

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2007





Mary Taylor, CPA  
Auditor of State

Board of Education  
Madison Plains Local School District  
55 Linson Road  
London, Ohio 43140-9751

We have reviewed the *Independent Accountants' Report* of the Madison Plains Local School District, Madison County, prepared by Manning & Associates CPAs, LLC, for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 11, 2009

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MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

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**MANNING & ASSOCIATES CPAs, LLC**  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45413-0449

**INDEPENDENT ACCOUNTANTS' REPORT**

Madison Plains Local School District  
Madison County  
55 Linson Road SW  
London, Ohio 43140-9751

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Plains Local School District, Madison County, (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Plains Local School District, Madison County, as of June 30, 2007, and the respective changes in financial position, cash flows, and budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Manning & Associates CPAs, LLC

February 16, 2009



**Madison Plains Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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The discussion and analysis of the Madison Plains Local School District's (the School District's) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key Financial Highlights for 2007 are as follows:

- ❑ General Revenues accounted for \$11.2 million in revenue or 83.3% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for approximately \$2.2 or 16.7% of total revenues of \$13.5 million.
- ❑ Total program expenses were \$13.3 million in Governmental Activities.
- ❑ In total, net assets of Governmental Activities increased \$202,172 from 2006.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Madison Plains Local School District, the general fund is by far the most significant fund.

***Reporting the School District as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2007?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* excluding fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Madison Plains Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District activities are listed as Governmental:

- Governmental Activities – All of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, food service operation and extracurricular activities.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

**Governmental Funds** - Most of the School 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 all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational 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 financial statements.

**Madison Plains Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

**(Table 1)**  
**Net Assets**

	Governmental Activities	
	2007	Restated 2006
	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Current and Other Assets	\$ 12,165,814	\$ 11,987,940
Capital Assets	<u>3,206,860</u>	<u>3,179,295</u>
Total Assets	15,372,674	15,167,235
<b>Liabilities</b>		
Long-Term Liabilities	732,654	594,133
Other Liabilities	<u>6,540,650</u>	<u>6,675,904</u>
Total Liabilities	7,273,304	7,270,037
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	3,162,224	3,110,403
Restricted	649,105	712,705
Unrestricted (Deficit)	<u>4,288,041</u>	<u>4,074,090</u>
Total Net Assets	<u>\$ 8,099,370</u>	<u>\$ 7,897,198</u>

Total net assets increased by \$202,172. Total assets increased \$205,439 and liabilities increased \$3,267. There were no individually significant events that generated the change in assets and liabilities compared to fiscal year 2006.

**Madison Plains Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

Table 2 shows the changes in net assets for fiscal year 2007. This table will present two fiscal years in side-by-side comparisons in successive reporting years. This will enable the reader to draw further conclusion about the School District's financial status and possibly project future problems.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities	
	2007	Restated 2006
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,161,706	\$ 1,054,176
Operating Grants	1,067,109	985,279
Capital Grants	20,596	0
<i>General Revenue:</i>		
Property Taxes	4,826,302	8,633,314
Grants and Entitlements	6,080,606	5,670,962
Other	327,752	235,555
<b>Total Revenues</b>	<b>13,484,071</b>	<b>16,579,286</b>
<b>Program Expenses</b>		
Instruction	7,327,630	6,234,021
Support Services	4,999,778	4,715,789
Food Service	580,829	525,516
Extracurricular Activities	361,027	393,123
Interest and Fiscal Charges	12,635	23,061
<b>Total Expenses</b>	<b>13,281,899</b>	<b>11,891,510</b>
<b>Change in Net Assets</b>	<b>202,172</b>	<b>4,687,776</b>
<b>Net Assets Beginning of Year</b>	<b>7,897,198</b>	<b>3,209,422</b>
<b>Net Assets End of Year</b>	<b>\$ 8,099,370</b>	<b>\$ 7,897,198</b>

Overall revenue decreased approximately \$3,095,000 over fiscal year 2006. Program expenses increased from \$11.9 million in 2006 to \$13.3 million in 2007. Because revenue is recorded in the fiscal year in which the resources are measurable and become available, a tax advance received in late June 2006, for 2007 real estate taxes of approximately \$2,151,000 was included in revenue for fiscal year 2006, which because of timing shows a decrease in revenue in 2007. The increase in total program expenses reflects increases in salaries, fringe benefits (health insurance and retirement), purchased services (utilities and special education costs) and other expenses.

**Madison Plains Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

The majority of revenues supporting governmental activities are general revenues. General revenues totaled \$11,234,660, or 83.3 % of total revenue, which the most significant portion of the general revenue being local property taxes. The remaining amount of revenue received was in the form of program revenue which equaled \$2,249,411 or 16.7 % of total revenue.

Instructional expenses comprise 55.2 % of governmental program expenses. Additional supporting services, including program expenses of pupils, instructional staff and operation and maintenance of plant, encompassed an additional 42.0 %. The remaining 2.8 % of program expenses is used for other obligations of the School District such as extracurricular activities.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total revenues of \$13.5 million and expenses of \$13.3 million.

**(Table 3)**  
**Governmental Activities**

	2007		Restated 2006	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 7,327,630	\$ 5,968,796	\$ 6,234,021	\$ 4,912,097
Support Services:				
Pupils and Instructional Staff	892,681	844,816	683,756	677,756
Board of Education, Administration				
Fiscal and Business	1,708,227	1,708,227	1,767,254	1,762,197
Operation and Maintenance of Plant	1,117,752	1,117,752	1,017,746	1,017,746
Pupil Transportation and Central	1,281,118	1,240,522	1,247,033	1,232,033
Food Service	580,829	23,322	525,516	24,288
Extracurricular Activities	361,027	116,418	393,123	202,877
Interest Charges	12,635	12,635	23,061	23,061
Total	<u>\$ 13,281,899</u>	<u>\$ 11,032,488</u>	<u>\$ 11,891,510</u>	<u>\$ 9,852,055</u>

**Governmental Activities**

Instruction, Pupils and Instructional Staff a comprise 62.0% of governmental program expenses. Pupil Transportation and the Operation/Maintenance of Plant account for 18.0% of governmental program expenses.

