and Licking Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 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, 2002. 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, 2002, was \$1,319,118 in the General Fund, \$285,066 in the Bond Retirement Debt Service Fund and \$99,879 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$437,013,430	93%	\$491,506,710	94%
Public Utility	21,767,010	5%	15,888,270	3%
Tangible Personal Property	9,632,683	2%	15,890,938	3%
Total Assessed Value	<u>\$468,413,123</u>	<u>100%</u>	<u>\$523,285,918</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$54.17		\$54.03	



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2002, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$13,956,564
Accounts	15,544
Interest	3,827
Special Revenue Fund	
Intergovernmental	5,905
Debt Service Fund	
Taxes	3,016,811
Capital Projects Funds	
Taxes	735,214
Interest	29,196
Enterprise Funds	
Intergovernmental	9,359
Trust and Agency Funds	
Accounts	228
Total Receivables	\$17,772,648

**NOTE 7 - FIXED ASSETS**

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 6/30/2001	Additions	Deletions	Transfers/ Adjustments	Balance at 6/30/2002
Land	\$4,274,936	\$838,758		(\$1,277,764)	\$3,835,930
Buildings and Improvements	43,656,768			5,040,071	48,696,839
Furniture and Equipment	4,559,589	\$451,573		318,401	5,329,563
Vehicles	1,177,529			476,543	1,654,072
Constuction in Progress	14,889,192	7,460,288		(546,949)	21,802,531
Total General Fixed Assets	\$68,558,014	\$8,750,619	\$0	\$4,010,302	\$81,318,935

The Transfers/Adjustments column above represents changes in property, plant, and equipment values as a result of the District's revaluation of all assets held at October 31, 2001.

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$189,453
Less: Accumulated Depreciation	(48,099)
Total General Fixed Assets	\$141,354

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, 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 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 16).

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The New Albany Plain Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statement and required supplementary information. The report may be obtained by writing to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the New Albany Plain Local School District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$394,456, \$332,753, and \$270,241 respectively; 48 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$206,748 representing unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds and the general long-term obligations account.

**B. State Teachers Retirement System**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System (Continued)**

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2002 were 9.3 percent of covered payroll for members and 14 percent for employers. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,251,685, \$1,041,868, and \$918,009, respectively; 82 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$226,350 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

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

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

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion on June 30, 2001.

For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2001, the allocation rate is 9.80 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits were \$315.7 million.

The number of participants currently receiving health care benefits is approximately 50,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .70, then adding the surcharge due as of June 30, 2001, as certified to your district by SERS.

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five 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 245 days for certified personnel. The accumulation for classified personnel and administrators is unlimited. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 52 days for certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum number of days based on the years of service for classified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave for administrators.

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

**B. Life Insurance**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 12 - LONG-TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2002 were as follows:

	Interest Rate	Principal Outstanding June 30, 2001	Additions	Deductions	Principal Outstanding June 30, 2002
Building Construction Bonds	3.60%	\$11,115,000			\$11,115,000
Various Purpose Bonds	4.75%	36,755,340		\$25,911,311	10,844,029
Short Term Note 1	3.00%		46,030,680		46,030,680
Short Term Note 2	3.31%		550,000	550,000	
Long-Term Bonds & Notes	2.38%	47,870,340	8,950,000	8,950,000	67,989,709
Intergovernmental Payable		125,813	26,454		152,267
Compensated Absences		679,345	79,549		758,894
<b>Total Long-Term Obligations</b>		<b>\$48,675,498</b>	<b>\$55,636,683</b>	<b>\$35,411,311</b>	<b>\$68,900,870</b>

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

*Various Purpose General Obligation Bonds, Series 2000* – On June 6, 2000, the New Albany Plain Local School District issued \$36,539,029 in voted general obligation bonds for the purpose of an addition and improvements. \$25,690,000 of the bonds were retired with the issuance of the Various Purpose General Obligation Bonds, Series 2002. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2027. The bonds will be retired from the debt service fund.

