



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

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2010



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

New Albany Plain Local School District
Franklin County
55 North High Street
New Albany, Ohio 43054

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of New Albany Plain Local School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of New Albany Plain Local School District, Franklin County, Ohio, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2011, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis and budgetary comparison schedule for the General Fund as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards Receipts and Expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Federal Awards of Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 11, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

As management of the New Albany-Plain Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which follow this section.

Financial Highlights

The District's net assets are \$40,142,095 as of June 30, 2010 according to the Statement of Net Assets. This represents an increase of \$687,427 or 1.7% as compared to last year. This increase is what was expected based on the full year collection of the November 2008 property tax levy which was offset by continuing expenses associated with a growing District. Of the total millage request, it is important to note that 3.87 mills were additional. Most of the millage request replaced funds secured from a ballot issue passed in 2006 and which expires December 31, 2009.

The General Fund reported a fund balance of \$26,950,926. On the budgetary basis of accounting the General Fund had a positive balance of \$18,192,208.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities:

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements:

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

Governmental Funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Fiduciary Fund:

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$40,142,095 according to the Statement of Net Assets at the close of the most recent fiscal year.

A comparative analysis of fiscal year 2010 to 2009 follows from the Statements of Net Assets:

	Governmental Activities	
<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets	\$ 77,722,909	\$ 80,468,042
Capital assets, net	80,037,477	84,310,619
Total assets	157,760,386	164,778,661
 <u>Liabilities</u>		
Current liabilities	33,549,601	38,492,765
Long-term liabilities	84,068,690	86,831,228
Total liabilities	117,618,291	125,323,993
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	3,103,061	4,902,009
Restricted	9,965,161	10,062,126
Unrestricted	27,073,873	24,490,533
Total net assets	\$ 40,142,095	\$ 39,454,668

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

A comparative analysis of fiscal year 2010 and 2009 as follows from the Statement of Activities:

	Governmental Activities	
	2010	2009
Program Revenues:		
Charges for Services and Sales	\$ 2,600,281	\$ 2,492,282
Operating Grants and Contributions	2,075,293	1,703,402
General Revenues:		
Property Taxes	46,850,696	48,306,837
State Entitlements	7,740,956	6,690,344
Investment Earnings	180,761	390,094
Other	954,198	1,998,268
Total Revenues	60,402,185	61,581,227
 Program Expenses:		
Instructional	32,763,409	29,655,077
Support Services	20,063,131	18,789,348
Co-curricular Student Activities	2,172,429	2,128,718
Community Services	266,633	456,166
Interest on Long-Term Debt	4,476,887	4,533,747
Total Expenses	59,742,489	55,563,056
 Excess before Special Item:		
Special Item-Asset transfer	27,731	-
 Change in Net Assets	687,427	6,018,171
 Net Assets at Beginning of Year	39,454,668	33,436,497
Net Assets at End of Year	\$ 40,142,095	\$ 39,454,668

Governmental Activities:

Net assets of the District's governmental activities increased by \$687,427. This increase was less than expected based on the passage 2008 operating levy. This is a result of the timing of the certification of revenues by the County. In Ohio, the portion of property taxes legally available as an advance, on the future August real estate settlement, by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. Thus, in the previous years 2009 and 2008 Franklin County certified that the amount of taxes available for advance was approximately \$16.3 million and \$14.3 million respectively; whereas, the amount available for advance at June 30, 2010 was approximately \$17.1 million. These results in decrease of property tax revenues based solely on the timing of collections by the county auditor, to be \$1.2 million. On a budget basis (cash basis), taxes remained stable as expected.

The expense increase over the prior year is mostly due to salary and benefits related to the additional staff hired in 2010, along with normal raises and increased health insurance premiums associated with existing staff.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

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

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

	Total Cost of Services 2010	Net Cost of Service 2010	Total Cost of Services 2009	Net Cost of Service 2009
Instruction	\$ 32,763,409	\$ 31,305,828	\$ 29,655,077	\$ 28,588,986
Support Services	20,063,131	17,377,338	18,789,348	16,421,358
Co-curricular Student Activities	2,172,429	1,732,437	2,128,718	1,632,005
Community Services	266,633	174,425	456,166	191,276
Interest on Debt	<u>4,476,887</u>	<u>4,476,887</u>	<u>4,533,747</u>	<u>4,533,747</u>
Total Expenses	<u>\$ 59,742,489</u>	<u>\$ 55,066,915</u>	<u>\$ 55,563,056</u>	<u>\$ 51,367,372</u>

Local property taxes make up 77.6% of total revenues for governmental activities. The net services column reflecting the need for \$55,066,915 of support indicates the reliance on general revenues to support governmental activities.

The District's Funds

The District's governmental funds reported a combined fund balance of \$37,092,449, which represents an increase of \$2,626,859 as compared to last year's total of \$34,465,590 according to the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The schedule below shows the fund balance and the total change in fund balance from June 30, 2010 to 2009.

	Fund Balance at June 30, 2010	Fund Balance at June 30, 2009	Increase
General Fund	\$ 26,950,926	\$ 24,438,309	\$ 2,512,617
Bond Retirement Fund	6,416,778	5,954,870	461,908
Other Governmental Funds	<u>3,724,745</u>	<u>4,072,411</u>	<u>(347,666)</u>
Total	<u>\$ 37,092,449</u>	<u>\$ 34,465,590</u>	<u>\$ 2,626,859</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

General Fund:

The District's General Fund balance increased primarily due to the passage of the November 2008 operating levy and offset by increasing expenses and the timing of certification of revenues by Franklin County, as previously discussed.