**Madison Plains Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Madison Plains Local School District students.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2007, there were minor changes to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$12.7 million, which is under the original budget estimate of \$12.7 million. Final appropriations of \$11.1 million were under original appropriations of 14 million, there were no individually significant events that caused this variance. Actual revenues of \$15,302,282 was \$2,636,008, more than the final budgeted amounts. This amount was primarily due to an increase in property tax advances at the end of fiscal year 2007, which were not budgeted for.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2007, the School District had \$3.2 million invested in land, building improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2007 balances compared with 2006 net of depreciation.

**(Table 4)**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	2007	Restated 2006
Land	\$ 824,440	\$ 824,440
Land Improvements	212,411	230,752
Building Improvements	1,759,256	1,727,938
Furniture and Equipment	223,219	221,891
Vehicles	179,946	151,511
Textbooks	7,588	22,763
<b>Total Capital Assets</b>	<b>\$ 3,206,860</b>	<b>\$ 3,179,295</b>

The \$27,565 increase in capital assets was attributable to additions exceeding depreciation expenses and disposals. See Note 8 to the basic financial statements for detail on the School District's capital assets.

**Madison Plains Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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Ohio law requires school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2007, this amounted to \$224,558 for each set aside. The School District had qualifying disbursements during the year that exceeded the capital improvements requirements. See Note 21 for additional information.

**Debt**

At June 30, 2007, the School District had \$255,000 in bonds outstanding with \$20,000 due within one year. Table 5 summarizes bonds outstanding.

**(Table 5)**  
**Outstanding Debt, at June 30**

	Governmental Activities	
	2007	2006
General Obligation Bonds Payable:		
HB 264 Energy Conservation	\$ 255,000	\$ 275,000

HB#264 Energy Conservation Bonds were issued to reduce energy consumption in buildings owned by the School District. See Note 14 to the basic financial statements for detail on the School District's long-term obligations.

***Current Issues***

The School District has a good financial position. The Board of Education and administration closely monitor the District's revenues and expenditures in accordance with its financial forecast and the District's Improvement plan. The administration continues to carefully plan its expenditures to provide adequate resources to meet student needs over the next several years.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer, at Madison Plains Local School District, 55 Linson Road SW, London, Ohio 43140.

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**Madison Plains Local School District**

*Statement of Net Assets*

*June 30, 2007*

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 6,449,021
Receivables:	
Taxes	5,645,861
Intergovernmental	70,932
Nondepreciable Capital Assets	824,440
Depreciable Capital Assets (Net)	<u>2,382,420</u>
<i>Total Assets</i>	<u>15,372,674</u>
<b>Liabilities:</b>	
Accounts Payable	50,026
Accrued Wages and Benefits	1,007,550
Intergovernmental Payable	304,736
Accrued Vacation Leave Payable	9,989
Matured Compensated Absences Payable	42,359
Deferred Revenue	4,876,562
Claims Payable	228,428
Early Retirement Incentive Payable	21,000
Long -Term Liabilities:	
Due Within One Year	120,036
Due in More Than One Year	<u>612,618</u>
<i>Total Liabilities</i>	<u>7,273,304</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	3,162,224
Restricted for:	
Debt	65
Capital Projects	266,385
Other Purposes	114,038
Set Asides	268,617
Unrestricted	<u>4,288,041</u>
<i>Total Net Assets</i>	<u>\$ 8,099,370</u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Current:					
Instruction:					
Regular	\$ 5,135,389	\$ 704,480	\$ 158,131	\$ 0	\$ (4,272,778)
Special	784,223	189	322,948	0	(461,086)
Vocational	381,051	0	0	0	(381,051)
Adult/Continuing	4,131	0	0	0	(4,131)
Other	1,022,836	0	173,086	0	(849,750)
Support Services:					
Pupils	425,064	0	14,207	0	(410,857)
Instructional Staff	467,617	0	33,658	0	(433,959)
Board of Education	34,744	0	0	0	(34,744)
Administration	1,250,609	0	0	0	(1,250,609)
Fiscal	422,874	0	0	0	(422,874)
Operation and Maintenance of Plant	1,117,752	0	0	0	(1,117,752)
Pupil Transportation	993,798	0	0	20,596	(993,798)
Central	287,320	0	20,000	0	(246,724)
Food Service	580,829	378,330	179,177	0	(23,322)
Extracurricular Activities	361,027	78,707	165,902	0	(116,418)
Interest and Fiscal Charges	12,635	0	0	0	(12,635)
<b>Total Governmental Activities</b>	<b>\$ 13,281,899</b>	<b>\$ 1,161,706</b>	<b>\$ 1,067,109</b>	<b>\$ 20,596</b>	<b>(11,032,488)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					4,621,844
Debt Services					30,588
Capital Projects					173,870
Grants and Entitlements not Restricted to Specific Programs					6,080,606
Investment Earnings					215,769
Miscellaneous					111,983
<b>Total General Revenues</b>					<b>11,234,660</b>
<b>Change in Net Assets</b>					<b>202,172</b>
<b>Net Assets Beginning of Year, Restated</b>					<b>7,897,198</b>
<b>Net Assets End of Year</b>					<b>\$ 8,099,370</b>