*Various Purpose General Obligation Bonds, Series 2002* - On January 1, 2002, the New Albany Plain Local School District issued \$46,030,680 in voted general obligation bonds for the purpose of an addition and improvement to the high school building and advance refunding of \$25,690,000 of the Various Purpose Bonds, Series 2000. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2030. The bonds will be retired from the debt service fund.

The District's voted legal debt margin was (\$20,893,976) with an unvoted debt margin of \$523,286 at June 30, 2002.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 12 - LONG-TERM OBLIGATIONS** (Continued)

Principal and interest requirements to retire general obligation debt, outstanding at June 30, 2002, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2003	\$740,000	\$3,231,715	\$3,971,715
2004	460,000	3,210,760	\$3,670,760
2005	705,000	3,188,590	\$3,893,590
2006	891,836	3,449,589	\$4,341,425
2007	1,541,959	3,545,681	\$5,087,640
2008 - thereafter	63,650,914	49,950,063	\$113,600,977
Total	<u>\$67,989,709</u>	<u>\$66,576,398</u>	<u>\$134,566,107</u>

**Advance Refunding**

In 2002, the District used \$27,913,744 of the proceeds and premium on the *Various Purpose General Obligation Bonds, Series 2002* to advance refund \$25,690,000 of the *Various Purpose General Obligation Bonds, Series 2000*, resulting in an economic gain of \$7,096,436. The District defeased these bonds by placing a portion of the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. This advance refunding represents both legal and in-substance defeasance and was accounted for in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*. Accordingly, the trust account's assets and the liability for the defeased bonds are not included in the District's financial statements.

The District also advance refunded other bonds in prior years. On June 30, 2002, \$32,400,388 bonds outstanding are considered defeased.

**Arbitrage Liability**

The District may have an arbitrage liability on the 2002 bond issuance. No liability has been calculated or recorded in the financial statements. The arbitrage liability, if any, will be due in 2008.

**NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and rotary. The table below reflects the more significant financial data relating to the enterprise funds of the New Albany Plain Local School District as of and for the fiscal year ended June 30, 2002.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$468,172	\$41,144	\$57,552	\$566,868
Depreciation	11,555			11,555
Operating Income (Loss)	(56,151)	(20,475)	29	(76,597)
Federal Donated Commodities	24,856			24,856
Grants	36,125			36,125
Operating Transfers In		20,000		20,000
Net Income (Loss)	4,830	(475)	29	4,384
Net Working Capital	84,100	36,674	536	121,310
Total Assets	296,192	36,674	1,002	333,868
Total Liabilities	70,738		466	71,204
Total Equity	225,454	36,674	536	262,664

**NOTE 14 - CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the District had contractual purchase commitments as follows:

<u>Vendor Name</u>	<u>Amount</u>
Central Ohio Building Co., Inc.	\$13,534
Apex/M&P Construction LLC	27,928
The Painting Company	6,928
Esquire Data	12,352
Chemcote	5,157
Total	<u>\$65,899</u>

**NOTE 15 - 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 2100 City Gate Dr., Columbus, Ohio 43219.

*Eastland Joint Vocational School District* - The Eastland Joint 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 Joint Vocational School District, Dawn Lemley, who serves as Treasurer, at 4300 Amalgamated Place, P. O. Box 419, Groveport, Ohio 43125-0419.

**NOTE 16 - 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 16 - INSURANCE PURCHASING POOL (Continued)**

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 17 - CONTINGENCIES**

**Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

**NOTE 18 - 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 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 District is 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 year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2001	\$277,946	\$165,929	\$315,640	
Current Year Set-aside Requirement	231,295	231,295	0	
Qualifying Disbursements	<u>(272,388)</u>	<u>(364,382)</u>	<u>0</u>	
Total	<u>\$236,853</u>	<u>\$32,842</u>	<u>\$315,640</u>	
Cash Balance Carried Forward to FY 2003	<u>\$236,853</u>	<u>\$32,842</u>	<u>\$315,640</u>	
Total Restricted Assets				<u>\$585,335</u>



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**NOTE 19 – STATE SCHOOL FUNDING DECISIONt5**

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

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

**NOTE 20 – SUBSEQUENT EVENTS**

On February 4, 2003 the District passed a 15.81 mill emergency operating levy. The levy is expected to generate \$10 million tax revenue each year.