Revenues

	2010	2009	% Change
Property taxes	\$ 40,509,192	\$ 39,751,050	1.91%
Intergovernmental	7,532,277	7,343,857	2.57%
Investment income	177,763	347,355	-48.82%
Other revenue	1,219,294	1,489,736	-18.15%
Total	<u>\$ 49,438,526</u>	<u>\$ 48,931,998</u>	<u>1.04%</u>

Expenditures by Function

	2010	2009	% Change
Instructional services	\$ 27,849,455	\$ 25,196,575	10.53%
Support services	17,363,011	16,080,816	7.97%
Co-curricular student activities	1,218,077	1,103,514	10.38%
Community services	186,678	176,227	5.93%
Total	<u>\$ 46,617,221</u>	<u>\$ 42,557,132</u>	<u>9.54%</u>

Revenues increased 1.04% primarily due to the aforementioned increase in tax revenues, while expenditures increased 9.5% over the prior year. Expenditure increases are due to salary and benefits related to the additional staff hired in 2010, along with normal raises and increased health insurance premiums associated with existing staff.

Bond Retirement Fund:

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

Revenues

	2010	2009	% Change
Property taxes	\$ 6,328,457	\$ 6,935,070	-8.75%
Intergovernmental	788,146	793,634	-0.69%
Other revenue	-	1,070	100.00%
Total	<u>\$ 7,116,603</u>	<u>\$ 7,729,774</u>	<u>-7.93%</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Expenditures by Function

	2010	2009	% Change
Support services	\$ 80,956	\$ 57,632	40.47%
Debt Service:			
Principal repayment	2,771,122	2,136,523	29.70%
Interest	4,036,305	4,522,208	-10.74%
Total	<u>\$ 6,888,383</u>	<u>\$ 6,716,363</u>	<u>2.56%</u>

Other Funds

Other governmental funds consist of Special Revenue and other Capital Projects funds. Fund balance in these funds decreased by \$347,666.

General Fund Budget Information

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

During the course of fiscal year 2010, the District amended its general fund appropriations; none of the amendments were significant.

The District's ending unobligated general fund balance was \$18,192,208.

Capital Assets

The District has \$80,037,477 invested in capital assets net of accumulated depreciation. Detailed information regarding capital asset activity is included in the notes to the basic financial statements.

Debt

On June 30, 2010, the District had \$77,047,070 in bonds and notes outstanding. The District paid \$2,621,122 in principal on bonds and \$150,000 principal on notes outstanding. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

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

Restrictions and Other Limitations

The District faces various challenges with being one of the fastest growing school districts in the State. The District has been fortunate over the years to be able to manage the growth pattern while maintaining the educational program and facilities. However, the future financial stability of the District is not without challenges. The District has been on the ballot 17 times in the past 14 years. Through community support, we have avoided cash operating deficits.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The second challenge is based in the local economy and the state funding of education in Ohio. Flaws in the state funding formula result in more lost state revenue from inflationary increases in home and business values than is generated in local tax increases from the increased value. Additionally, there is a lack of a permanent reimbursement plan to replace lost tangible tax revenues that have been phased out. Although the state has provisions to "hold harmless" through 2013, projecting the long-term impact of this is difficult. The most recent state budget bill, House Bill 1, addressed many of these challenges by implementing an Evidence Based Model funding program for public school districts. However, due to the current economic downturn and limited resources, much of this model cannot be fully implemented for several years. Additionally, HB 1 uses approximately \$3.2 billion in federal stimulus funds and it is difficult to predict whether state tax revenues will rebound enough in the future years to support the new method of education funding.

Contacting the District's Financial Management

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

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

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	<u>Primary Government GOVERNMENTAL ACTIVITIES</u>	<u>Component Unit SCHOOL FOR ARTS INTEGRATED LEARNING</u>
ASSETS:		
Cash and cash equivalents	\$ 26,515,085	\$ -
Receivables	45,229,782	
Due from other:		
Governments	52,509	-
Inventory	14,245	-
Deferred charges	885,441	-
Equity interest in performing arts center	5,025,847	-
Capital assets:		
Land and construction in progress	3,146,592	-
Depreciable capital assets, net of accumulated depreciation	76,890,885	-
TOTAL ASSETS	157,760,386	-
LIABILITIES:		
Accounts payable	350,891	-
Due to other governments	1,042,322	-
Unearned revenue	26,487,563	-
Accrued liabilities	5,285,159	-
Accrued interest payable	383,666	-
Long-term liabilities:		
Due within one year	2,968,666	-
Due in more than one year	81,100,024	-
TOTAL LIABILITIES	117,618,291	-
NET ASSETS		
Invested in capital assets, net of related debt	3,103,061	-
Restricted for:		
Capital Projects	2,409,293	-
Debt Service	6,265,829	-
Other purposes	1,290,039	-
Unrestricted	27,073,873	-
TOTAL NET ASSETS	\$ 40,142,095	\$ -