See accompanying notes to the basic financial statements

**Madison Plains Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2007*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 5,629,747	\$ 410,840	\$ 6,040,587
Restricted Cash and Cash Equivalents	268,617	0	268,617
Receivables:			
Taxes	5,347,051	298,810	5,645,861
Interfund	2,161	0	2,161
Intergovernmental	0	70,932	70,932
<i>Total Assets</i>	<u>\$ 11,247,576</u>	<u>\$ 780,582</u>	<u>\$ 12,028,158</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 37,540	\$ 12,486	\$ 50,026
Accrued Wages and Benefits	920,943	86,607	1,007,550
Interfund Payable	0	2,161	2,161
Intergovernmental Payable	281,295	23,441	304,736
Accrued Vacation Payable	9,989	0	9,989
Matured Compensated Absences Payable	38,703	3,656	42,359
Early Retirement Incentive Payable	21,000	0	21,000
Deferred Revenue	4,890,888	330,522	5,221,410
<i>Total Liabilities</i>	6,200,358	458,873	6,659,231
<b>Fund Balances:</b>			
Reserved for Encumbrances	159,915	6,468	166,383
Reserved for Property Taxes	456,163	23,436	479,599
Reserved for Textbooks/Instructional Materials	268,617	0	268,617
Unreserved:			
Designated for Contingencies	540,000	0	540,000
Undesignated, Reported in:			
General Fund	3,622,523	0	3,622,523
Special Revenue Funds	0	57,064	57,064
Debt Service Fund	0	65	65
Capital Projects Funds	0	234,676	234,676
<i>Total Fund Balances</i>	<u>5,047,218</u>	<u>321,709</u>	<u>5,368,927</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 11,247,576</u>	<u>\$ 780,582</u>	<u>\$ 12,028,158</u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2007*

<b>Total Governmental Fund Balances</b>	\$	5,368,927
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		3,206,860
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 55,148	
Delinquent Property Taxes	289,700	344,848
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	(255,000)	
Capital Leases	(44,636)	(299,636)
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(426,018)	
Early Retirement Incentive	(7,000)	(433,018)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(88,611)
 <b>Net Assets of Governmental Activities</b>	 \$	 8,099,370

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2007*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ 4,762,045	\$ 223,757	\$ 4,985,802
Intergovernmental	6,140,172	770,733	6,910,905
Investment Income	215,769	0	215,769
Tuition and Fees	704,673	53,112	757,785
Extracurricular Activities	78,707	165,901	244,608
Charges for Services	0	378,330	378,330
Gifts and Donations	0	9,997	9,997
Miscellaneous	86,839	15,147	101,986
<i>Total Revenues</i>	11,988,205	1,616,977	13,605,182
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	4,645,238	190,136	4,835,374
Special	575,087	176,321	751,408
Vocational	362,078	4,395	366,473
Adult/Continuing	4,131	0	4,131
Other	870,769	152,067	1,022,836
Support Services:			
Pupils	355,715	54,358	410,073
Instructional Staff	347,169	102,212	449,381
Board of Education	34,744	0	34,744
Administration	1,054,285	100,184	1,154,469
Fiscal	398,067	15,136	413,203
Business	34,111	0	34,111
Operation and Maintenance of Plant	906,388	109,841	1,016,229
Pupil Transportation	985,112	5,349	990,461
Central	254,949	21,386	276,335
Operation of Non-Instructional Services	0	482,919	482,919
Food Service	0	83,154	83,154
Extracurricular Activities	267,225	162,128	429,353
Capital Outlay	75,551	19,377	94,928
Debt Service:			
Principal Retirement	0	44,256	44,256
Interest and Fiscal Charges	0	12,635	12,635
<i>Total Expenditures</i>	11,170,619	1,735,854	12,906,473
<i>Excess of Revenues Over (Under) Expenditures</i>	817,586	(118,877)	698,709
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Capital Assets	4,044	0	4,044
<i>Net Change in Fund Balance</i>	821,630	(118,877)	702,753
<i>Fund Balance at Beginning of Year, Restated</i>	4,225,588	440,586	4,666,174
<i>Fund Balance at End of Year</i>	<u>\$ 5,047,218</u>	<u>\$ 321,709</u>	<u>\$ 5,368,927</u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2007*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	702,753
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded additions in the current period.		
Capital Asset Additions	\$ 243,105	
Current Year Depreciation	<u>(215,540)</u>	27,565
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	38,390	
Delinquent Property Taxes	<u>(159,500)</u>	(121,110)
 Repayment of capital lease and bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Capital Leases	24,256	
Bond Principal	<u>20,000</u>	44,256
 Some expenses reported in the statement of net activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(203,777)	
Early Retirement Incentive	<u>21,000</u>	(182,777)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>(268,515)</u>
 <b>Change in Net Assets of Governmental Activities</b>	 \$	 <u><u>202,172</u></u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 5,999,324	\$ 5,614,797	\$ 8,116,000	\$ 2,501,203
Intergovernmental	5,743,835	5,989,285	6,140,172	150,887
Investment Income	105,000	201,511	215,769	14,258
Tuition and Fees	703,905	730,421	704,673	(25,748)
Extracurricular	76,000	81,583	78,707	(2,876)
Gifts and Donations	15,000	5,206	5,022	(184)
Miscellaneous	9,900	43,471	41,939	(1,532)
<i>Total Revenues</i>	<u>12,652,964</u>	<u>12,666,274</u>	<u>15,302,282</u>	<u>2,636,008</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	5,757,966	4,569,385	4,569,384	1
Special	746,794	574,794	574,794	0
Vocational	424,791	337,281	337,281	0
Adult/Continuing	0	4,131	4,131	0
Other	1,056,177	874,072	874,072	0
Support Services				
Pupils	420,695	325,981	325,981	0
Instructional Staff	428,153	328,605	328,605	0
Board of Education	119,457	38,788	38,788	0
Administration	1,314,677	1,028,955	1,028,955	0
Fiscal	648,927	475,134	475,134	0
Business	0	34,111	34,111	0
Operation and Maintenance of Plant	1,136,964	938,884	938,884	0
Pupil Transportation	1,373,157	1,030,057	1,030,057	0
Central	328,896	209,869	209,869	0
Operation of Non-Instructional Services		0	0	0
Extracurricular Activities	269,995	261,589	261,589	0
Capital Outlay	0	105,557	105,557	0
Debt Service				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>14,026,649</u>	<u>11,137,193</u>	<u>11,137,192</u>	<u>1</u>
Excess of Revenues Over (Under) Expenditures	(1,373,685)	1,529,081	4,165,090	2,636,009
<b>Other Financing Sources (Uses):</b>				
Advance In	0	5,613	5,415	(198)
Refund of Prior Year Expenditures	0	41,335	39,878	(1,457)
Refund of Prior Year Receipts	0	(4,085)	(4,085)	0
Advance Out	0	(2,160)	(2,160)	0
Proceeds from Sale of Capital Assets	0	4,192	4,044	(148)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>44,895</u>	<u>43,092</u>	<u>(1,803)</u>
<i>Net Change in Fund Balance</i>	(1,373,685)	1,573,976	4,208,182	2,634,206
<i>Fund Balance at Beginning of Year</i>	1,397,236	1,397,236	1,397,236	0
Prior Year Encumbrances Appropriated	125,928	125,928	125,928	0
<i>Fund Balance at End of Year</i>	<u>\$ 149,479</u>	<u>\$ 3,097,140</u>	<u>\$ 5,731,346</u>	<u>\$ 2,634,206</u>