On February 20, 2003, the District issued \$18,496,850 in bond anticipation notes for the construction of a new elementary school and additions to the high school and athletic fields.

**NOTE 21 – RESTATEMENT OF RETAINED EARNINGS**

Due to a revaluation of fixed assets, an error in reporting fixed assets and accumulated depreciation in prior years was discovered and the retained earnings in the Enterprise fund as of July 1, 2001, was restated as follows:

Reported Retained Earnings as of July 1, 2001	\$208,290
Fixed Assets not properly recorded in prior years	<u>49,990</u>
Restated Retained Earnings as of July 1, 2001	<u>\$258,280</u>

The effect of this restatement on net income in the prior years is not practically determinable.

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**Auditor of State  
Betty Montgomery**

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

Board of Education  
New Albany-Plain Local School District  
Franklin County  
99 West Main Street, 2<sup>nd</sup> Floor  
New Albany, Ohio 43054

We have audited the general-purpose financial statements of New Albany-Plain Local School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated March 21, 2003, wherein we disclosed the District restated Enterprise Fund retained earnings as of July 1, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As a part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 21, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-10625-001 through 2002-10625-003.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2002-10625-001 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 21, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

March 21, 2003

NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2002

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

<b>Finding Number</b>	<b>2002-10625-001</b>
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**Student Activities**

The District should maintain supporting documentation for all extracurricular activities. Such supporting documentation should, at a minimum, include complete and accurate Sales Project Potential and Completion Forms, duplicate receipts that reconcile to pay-ins submitted to the Treasurer's Office, and rosters/counts of students that participated in the activity. If the activity is a dance or other "ticket" activity, a Gate Receipt form with the first/last ticket numbers and ticket price should be submitted with the receipts.

Supporting documentation was not maintained for 30% of the student activities receipts tested.

The lack of appropriate supporting documentation could lead to incorrect account or activity postings and unreconcilable Sales Project Potential and Completion Forms without the timely detection of management. A weak control environment over these activities also increases the risk of fraud.

We recommend District ensure that Activity Advisors maintain supporting documentation for all financial activity. We also recommend the Treasurer's Office ensure that Sales Project Potential and Completion Forms are completed before and after each activity and periodically review the supporting documentation of activity receipts.

<b>Finding Number</b>	<b>2002-10625-002</b>
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**Source Documentation**

The District should maintain adequate supporting documentation for all financial activity.

The District could not provide register tapes for 28% of the food service receipts tested. The District could also not always provide other supporting documentation requested related to other receipts. Lack of supporting documentation could result in miscoding of receipts in the accounting system.

We recommend the Treasurer's office ensure adequate supporting documentation is maintained for all financial transactions. The documentation should agree to the posting.

<b>Finding Number</b>	<b>2002-10625-003</b>
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**Monitoring Payroll**

We noted a lack of monitoring controls over the payroll process. Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Monitoring controls generally are concerned with users' analysis of reports or other forms of data produced by the accounting system. Such data may indirectly provide assurance as to the reliability of financial reporting information. The lack of monitoring controls could result in the decline of the Districts control procedures without legislative knowledge.

The Payroll Manager generates several reports after processing payroll (i.e., Pre-Payroll Verification Listing, Payroll Appropriation Distribution Report, Deduction Ledger Posting Journal, Payroll Deduction Proof Listing and the General Ledger Posting Journal). No evidence exists that these reports are reviewed to ensure the accuracy and completeness of the payroll information.

We recommend the Payroll Manager and Treasurer review payroll reports each pay period for accuracy and completeness. These reviews should be evidenced.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2002**

<b>FINDING NUMBER</b>	<b>FINDING SUMMARY</b>	<b>STATUS OF FINDING</b>	<b>EXPLANATION</b>
2001-10625-001	Ohio Rev. Code Section 5705.41 (D)	Fully corrected	
2001-10625-002	Fixed Assets	Partially corrected	We reported this finding in the management letter.



**Auditor of State  
Betty Montgomery**

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**NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2003**