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

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	School for Arts Integrated learning
Governmental Activities					
Instructional services:					
Regular	\$ 25,710,032	\$ 421,802	\$ -	\$ (25,288,230)	
Special	5,675,960	144,986	887,993	(4,642,981)	
Vocational	1,315,561	-	-	(1,315,561)	
Continuing	61,856	-	2,800	(59,056)	
Support services:					
Operation and maintenance of plant	4,874,754	-	110,041	(4,764,713)	
School administration	3,245,307	101,591	-	(3,143,716)	
Instructional staff	1,848,469	-	-	(1,848,469)	
Pupils	3,086,251	-	-	(3,086,251)	
Non-Instructional services	547,262	-	61,856	(485,406)	
Business operations	1,914,808	-	-	(1,914,808)	
Student transportation	2,577,797	-	654,523	(1,923,274)	
Food service	1,522,331	1,469,868	233,177	180,714	
Central services	389,872	-	54,737	(335,135)	
General administration	56,280	-	-	(56,280)	
Co-curricular student activities	2,172,429	439,992	-	(1,732,437)	
Community services	266,633	22,042	70,166	(174,425)	
Interest on debt	4,476,887	-	-	(4,476,887)	
Total Primary Governmental Activities	\$ 59,742,489	\$ 2,600,281	\$ 2,075,293	(55,066,915)	
Component Unit					
New Albany Elementary K-1 School for Arts Integrated learning	\$ 583,768	-	\$ 50,502		\$ (533,266)
General revenues:					
Property taxes				46,850,696	
Grants and entitlements not restricted to specific programs				7,740,956	518,026
Investment earnings				180,761	48
Miscellaneous				954,198	-
Total General revenues				55,726,611	(15,192)
Special item:					
Transfer of Community Schools net assets upon dissolution.				27,731	(27,731)
Change in Net Assets				687,427	(42,923)
Net Assets Beginning of Year				39,454,668	42,923
Net Assets End of Year				\$ 40,142,095	\$ -

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

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	GENERAL	BOND RETIREMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and cash equivalents	\$ 18,874,136	\$ 3,849,278	\$ 3,791,671	\$ 26,515,085
Receivables:				
Property taxes	38,502,800	6,674,000	-	45,176,800
Other	52,441	-	541	52,982
Inventory	-	-	14,245	14,245
TOTAL ASSETS	\$ 57,429,377	\$ 10,523,278	\$ 3,858,966	\$ 71,811,621
LIABILITIES:				
Accounts payable	\$ 339,325	\$ -	\$ 11,566	\$ 350,891
Due to other:				
Governments	1,005,415	-	36,907	1,042,322
Deferred revenue	23,934,300	4,106,500	-	28,040,800
Accrued liabilities	5,199,411	-	85,748	5,285,159
TOTAL LIABILITIES	30,478,451	4,106,500	134,221	34,719,172
FUND BALANCES:				
Reserved for:				
Future appropriations	14,568,500	2,567,500	-	17,136,000
Encumbrances	479,116	-	180,220	659,336
Inventory	-	-	14,245	14,245
Unreserved, reported in				
General fund	11,903,310	-	-	11,903,310
Special revenue fund	-	-	1,181,229	1,181,229
Debt Service fund	-	3,849,278	-	3,849,278
Capital projects fund	-	-	2,349,051	2,349,051
TOTAL FUND BALANCES	26,950,926	6,416,778	3,724,745	37,092,449
TOTAL LIABILITIES AND FUND BALANCES	\$ 57,429,377	\$ 10,523,278	\$ 3,858,966	\$ 71,811,621

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

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010**

Total Governmental Fund Balances	\$	37,092,449
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.		80,037,477
Equity interest in performing arts center is not a functional resource and therefore is not reported in the funds.		5,025,847
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		1,553,237
Unamortized bond issuance and swap costs are not recognized in the funds.		885,441
Unamortized bond and swap premiums, deferred refunding charges, and accretion on deep discount debt are not recognized in the funds.		(5,182,878)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Interest payable		(383,666)
Compensated absences		(1,831,357)
Capital lease obligation		(7,385)
Bonds and Notes payable		(77,047,070)
		(77,047,070)
Net Assets of Governmental Activities	\$	40,142,095