See accompanying notes to the financial statements.

**Madison Plains Local School District**

*Statement of Fund Net Assets*

*Proprietary Fund*

*June 30, 2007*

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	<b>Governmental Activities Internal Service Fund</b>
	<hr/>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 139,817
	<hr/>
<b>Liabilities</b>	
Claims Payable	228,428
	<hr/>
<b>Net Assets</b>	
Unrestricted	\$ (88,611)
	<hr/> <hr/>

See accompanying notes to the basic financial statements.



**Madison Plains Local School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2007*

	<b>Governmental Activities Internal Service Fund</b>
<b>Operating Revenues:</b>	
Charges for Services	\$ 1,715,659
Other Revenue	11,196
<i>Total Operating Revenues</i>	1,726,855
<b>Operating Expenses:</b>	
Purchased Services	12,276
Claims	1,983,094
<i>Total Operating Expenses</i>	1,995,370
<i>Change in Net Assets</i>	(268,515)
<i>Net Assets Beginning of Year</i>	179,904
<i>Net Assets End of Year</i>	\$ (88,611)

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2007

	<b>Governmental Activities Internal Service Fund</b>
<hr style="border-top: 3px double #000;"/>	
<b>Cash Flows From Operating Activities:</b>	
Cash Received for Charges for Services	\$ 1,726,855
Cash Paid for Goods and Services	(12,276)
Cash Paid for Claims	(1,945,023)
	<hr/>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<i>(230,444)</i>
	<hr/>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>(230,444)</i>
	<hr/>
<i>Cash and Cash Equivalents at Beginning of Year</i>	<i>370,261</i>
	<hr/>
<i>Cash and Cash Equivalents at End of Year</i>	<i>\$ 139,817</i>
	<hr style="border-top: 3px double #000;"/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>	
Operating Income (Loss)	\$ (268,515)
Adjustments:	
Increase (Decrease) in Liabilities	
Claims Payable	38,071
	<hr/>
<i>Total Adjustments</i>	<i>38,071</i>
	<hr/>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<i>\$ (230,444)</i>
	<hr style="border-top: 3px double #000;"/>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2007*

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	Private Purpose Trust	Agency
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 33,751	\$ 89,581
<i>Total Assets</i>	<u>\$ 33,751</u>	<u>\$ 89,581</u>
<b>Liabilities</b>		
Due to Students	0	41,132
Undistributed Monies	<u>0</u>	<u>48,449</u>
<i>Total Liabilities</i>	<u>0</u>	<u>\$ 89,581</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>33,751</u>	
<i>Total Net Assets</i>	<u>\$ 33,751</u>	

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For Fiscal Year Ended June 30, 2007*

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	Private Purpose Trust
<b>Additions:</b>	
Other Operating Revenue	\$ 33,751
<i>Change in Net Assets</i>	33,751
<i>Net Assets Beginning of Year</i>	0
<i>Net Assets End of Year</i>	\$ 33,751

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See accompanying notes to the basic financial statements.

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

**Note 1 – Description of the School District**

Madison Plains Local School District (the “School District”) was formed in 1968, the result of a consolidation of the Plains District and the Madison South District. This new District covered 270 square miles. The newly appointed Board of Education, Isaiah Call, Donald Dorn, Donald Laird, Marion Moats, and C. B. Stoer, met for the first time on June 22, 1968.

In 1969 the School District operated six buildings: Madison Rural School, which housed kindergarten-fourth, seventh and eighth grades; Midway School with first, third, and fifth grades; South Solon School housed kindergarten, first, second, fourth, and sixth grades; Mt. Sterling School with kindergarten through sixth grades and grades nine through twelve; Fairfield School with students in grades kindergarten through eighth, and, lastly, the Madison South High School housed grades ten, eleven, and twelve. Beginning with the 1971-72 school year, all 10th, 11th, and 12th grade students of the School District began to attend the Madison South building.