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	GENERAL	BOND RETIREMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes	\$ 40,509,192	\$ 6,328,457	\$ 90,805	\$ 46,928,454
Intergovernmental:				
Federal Restricted Grants-in-aid	-	-	1,286,887	1,286,887
State:				
Unrestricted Grants-in-aid	7,525,177	788,146	128,614	8,441,937
Restricted Grants-in-aid	7,100	-	80,325	87,425
Investment income	177,763	-	2,998	180,761
Co-curricular activities	56,885	-	474,617	531,502
Charges for services	-	-	1,469,868	1,469,868
Tuition fees	224,779	-	321,877	546,656
Other local revenues	937,630	-	71,322	1,008,952
TOTAL REVENUES	49,438,526	7,116,603	3,927,313	60,482,442
EXPENDITURES:				
Current:				
Instructional services:				
Regular	21,801,774	-	368,871	22,170,645
Special	4,732,615	-	973,425	5,706,040
Vocational	1,315,066	-	-	1,315,066
Continuing	-	-	61,856	61,856
TOTAL INSTRUCTIONAL SERVICES	27,849,455	-	1,404,152	29,253,607
Support services:				
Operation and maintenance of plant	4,578,418	-	253,567	4,831,985
School administration	3,170,470	-	158,002	3,328,472
Instructional staff	1,753,597	-	20,582	1,774,179
Pupils	2,843,508	-	271,490	3,114,998
Non-instructional services	547,262	-	-	547,262
Business operations	1,806,895	80,956	7,798	1,895,649
Student transportation	2,267,721	-	74,476	2,342,197
Food services	-	-	1,507,350	1,507,350
Central services	338,860	-	55,156	394,016
General administration	56,280	-	-	56,280
TOTAL SUPPORT SERVICES	17,363,011	80,956	2,348,421	19,792,388
Co-curricular student activities	1,218,077	-	428,467	1,646,544
Community services	186,678	-	79,955	266,633
Debt service:				
Principal retirement	-	2,771,122	86,345	2,857,467
Interest	-	4,036,305	2,639	4,038,944
TOTAL EXPENDITURES	46,617,221	6,888,383	4,349,979	57,855,583
Excess of revenues over expenditures	2,821,305	228,220	(422,666)	2,626,859
OTHER FINANCING SOURCES (USES):				
Transfers in	-	233,688	75,000	308,688
Transfers out	(308,688)	-	-	(308,688)
TOTAL OTHER FINANCING SOURCES (USES)	(308,688)	233,688	75,000	-
Net Change in Fund Balances	2,512,617	461,908	(347,666)	2,626,859
FUND BALANCES AT BEGINNING OF YEAR	24,438,309	5,954,870	4,072,411	34,465,590
FUND BALANCE AT END OF YEAR	\$ 26,950,926	\$ 6,416,778	\$ 3,724,745	\$ 37,092,449

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

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Net Changes in Fund Balances - Total Governmental Funds		\$ 2,626,859
<p>Amounts reported for governmental activities in the statement of activities are different because Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Asset Additions	155,881	
Loss on disposal of assets	(2,499)	
Depreciation Expense	<u>(4,426,524)</u>	(4,273,142)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Long-term taxes receivables	(77,758)	
Equity interest in performing arts center	<u>(105,807)</u>	(183,565)
<p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		2,857,467
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest is expended when due.</p>		
		(144,843)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Compensated Absences Payable		97,751
<p>The amortization of premium and debt issuance costs are reported on the statement of activities:</p>		
Premium Amortization	215,969	
Issuance Cost Amortization	<u>(100,420)</u>	115,549
<p>The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of outstanding debt on the statement of activities.</p>		
		(64,412)
<p>Accretion on capital appreciation bonds is an expenditure in the governmental funds but is allocated as an expense over the life of the bonds.</p>		
		<u>(344,237)</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$ 687,427</u></u>

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

NEW ALBANY-PLAIN LOCAL SCHOOL DISTRICT
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2010

	<u>AGENCY FUND</u>
ASSETS:	
Cash and cash equivalents	\$ 242,898
Accounts Receivable	<u>6,581</u>
 TOTAL ASSETS	 <u>\$ 249,479</u>
 LIABILITIES:	
Accounts payable	\$ 5,853
Due to others	<u>243,626</u>
 TOTAL LIABILITIES	 <u>\$ 249,479</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

Average daily membership (ADM) reported for fiscal year 2010 was 4,124. The District employed 334 certified employees and 216 non-certificated employees. The District co-operates with the Educational Service Center of Central Ohio, a separate entity, for curricular services.

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

Reporting Entity:

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Included and discretely presented within the District's reporting entity is the New-Albany K-1 School for Arts Integrated Learning (SAIL).

The New-Albany K-1 School for Arts Integrated Learning (SAIL) is a legally separate not-for-profit served by an appointed five-member Board of Directors and meets the definition of a conversion school under chapter 3314 of the Ohio Revised Code. SAIL offers students an academically arts integrated approach, to advance achievement, critical thinking and creativity, The goal is to produce a student who feels he or she is an integral part of a caring school community and who is an independent, self-motivated and self disciplined lifelong learner.

On March 16, 2010, The School for Arts Integrated Learning (SAIL) Board of Directors passed a resolution to shut down the operations of SAIL and transfer all property of every description, and every interest therein, and all obligations of or belonging to or due SAIL to the New-Albany Plain Local School District. Operations ceased effective June 30, 2010.

On the statement of revenues, expenses, and changes in net assets, net assets in the amount of \$27,731 were transferred to New-Albany Plain Local School District. This amount was reported as a special item and reported as a "transfer of assets to the New-Albany Plain Local School District."

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The District is also associated with a joint venture, three jointly governed organizations, an insurance purchasing pool, and a related organization. These organizations include the New Albany Performing Arts Center, the Metropolitan Education Council, the Eastland Vocational School District, the New Albany-Plain Local Joint Park District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Joint Growth Community Action Committee. These organizations are presented in Notes 15, 16, 17, and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Government-wide and fund financial statements

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Government-wide and fund financial statements (Continued)

Fund Accounting:

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

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

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Revenues - Exchange and Non-exchange Transactions

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

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

Deferred/Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

Expenditures/Expenses

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. During fiscal year 2010, investments were limited to STAR Ohio, US Treasuries, and repurchase agreements. Investment earnings are allocated as authorized by State statute or as governed by Board policy.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investments purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

Investment earnings are allocated as authorized by State statute or as governed by Board policy. Interest revenue credited to the General Fund during the fiscal year amounted to \$177,763 which includes \$45,605 assigned from other funds.

D. Inventory

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

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

E. Capital Assets and Depreciation

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets and Depreciation (Continued)

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

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

F. Interfund Activity

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

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

G. Compensated Absences

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

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

H. Accrued Liabilities and Long-Term Obligations

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Restricted Assets

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

J. Fund Balance Reserves

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

The reserve for future appropriations represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriation under State statute.

K. Estimates

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

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include instructional activities, grants, and extracurricular activities. None of the District's reported net assets were restricted by enabling legislation at June 30, 2010.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There was one special items reported for fiscal year 2010. See note 1.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 3 - 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);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$21,412,029 exclusive of the District's investments included in the table below. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2010, \$16,680,681 of the District's bank balance of \$21,430,681 was exposed to custodial risk as discussed below, while \$4,750,000 was covered by Federal Deposit Insurance.

Additionally, the District had cash on hand in the amount of \$5,100, which is included on the balance sheet and statement of net assets as part of cash and cash equivalents.

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

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

Investments

As of June 30, 2010, the District had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities 1 Year or less</u>
Repurchase Agreement	\$ 989,161	\$ 989,161
FHLB DN	1,995,600	1,995,600
STAROhio	2,356,093	2,356,093
	<u>\$ 5,340,854</u>	<u>\$ 5,340,854</u>

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of June 30, 2010:

	<u>Amounts</u>
Investments (summarized above)	\$ 5,340,854
Carrying amount of deposits	21,412,029
Cash on hand	5,100
Less: Fiduciary Fund – Cash and Cash Equivalents	<u>(242,898)</u>
Total Cash and Cash Equivalents – Statement of Net Assets	<u>\$26,515,085</u>

NOTE 4 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, and public utility (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.

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.

The District receives property taxes from Franklin and Licking Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2010, are available to finance fiscal year 2010 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 and public utility taxes, which became measurable as of June 30, 2010. 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, 2010, was \$14,447,237 in the General Fund and \$2,546,070 in the Bond Retirement Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 4 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$871,534,240	97%	\$889,447,880	98%
Public Utility	19,180,140	2%	20,310,460	2%
Tangible Personal Property	8,849,756	1%	529,340	0%
Total Assessed Value	<u>\$899,564,136</u>	<u>100%</u>	<u>\$910,287,680</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$56.16		\$56.16	

NOTE 5 - RECEIVABLES

Receivables at June 30, 2010, consisted of taxes, interest, and other accounts. Taxes receivable include current and delinquent taxes receivable. A summary of the principal items of receivables follows:

Governmental Activities:	
Taxes current	\$ 43,621,563
Taxes delinquent	1,555,237
Interest	33,585
Accounts	19,397
Total	<u>\$ 45,229,782</u>

NOTE 6 – DUE FROM OTHER GOVERNMENTS

Due from other governments consist of \$52,509 due from the Federal Government.

NOTE 7 – INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2010, consisted of the following, as reported on the fund financial statements:

Transfers to Bond Retirement	\$233,688
Transfers to Nonmajor Governmental funds	75,000
Transfer from General Fund	\$308,688

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 8 – CAPITAL ASSETS

The capital asset balances at June 30, 2010 is as follows:

<u>Governmental Activities</u>	Balance <u>7/1/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2010</u>
<i>Nondepreciable capital assets:</i>				
Land	\$ 3,146,592	\$ -	\$ -	\$ 3,146,592
Construction In Progress		-	-	-
Total nondepreciable capital assets	<u>3,146,592</u>	-	-	<u>3,146,592</u>
<i>Depreciable capital assets:</i>				
Land Improvements	8,334,728	-	-	8,334,728
Buildings and improvements	108,040,282	-	-	108,085,876
Furniture and fixtures	2,411,335	56,380	-	2,467,715
Vehicles	<u>3,405,117</u>	<u>99,501</u>	<u>(64,220)</u>	<u>3,440,398</u>
Total depreciable capital assets	<u>122,237,056</u>	<u>155,881</u>	<u>(64,220)</u>	122,328,717
<i>Accumulated Depreciation:</i>				
Land Improvements	(3,864,203)	(416,736)	-	(4,280,939)
Buildings and improvements	(33,089,081)	(3,549,061)	-	(36,638,142)
Furniture and fixtures	(1,852,238)	(172,379)	-	(2,024,617)
Vehicles	<u>(2,267,507)</u>	<u>(288,348)</u>	<u>(61,721)</u>	<u>(2,494,134)</u>
Total accumulated depreciation	<u>(41,073,029)</u>	<u>(4,426,524)</u>	<u>(61,721)</u>	<u>(45,437,832)</u>
Total depreciable capital assets	<u>81,164,027</u>	<u>(4,270,643)</u>	<u>(2,499)</u>	<u>76,890,885</u>
Capital assets, net	\$ <u>84,310,619</u>	\$ <u>(4,270,643)</u>	\$ <u>(2,499)</u>	<u>\$80,037,477</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,445,747
Vocational	495
Support Services:	
Pupil Services	4,518
Instruction Staff	87,195
Operation and Maintenance of Plant	55,591
Student Transportation	302,830
Central services	3,350
Food Services	12,008
Co-curricular student activities	<u>514,790</u>
Total Depreciation Expense	<u>\$4,426,524</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, 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 2010, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78%.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