In 1976, the School District was still operating six buildings, employed 105 certified and 69 noncertified employees with an operating budget of just over two million dollars a year. Property valuation was 56 million dollars and the School District operated on 22 mills. Student enrollment was 2,013, seventy of whom attended the Central Ohio Joint Vocational School. In 1978, the South Solon Elementary School was closed and sold. That same year the Madison-Plains High School, housing ninth through twelfth grades, opened for instruction.

Currently, the School District operates five buildings -three elementary schools housing grades kindergarten through fifth; one middle school with grades six, seven, and eight; and one high school which houses grades nine through twelve.

The School District is a body political 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 School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the School District.

Average daily membership (ADM) as of October 1, 2006 was 1,427. As of June 30, 2007; the School District employed 98 certified employees and 68 non-certificated employees. The School District is supervised by the Madison County Educational Service Center, a separate entity.

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

Reporting Entity

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

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The district participates in two jointly governed organizations, and one insurance pool. These organizations are the Miami Valley Education Computer Association (MVECA), the Central Ohio Joint Vocational School, and the Ohio School Boards Association Workers Compensation Group. These organizations are presented in Notes 9 and 19.

**Note 2 – Summary of Significant Accounting**

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

**A. Basis of Presentation**

The School 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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the School 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 School 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 School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School 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 School 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the 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 difference between governmental fund assets and liabilities is reported as fund balance. The following is the School District's major governmental fund:

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

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

**Proprietary Fund** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The following is the School District's proprietary fund:

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical and prescription drug benefits.

**Fiduciary Funds** 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities. The private purpose trust funds account for assets held by the School District in a trustee capacity.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (revenues) and decreases (expenses) in total net assets.

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary funds are reported using the economic resources measurement focus and are excluded from the Government-wide Financial Statements.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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



MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the food service fund as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within "operating grants and contributions" program revenue account.

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

***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each funds interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2007, investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2007.

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$215,769 which includes \$19,694 assigned from other School District funds.

***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set aside for the purchase of textbooks and capital improvements. See Note 21 for additional information regarding set-asides.

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

**G. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of 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 School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-20 Years
Buildings and Improvements	25-40 Years
Furniture and Equipment	3-10 Years
Vehicles	3-10 Years
Textbooks	10-15 Years

**H. Compensated Absences**

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer 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 eligible to receive termination benefits and those the School District had 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 School District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

**I. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

***J. 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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***K. Fund Balance Reserves and Designations***

The School District reserves and designates for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, property taxes and textbook/instructional purchases. A designation of fund balance has been established by Board Resolution to account for future contingencies.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

***L. Interfund Activity***

Transfers between governmental activities on the government-wide statements are eliminated. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "interfund receivables/payables." Interfund balances are eliminated in the governmental activities column of the statement of net assets.

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***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. Neither type of transaction occurred during fiscal year 2007.

***N. Estimates***

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

***O. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**Note 3 – Accountability**

***Fund Deficits***

Fund balances at June 30, 2007 included the following individual fund deficits:

Nonmajor Governmental Funds:	
Food Service	N/A
Title VI-B	31,501
Title I	7,511
E-Rate	2,160
Title VI-R	1
Internal Service	88,611

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The deficits in these governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**Note 4 – Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

**Net Change in Fund Balance**

GAAP Basis	\$	821,630
Net Adjustment for Revenue Accruals		3,349,870
Advance In		5,415
Advance Out		(2,160)
Net Adjustment for Expenditure Accruals		159,355
Adjustment for Encumbrances		(125,928)
		_____
Budget Basis	\$	4,208,182

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**Note 5 – Deposits and Investments**

State statutes classify monies held by the School 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 deposits are deposits of interim monies. Interim monies are those monies which 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 School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to 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 the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and 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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase 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 School 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.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Deposits** - At fiscal year-end, the carrying amount of the School District's deposits was \$5,788,662 and the bank balance was \$5,813,800 Of the bank balance:

1. \$200,000 of the bank balance was covered by depository insurance; and
2. \$5,613,800 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments** - Investments are reported at fair value. As of June 30, 2007, the School District had the following investments:

	Fair Value	Maturity 0-12 Months
STAROhio	\$ 783,691	\$ 783,691

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy is to follow State statute which is to invest funds with the highest interest rate bid.

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**Credit Risk:** The School District's only investment during the fiscal year is STAROhio. Its investment in STAROhio is rated AAAM by Standard and Poor's.

**Concentration of Credit Risk:** The School District investment policy is to be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. Strategies to achieve this are determined and revised periodically. All investments and deposits are collateralized pursuant to the Ohio Revised Code.

**Note 6 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market 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.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2006, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2006, on the value as of December 31, 2006. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Madison County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.



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Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue. The amount available as an advance at June 30, 2007, was \$456,163 in the General Fund, \$23,436 in the Permanent Improvement Capital Projects Fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

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

	2006 Second Half Collections		2007 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$149,010,180	77.81%	\$143,376,870	78.79%
Commercial/Industrial	13,737,880	7.17%	14,015,430	7.70%
Public Utility	69,580	0.04%	69,580	0.04%
Tangible Personal Property	28,693,473	14.98%	24,508,370	13.47%
Total	<u>\$ 191,511,113</u>	<u>100.00%</u>	<u>\$181,970,250</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$67.45		\$68.25	

**Note 7 - Receivables**

Receivables at June 30, 2007, consisted of taxes, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of federal grants receivable.