The remaining 1.22% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2010, 2009, and 2008 were \$990,624, \$869,602 and \$802,824, respectively, which equaled the required contributions each year.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$3,115,668, \$2,921,863, and \$2,621,628 respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008. Member and employer contributions actually made for the DC and Combined Plan participants will be provided upon written request.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Medicare Part B Plan - The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$32,549, \$71,987, and \$58,035 respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2010, the health care allocation is .46%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2010, 2009, and 2008 were \$159,439, \$259,638 and \$68,813, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$222,548, \$412,870, and \$381,165 respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

NOTE 13 - LONG-TERM OBLIGATIONS

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

As of June 30, 2010, the District had seven general obligation bonds and one general obligation note outstanding. This debt was issued for governmental activities, specifically, the construction and renovation of school buildings. The issues are as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

- ***Building Construction General Obligation Bonds*** - On June 1, 1998, the District issued \$20,045,000 in voted general obligation bonds for the purpose of an addition and improvement to the junior high school building. The bonds were issued for a twenty-year period with final maturity at December 1, 2017. The remaining amount due on these bonds were refunded in May 2009.
- ***Various Purpose General Obligation Bonds*** – On June 6, 2000, the District issued \$36,539,029 in voted general obligation bonds for the purpose of an addition and improvements. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2027. The bonds will be retired from the bond retirement fund.
- ***Building Construction General Obligation Bonds*** - On January 1, 2002, the District issued \$51,110,000 in voted general obligation bonds for the purpose of an addition and improvement to the high school building. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2030. The bonds will be retired from the bond retirement fund.
- ***School Facilities Construction and Improvement Bonds*** - On February 20, 2003, the District issued \$18,496,850 in voted general obligation notes for the purpose of constructing and furnishing a new elementary school as well as additional improvements to the High School Campus. The notes were subsequently bonded in July 2003. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2031. The bonds will be retired from the bond retirement fund.
- ***Energy Conservation Notes*** - On June 2, 2005, the District issued \$2,700,000 in unvoted general obligation notes for the purpose of purchasing and installing energy conservation measures. The notes were issued for a fifteen year period with final maturity at December 1, 2019. The notes will be retired from the bond retirement fund.
- ***General Obligation Advance Refunding Bonds (2005)*** - On November 9, 2005, the District issued \$6,760,000 in general obligation refunding bonds for the purpose of advance refunding a portion of the 1998 bonds listed above. The bonds were issued for a twelve year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$343,799.
- ***General Obligation Advance Refunding Bonds (2006A)*** - On January 26, 2006, the District issued \$9,184,993 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 bonds listed above. The bonds were issued for a twenty-four year period with final maturity at December 1, 2029. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$485,568.
- ***General Obligation Advance Refunding Bonds (2006B)*** - On December 21, 2006, the District issued \$17,904,975 in general obligation refunding bonds for the purpose of advance refunding a portion of the 2002 and 2003 bonds listed above. The bonds were issued for a twenty-two year period with final maturity at December 1, 2028. The bonds will be retired from the debt service fund. This advance refunding resulted in a present value savings of \$884,505.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

- **General Obligation Current Refunding Bonds (2009)** - On May 29, 2006, the District issued \$3,400,000 in general obligation refunding bonds for the purpose of advance refunding a the remaining portion of the 1998 bonds listed above. The bonds were issued for a three and ½ year period with final maturity at December 1, 2012. The bonds will be retired from the debt service fund. This refunding resulted in a present value savings of \$91,312.

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

	Balance at <u>07/01/09</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>06/30/10</u>
General obligation bonds payable	\$77,303,782	\$-	\$(2,186,712)	\$75,117,070
Unamortized bond premium, net of accumulated amortization	684,043	-	(53,303)	630,740
Accretion on debt	4,507,649	344,237	(434,410)	4,417,476
Deferred refunding charges	(1,231,085)	-	64,412	(1,166,673)
Swap	1,464,001	-	(162,666)	1,301,335
General obligation notes payable	<u>2,080,000</u>	-	<u>(150,000)</u>	<u>1,930,000</u>
Net bonds & note payable	<u>84,808,390</u>	<u>344,237</u>	<u>(2,922,679)</u>	<u>82,229,948</u>
Installment loan/ Capital lease obligation	93,730	-	(86,345)	7,385
Compensated absences	<u>1,929,108</u>	<u>343,787</u>	<u>(441,538)</u>	<u>1,831,357</u>
Total Long-Term Liabilities	<u>\$86,831,228</u>	<u>\$688,024</u>	<u>\$(3,450,562)</u>	<u>\$84,068,690</u>

Amounts Due in One Year

General obligation bonds payable	\$2,333,373
General obligation notes payable	160,000
Capital lease obligation	7,385
Compensated absences	<u>467,908</u>
	<u>\$2,968,666</u>

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

Section 133.06 of the Revised Code provides that, exclusive of certain "exempt debt," the net principal amount of unvoted general obligation debt of a School District may not exceed one-tenth (0.10%) of one percent of the total assessed property value listed within the District. Section 133.06 also provides that the net principal amount of voted and unvoted general obligation debt of a District may not exceed nine percent (9.0%) of the total assessed value, except as in the case of a special needs school district.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