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**Note 8 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Restated Balance 6/30/2006	Additions	Reductions	Balance 6/30/2007
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 824,440	\$ 0	\$ 0	\$ 824,440
<i>Capital Assets, being depreciated</i>				
Land Improvements	745,758	0	0	745,758
Buildings and Improvements	5,990,997	111,893	0	6,102,890
Furniture and Fixtures	866,731	54,418	(6,312)	914,837
Vehicles	1,264,320	76,794	(110,200)	1,230,914
Textbooks	649,193	0	0	649,193
<i>Total Capital Assets, being depreciated</i>	<u>9,516,999</u>	<u>243,105</u>	<u>(116,512)</u>	<u>9,643,592</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(515,006)	(18,341)	0	(533,347)
Buildings and Improvements	(4,263,059)	(80,575)	0	(4,343,634)
Furniture and Fixtures	(644,840)	(53,090)	6,312	(691,618)
Vehicles	(1,112,809)	(48,359)	110,200	(1,050,968)
Textbooks	(626,430)	(15,175)	0	(641,605)
<i>Total Accumulated Depreciation</i>	<u>(7,162,144)</u>	<u>(215,540)</u>	<u>116,512</u>	<u>(7,261,172)</u>
Total Capital Assets being depreciated, net	<u>2,354,855</u>	<u>27,565</u>	<u>0</u>	<u>2,382,420</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,179,295</u>	<u>\$ 27,565</u>	<u>\$ 0</u>	<u>\$ 3,206,860</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 90,629
Special	681
Vocational	3,834
Support Services:	
Administration	23,183
Fiscal	16
Operation and Maintenance of Plant	5,367
Pupil Transportaion	53,631
Operation of non instructional	15,252
Extracurricular Activities	<u>22,947</u>
Total Depreciation	<u>\$ 215,540</u>

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**Note 9 – Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$2,000,000 in the aggregate. In addition, the School District also maintains a \$3,000,000 umbrella liability policy.

The School District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss and replacement cost insurance on buildings and contents in the amount of \$26,931,577 (based on the most recent industrial appraisal). The vacant building (Fairfield Elementary) is insured for \$2,442,133 for the building and \$270,506 for property inside the vacant building. Insurance levels are monitored by the Treasurer and adjusted annually based on current capital assets values.

***B. Workers' Compensation***

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program'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 Districts pay an enrollment fee to the Program to cover the costs of administering the program.

The Plan is intended to achieve the benefit of a reduced premium for The School District by virtue of its grouping and representation with other participants in the Plan. 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 Plan.

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 performances is compared to the overall savings percent of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of Gates McDonald provides administrative, cost control and actuarial services to the Plan. Each year, The School District pays an enrollment fee to the Plan to cover the costs of administering the program.

***C. Employee Medical Benefits***

The School District has established an internal service "self-insurance" fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs.

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This self-insurance fund was established for the purpose of accumulating balances sufficient to self-insure basic medical, dental, vision, and prescription drug coverage and permit excess umbrella coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the General Fund, Food Service Fund, and certain Special Revenue Funds (Grants). Effective July 1, 2005, the School District has procured a new self funded plan administered under the auspices of the Ohio Mid-Eastern Regional Education Service Agency (OMERESA). The plan will require terminal liability reserves to be accrued monthly via premiums, and held in trust by the consortium. Deposit Liability reserves and Budgetary reserves will remain in the School District's self-insurance fund.

Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. A summary of changes in self-insurance claims for the year ended June 30, 2007 follows:

		<u>Balance</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claims</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2007	\$	190,357	1,983,094	1,945,023	228,428
2006	\$	158,631	2,103,185	2,071,459	190,357

**Note 11 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute 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 43215-3476 or by calling (614) 222-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$240,072, \$236,520 and \$230,867 respectively, 54 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$111,186 represents the unpaid contribution for fiscal year 2007, and is recorded as a liability within the respective funds.

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***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% 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 the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$677,353, \$619,226 and \$548,067 respectively. Contributions to the DC and Combined Plans for fiscal year 2007 were \$6,935 made by the School District and \$9,867 made by the plan members. \$109,986 represents the unpaid contribution for fiscal year 2007, and is recorded as a liability within the respective funds, 84% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005.

A retiree of STRS Ohio or another Ohio Public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

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***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2007, all members of the Board of Education have elected Social Security. The Board's liability is 14 percent of wages paid.

**Note 12 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$48,382 during the 2007 fiscal year.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2007, the health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2006, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established at \$35,800. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$84,294.

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The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. Net health care costs for the year ending June 30, 2007 were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2007, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

**Note 13 – Other Employee Benefits**

*Compensated Absences*

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty two 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 a rate of one and one-quarter days per month which may be accumulated up to a maximum of 271 days for classified employees and 270 for certified employees. Upon retirement, payment is made for one-fourth of accrued with a maximum of 57 days for classified employees and 85 days for certified employees.

**Note 14 - Long - Term Obligations**

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 7/01/2006	Additions	Reductions	Outstanding 6/30/2007	Amounts Due in One Year
<b>Governmental Activities:</b>					
<i>General Obligation Bonds:</i>					
Energy Conservation	\$ 275,000	\$ 0	\$ 20,000	\$ 255,000	20,000
<i>Other Long-Term Liabilities</i>					
Capital Lease	68,892	0	24,256	44,636	25,157
Compensated Absences	222,241	277,979	74,202	426,018	67,879
Early Retirement Incentive	28,000	0	21,000	7,000	7,000
Total Other Long-Term Liabilities	<u>319,133</u>	<u>277,979</u>	<u>119,458</u>	<u>477,654</u>	<u>100,036</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 594,133</u>	<u>\$ 277,979</u>	<u>\$ 139,458</u>	<u>\$ 732,654</u>	<u>\$ 120,036</u>

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

Energy Conservation Bonds - Energy conservation bonds in the amount of \$319,550 were issued in accordance with Chapter 133 of the Ohio Revised Code on July 1, 2003 with an average annual interest rate of 3.66%. The purpose of the energy conservation bonds issued was to reduce energy consumption in buildings owned by the School District. The energy conservation bonds were scheduled to be repaid over a 14 year period with the final payment due on December 1, 2016. The bonds will be retired from the capital projects fund.