The District is excess of the 9.0% margin, the District requested and obtained consent to become a "special needs" District, thereby permitting the incurrence of additional debt based upon projected 10 year growth of the District's assessed valuation, as permitted by the code.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2010, are as follows:

Fiscal year Ending June 30,	Principal	Interest
2011	\$2,493,373	\$4,603,894
2012	2,607,257	4,693,292
2013	3,254,514	4,437,487
2014	3,390,920	4,510,768
2015	3,889,027	4,066,763
2016 – 2020	21,085,940	13,850,052
2021 – 2025	22,300,000	6,738,707
2026 – 2030	15,716,005	4,947,698
2031– 2032	2,310,000	102,156
Total	<u>\$77,047,036</u>	<u>\$47,950,817</u>

Accretion

Capital accretion bonds were issued with the Various Purpose Bonds – 2000 bonds, the Building Construction General Obligation Bonds – 2002, the 2006A Refunding Bonds, and with the 2006B Refunding Bonds. These bonds were purchased at a discount at the time of issuance and at maturity all compound interest is paid to the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases the accretion is booked as principal. The fiscal year 2010 amount of accretion for the 2000, 2002, 2006A and 2006 Bonds is \$75,935, \$144,800, \$60,492 and \$63,010 respectfully.

Note Purchase Agreement/Swaption Agreement

On October 17, 2007, the District entered into an agreement for the purpose of refunding prior obligations of the District. This transaction allows the District to issue two variable rate refunding notes in amounts not to exceed \$23,875,000 and \$8,140,000, respectively, from June 1, 2012 to December 1, 2015. The notes will have a maturity schedule of approximately September 1, 2029.

The District and Dexia Credit Local (Dexia) also entered into an interest rate swap agreement in which the Dexia agreed to pay interest at a variable rate on the notional amount at a fixed rate. The District received an upfront payment from Dexia of \$1,708,000 and incurred related cost of \$537,542. These amounts represent the present value of the debt service savings to be achieved through the refunding based on the notional amount of \$32,015,000. The swaps fixed interest rates are set at a range of 5.0%-6%. The swaps variable rate is 1.85%

Advance Refunding

The District defeased certain School Construction and Improvement Bonds and notes by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2010, \$54,317,097 bonds outstanding are considered defeased.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 14 – CAPITAL LEASE OBLIGATION

In fiscal year 2007 the District entered into a capital lease obligation for copiers throughout the District. The cost of the equipment \$394,437, net of accumulated depreciation of \$387,861, is included in capital assets on the statement of net assets at June 30, 2010. The related lease obligation is included in long-term liabilities in the aforementioned statement.

The District's future minimum lease payments under this obligation as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	<u>Lease</u>
2011	\$7,415
Less: Amount Representing Interest	(30)
Present Value of Net Minimum Lease Payments	<u>\$7,385</u>

NOTE 15 – JOINT VENTURE

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

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

The District had no ongoing financial interest or responsibility in the operation of the Center until final construction and the Performing Arts Center became fully operational of which at this time the relationship between the Performing Arts Center and the District was to be re-evaluated.

The Center became fully operational in June 2008 with an amended operating agreement being finalized in February 2008. The new agreement now provides the District, as well as, the Village and Township with an ongoing equity interests. As a result the District recorded an equity interest in the Performing Arts Center as of June 30, 2008 in the amount equal to its original contribution as a percentage of total contributions compared to the value of the construction cost of the Performing Arts Center, which was approximately \$16,201,000. The equity interest in the Center at 6/30/10 is \$5,025,847.

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

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

NOTE 17 - INSURANCE PURCHASING POOL

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

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

NOTE 18 – RELATED ORGANIZATION

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

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

The District is not obligated nor has any interest in the continuance of the Committee nor any payments provided during 2010.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)**

NOTE 19 - CONTINGENCIES

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

B. Litigation

The District is currently party to legal proceedings of which management cannot determine any outcome at this time.

NOTE 20 - SET-ASIDE CALCULATIONS

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

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

	Textbooks	Capital Acquisition
Set-aside Balance as of June 30, 2009	\$ (302,776)	\$(0)
Current Year Set-aside Requirement	649,275	649,275
Qualifying Disbursements	(471,929)	(777,251)
Set-aside Balance as of June 30, 2010	(125,430)	(127,976)
Balance Carried Forward to FY 2011	\$(125,430)	\$ _____

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks reserve and this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The District also had qualifying disbursements which reduced the set-aside requirement below zero for the Capital Acquisition Reserve, however, this amount may not be carried forward to future years.

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

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	\$ 38,456,609	\$ 34,563,370	\$ 34,563,370	\$ -
Revenue in lieu of taxes		4,685,623	4,685,623	-
Investment income	1,183,229	169,576	169,576	-
Tuition fees	95,116	73,001	73,001	-
Miscellaneous	1,022,693	1,039,355	1,039,355	-
State sources	8,212,957	7,532,277	7,532,277	-
TOTAL REVENUES	<u>48,970,604</u>	<u>48,063,202</u>	<u>48,063,202</u>	<u>-</u>
EXPENDITURES:				
Instructional services:				
Regular	29,095,213	21,542,361	21,542,361	-
Special	5,169,333	4,574,904	4,574,904	-
Other instructional	4,173,273	1,319,052	1,319,052	-
TOTAL INSTRUCTIONAL SERVICES	<u>38,437,819</u>	<u>27,436,317</u>	<u>27,436,317</u>	<u>-</u>
Support services:				
Pupils	4,050,974	2,816,340	2,816,340	-
Instructional staff	166,255	1,695,635	1,695,635	-
Board of Education	77,978	56,299	56,299	-
School administration	4,964,656	3,137,559	3,137,559	-
Fiscal services	2,307,479	1,657,733	1,657,733	-
Business operations	206,318	153,390	153,390	-
Operation and maintenance of plant	7,594,988	4,710,540	4,710,540	-
Student transportation	3,798,448	2,334,190	2,334,190	-
Central services	296,596	373,113	373,113	-
TOTAL SUPPORT SERVICES	<u>23,463,692</u>	<u>16,934,799</u>	<u>16,934,799</u>	<u>-</u>
Community services	51,214	12,676	12,676	-
Co-curricular activities	2,447,761	1,204,801	1,204,801	-
Other non instructional services	1,125,859	715,829	715,829	-
TOTAL EXPENDITURES	<u>65,526,345</u>	<u>46,304,422</u>	<u>46,304,422</u>	<u>-</u>
Excess of revenues over expenditures	(16,555,741)	1,758,780	1,758,780	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,255,639	1,255,639	-
Transfers out	(94,710)	(1,804,327)	(1,804,327)	-
Other	(502,578)	(170,913)	(170,913)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(597,288)</u>	<u>(719,601)</u>	<u>(719,601)</u>	<u>-</u>
Net changes in fund balances	(17,153,029)	1,039,179	1,039,179	-
Prior year encumbrances appropriated	508,304	508,304	508,304	-
FUND BALANCE AT BEGINNING OF YEAR	<u>16,644,725</u>	<u>16,644,725</u>	<u>16,644,725</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ 18,192,208</u>	<u>\$ 18,192,208</u>	<u>\$ -</u>

See accompanying notes to the required supplementary schedule.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

A. Budgetary Process

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

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

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

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The revised amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2009.

Appropriations:

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

A. Budgetary Process (Continued)

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

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

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

B. Reconciling Budget Basis and GAAP

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

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

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

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

Net Change in Fund Balance	\$2,512,617
Adjustments:	
Due to revenues	(1,375,324)
Due to expenditures	312,799
Due to other financing sources	<u>(410,913)</u>
Net Change in Fund Balances	<u>\$ 1,039,179</u>

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass thru Grantor Program Title	Federal CFDA Number	Receipts	Expenditures
US Department of Agriculture			
<i>Passed through the Ohio Department of Education</i>			
Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 77,331	\$ 77,331
Cash Assistance			
School Breakfast	10.553	13,650	13,650
School Lunch	10.555	164,182	164,182
Total Child Nutrition Cluster		<u>255,163</u>	<u>255,163</u>
Total U.S. Department of Agriculture		255,163	255,163
US Department of Education			
<i>Passed through the Ohio Department of Education</i>			
Title VI-B (IDEA)	84.027	530,180	530,095
ARRA - Title VI-B (IDEA)	84.391	201,697	194,501
Early Child Hood Special Ed	84.173	2,476	2,476
ARRA - Early Child Hood	84.392	25,022	25,022
<i>Total Special Ed Cluster</i>		<u>759,375</u>	<u>752,094</u>
Title III	84.365	19,188	19,090
Title I - Targeted Assistance	84.010	58,147	58,147
Title IV-A Drug Free School	84.186	6,849	6,849
Title II-D Technology	84.318	524	524
Title II-A Improving Teacher Quality	84.367	40,564	40,459
Fiscal Stabilization	84.394	171,897	167,751
Total U.S. Department of Education		<u>1,056,544</u>	<u>1,044,914</u>
TOTAL FEDERAL ASSISTANCE		<u>\$ 1,311,707</u>	<u>\$ 1,300,077</u>

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

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the New Albany-Plain Local School District's federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The Government commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Government assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The Government reports commodities consumed on the Schedule at the fair value. The Government allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

New Albany Plain Local School District
Franklin County
55 North High Street
New Albany, Ohio 43054

To the Board of Education:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of New Albany Plain Local School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 11, 2011.

We intend this report solely for the information and use of management, Board of Education, and federal awarding agencies and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 11, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

New Albany Plain Local School District
Franklin County
55 North High Street
New Albany, Ohio 43054

To the Board of Education:

Compliance

We have audited the compliance of New Albany Plain Local School District, Franklin County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect New Albany Plain Local School District's major federal program for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

The District's basic financial statements include the operations of the School for Arts and Integrated Learning, which received \$47,502 in federal awards which is not included in the District's Federal Awards Expenditure Schedule for the year ended June 30, 2010. Our audit of Federal awards, described below, did not include the operations of the School for Arts and Integrated Learning because the component unit is legally separate from the primary government which this report addresses, and because it expended less than \$500,000 of Federal awards for the year ended June 30, 2010, it was not subject to OMB Circular A-133 audit requirements.

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

In our opinion, the New Albany Plain Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Dave Yost
Auditor of State

February 11, 2011

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster (CFDA # 84.027, 84.173, 84.391 and 84.392)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

NEW ALBANY PLAIN LOCAL SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 10, 2011**