Capital leases will be paid from the capital projects fund. Compensated absences will be paid from the funds which the employee's salaries are paid.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 20,000	\$ 9,990	\$ 29,990
2009	20,000	9,355	29,355
2010	25,000	8,586	33,586
2011	25,000	7,661	32,661
2012	25,000	6,680	31,680
2013-2017	140,000	16,513	156,513
Total	<u>\$ 255,000</u>	<u>\$ 58,785</u>	<u>\$ 313,785</u>

**Note 15 – Capitalized Leases**

The School District is making installment payments on fitness equipment purchased with an original value of \$191,901. This obligation provides for interest at rates of 3.65%, with an outstanding balance of \$44,635 at June 30, 2007.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 25,157	\$ 1,211	\$ 26,368
2009	19,478	298	19,776
Total	<u>\$ 44,635</u>	<u>\$ 1,509</u>	<u>\$ 46,144</u>

**Note 16 – Deferred Revenue**

Deferred revenue consisted of the following:

	<u>Statement of Net Assets</u>	<u>Balance Sheet</u>
Property Taxes Receivable	\$ 4,876,562	\$ 5,166,262
Grants Receivable	0	55,148
Total Deferred/Unearned Revenue	<u>\$ 4,876,562</u>	<u>\$ 5,221,410</u>



MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

**Note 17 - Interfund Transfers**

There were no transfers made during fiscal year 2007.

**Note 18 – Interfund Balances**

Interfund balances at June 30, 2007 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,161	\$ 0
Nonmajor Governmental Funds:		
E-Rate	0	2,161
Total	\$ 2,161	\$ 2,161

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2007, all interfund payables outstanding are anticipated to be repaid in fiscal year 2008.

**Note 19 - Jointly Governed Organizations**

**Miami Valley Educational Computer Association** – The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid MVECA \$29,603 for services provided during the fiscal year. Financial information can be obtained from Angie Crandall, Executive Director, at MVECA at 330 Enon Road, Yellow Springs, Ohio 45387.

**Central Ohio Joint Vocational School** - The Central Ohio Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Central Ohio Joint Vocational School, 7877 U.S. Route 42, NE, Plain City, Ohio 43064.

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

**Note 20- Contingencies**

**A. Grants**

The School 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 are 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 School District at year end.

**B. Litigation**

Prior to June 30, 2007, Columbia Gas Transmission Corporation (CGT) filed an appeal with the State of Ohio Department of Taxation Public Utility Tax Division seeking a reduction in their public utility tangible personal property tax rate assessment from 88 percent to 25 percent. CGT won at the Ohio Board of Tax Appeals, and the State has appealed to the Ohio Supreme Court. The School District's maximum liability is approximately \$686,060 which represents refunds of taxes paid for tax years 2001 through 2005. However, the School District is currently unable to predict the ultimate effect of this litigation on its financial position or results of operations.

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

**Note 21- Set-Asides**

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

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set-Aside Cash Balance as of June 30, 2006	\$ 0	\$ 0	\$ 0
Set-Aside Carryover Balance as of June 30, 2006	0	269,220	269,220
Current Year Set-Aside Requirement	224,558	224,558	449,116
Qualifying Disbursements	(336,237)	(225,161)	(561,398)
Total	<u>\$ (111,679)</u>	<u>\$ 268,617</u>	<u>\$ 156,938</u>
Cash Balance Carried Forward to FY 2008	<u>\$ 0</u>	<u>\$ 268,617</u>	<u>\$ 268,617</u>
Restricted Cash			<u>\$ 268,617</u>

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2007

The School District had qualifying disbursements during the year that reduced the capital improvements reserve set-asides below zero, these amounts may not be used to reduce the set-aside requirement of future years

**Note 22 – Restatement of Prior Year Balances**

During the fiscal year ending June 30, 2007, the fund balances and net assets were restated. Interfund receivables and payables had been cleared by previous years advances in and out. In the capital assets, land was reclassified to a non-depreciable asset and the depreciation expensed on the land had to be reversed.

• **Fund Balances:**

	General Fund	Other Governmental Funds	Total
Beginning Fund Balance at 6/30/2006	\$ 4,374,978	\$ 291,196	\$ 4,666,174
Restatements:			
Interfund receivables	(149,390)	0	(149,390)
Interfund payables	0	149,390	149,390
Ending Fund Balance at 7/1/2006	\$ 4,225,588	\$ 440,586	\$ 4,666,174

• **Net Assets:**

	Invested in Capital Assets	Restricted for:			Unrestricted	Other Governmental Funds
	Capital Projects	Other Purposes	Set Asides			
Beginning Net Assets at 6/30/2006	\$ 2,499,901	\$ 355,995	\$ 87,490	\$ 269,220	\$ 4,074,090	\$ 7,286,696
Restatements:						
Non-depreciable assets	0	0	0	0	824,440	824,440
Depreciable assets	0	0	0	0	(824,440)	(824,440)
Invested in Cap Assets	610,502	0	0	0	0	610,502
Ending Net Assets at 7/1/2006	\$ 3,110,403	\$ 355,995	\$ 87,490	\$ 269,220	\$ 4,074,090	\$ 7,897,198

MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>							
<i>Passed Through Ohio Department of Education:</i>							
Nutrition Cluster:							
Food Donation	NA	2007	10.550	\$ 0	\$ 54,772	\$ 0	\$ 54,772
School Breakfast Program	05-PU	2007	10.553	14,264	0	14,264	0
National School Lunch Program	LL-P4	2007	10.555	146,319	0	146,319	0
<b>Total U.S. Department of Agriculture</b>				<u>160,583</u>	<u>54,772</u>	<u>160,583</u>	<u>54,772</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>							
<i>Passed Through Ohio Department of Education:</i>							
Title I Grants to Local Educational Agencies	C1-S1	2007	84.010	159,745	0	163,058	0
Special Education_Grants to States	6B-SF	2007	84.027	295,431	0	329,966	0
Safe and Drug-Free Schools and Communities_State Grants	DR-S1	2007	84.186	5,732	0	5,328	0
State Grants for Innovative Programs	C2-S1	2007	84.298	1,745	0	1,716	0
Education Technology State Grants	TJ-S1	2007	84.318	2,479	0	3,544	0
Improving Teacher Quality State Grants	TR-S1	2007	84.367	67,659	0	69,646	0
<b>Total U.S. Department of Agriculture</b>				<u>532,791</u>	<u>0</u>	<u>573,258</u>	<u>0</u>
<b>Total Federal Awards</b>				<u>\$ 693,374</u>	<u>\$ 54,772</u>	<u>\$ 733,841</u>	<u>\$ 54,772</u>

See Notes to the Schedule of Federal Awards

Madison Plains Local School District  
Madison County  
*Notes to the Schedule of Federal Awards, Receipts and Expenditures*  
*For the Fiscal Year Ended June 30, 2007*

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DISTRIBUTION PROGRAM**

Program regulators do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

**NOTE C – CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE D – SCHOOL WIDE PROGRAM**

The District currently operates a school-wide program for their Title I fund in the Elementary schools.

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**MANNING & ASSOCIATES CPAs, LLC**  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414

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

Madison Plains Local School District  
Madison County  
55 Linson Road SW  
London, Ohio 43140-9751

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Plains Local School District, Madison County, (the District), as of and for the fiscal year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon February 16, 2009. 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

We consider the following deficiency described in the accompanying schedule of finding to be significant deficiency in internal control over financial reporting: 2007:001 and 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies and according, would not necessarily disclose all significant deficiencies that are also material weaknesses. However of the significant deficiency described above we believe finding number 2007-001 and 2007-003 are also material weaknesses.

We noted certain matters that we reported to the District's management in a separate letter dated February 16, 2009.

### **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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2007-001 and 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 16, 2009.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, and the Board of Education. It is not intended for anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

February 16, 2009



**MANNING & ASSOCIATES CPAs, LLC**  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414

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

Madison Plains Local School District  
Madison County  
55 Linson Road SW  
London, Ohio 43140-9751

To the Board of Education:

**Compliance**

We have audited the compliance of the Madison Plains Local School District (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 apply to each of its major federal programs for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. 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 School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of 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 School 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 Madison Plains Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2007.

**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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

Madison Plains Local School District  
Madison County  
Independent Accountants' Report on Compliance with  
Requirements Applicable to Each Major Federal Program  
and on Internal Control Over Compliance with Accordance  
with *OMB Circular A-133*

Page 2

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

February 16, 2009

Madison Plains Local School District  
Madison County

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education_Grants to States 84.027 Title I CFDA 84.010
(d)(1)(vi)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2007-001**

Noncompliance and Material Weakness/Significant Deficiency

The District lacks controls over timely and accurate financial reports. The District consults with a firm to prepare its annual GAAP financial statements; however, the final documentation to complete that process was not received until December 2008, which is beyond the deadline for filing the financial report with the Auditor of State's office and beyond the required deadline for the Federal Clearinghouse. The Auditor of State's Office did obtain an extension of time to file with the clearinghouse on behalf of the District.

**Ohio Rev Code Section 117.38** states, in part, that each public office shall file a financial report for GAAP-basis entities within 150 days of fiscal year end. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. **OMB-A-133** requires entities who expend more than \$500,000 in federal funds to have an audit completed within nine months after the entity's year end. The District is delinquent in filing those reports.

While there were delays in both filing the annual GAAP report and completing the annual audit due to numerous circumstances, timely financial reports are essential to the operation of the District to help ensure complete and accurate data is being provided to the District's citizens.

We recommend the District management take a more active role in overseeing the financial reporting process. We further recommend that they evaluate steps necessary to ensure financial reports are issued in a timely manner. This will help ensure that reports are submitted as required.

Response: The Treasurer is aware of the requirements.

**FINDING NUMBER 2007-002**

Noncompliance

**Ohio Rev Code Section 135.18 and 135.181(L)** state that the Treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities. Also, upon request of a treasurer no more than four times per year, a public depository is required to report the amount of public monies deposited by the treasurer and secured and the total value based on the depository, including those deposited by the treasurer.

The amount of collateral pledged by the bank to cover the deposits was not adequate to cover the amount held as deposits in four months of fiscal year 2007.

Response: The District has updated the depository agreement.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

**FINDING NUMBER 2007-003**

Material Weakness/Significant Deficiency

Financial Reporting

Sound financial reporting is the responsibility of the Treasurer and the Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Restated balance for items not properly recorded in prior year lacks controls over financial reporting. Lack of controls can result in errors and irregularities that may go undetected and decrease the reliability of the financial data.

Although the District has contracted a third party to perform their GAAP conversion, the District's management needs to review the statements to be sure that all items are properly recorded.

Response: Management will develop a process to oversee the GAAP conversion process more closely.





Mary Taylor, CPA  
Auditor of State

**MADISON PLAINS LOCAL SCHOOL DISTRICT**

**MADISON 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  
MAY 21, 2009**