



**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**MADISON-PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general purpose financial statements of the Madison Plains Local School District, Madison County, Ohio (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types 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 January 14, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**JIM PETRO**  
Auditor of State

January 14, 2002

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**Madison-Plains Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2001**

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals 2001	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long Term Debt	(Memorandum Only)
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$ 891,826	272,770	0	253,228	955	445,928	48,611	0	0	\$ 1,913,318
Cash with Fiscal Agent	0	0	0	0	0	13,279	0	0	0	13,279
Taxes Receivable	4,473,739	0	0	360,329	0	0	0	0	0	4,834,068
Interfund Receivables	76,987	0	0	0	0	0	0	0	0	76,987
Intergovernmental Receivables	0	75,665	0	0	13,684	73,190	0	0	0	162,539
Accounts Receivable	6,095	744	0	0	50	0	0	0	0	6,889
Supplies Inventory	0	0	0	0	5,510	0	0	0	0	5,510
Inventory for Resale	0	0	0	0	11,921	0	0	0	0	11,921
Property, Plant & Equipment	0	0	0	0	296,895	21,253	0	11,125,224	0	11,443,372
Accumulated Depreciation, where applicable	0	0	0	0	(181,270)	(6,411)	0	0	0	(187,681)
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	873,679	873,679
<b>Total Assets and Other Debits</b>	<b>\$ 5,448,647</b>	<b>349,179</b>	<b>0</b>	<b>613,557</b>	<b>147,745</b>	<b>547,239</b>	<b>48,611</b>	<b>11,125,224</b>	<b>873,679</b>	<b>\$ 19,153,881</b>

(Continued)

**Madison-Plains Local School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups, Continued**  
**June 30, 2001**

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account Groups		Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long Term	2001 (Memorandum Only)
<b>Liabilities:</b>										
Interfund Payables	\$ 0	53,615	0	0	23,372	0	0	0	0	\$ 76,987
Intergovernmental Payables	204,158	2,495	0	0	13,777	0	0	0	88,921	309,351
Accounts Payables	22,773	16,556	0	32,243	0	0	0	0	0	71,572
Claims Payables	0	0	0	0	0	153,430	0	0	0	153,430
Accrued Salaries and Benefits	990,506	30,227	0	0	36,149	0	0	0	0	1,056,882
Deferred Revenue	3,071,860	0	0	246,158	3,867	0	0	0	0	3,321,885
Due to Others	0	0	0	0	0	0	48,611	0	0	48,611
Capital Lease Payable	0	0	0	0	0	0	0	0	33,312	33,312
Energy Conservation Bonds Payable	0	0	0	0	0	0	0	0	50,000	50,000
Compensated Absences Payable	21,758	0	0	0	8,519	0	0	0	701,446	731,723
<b>Total Liabilities</b>	<b>4,311,055</b>	<b>102,893</b>	<b>0</b>	<b>278,401</b>	<b>85,684</b>	<b>153,430</b>	<b>48,611</b>	<b>0</b>	<b>873,679</b>	<b>5,853,753</b>
<b>Fund Equity and Other Credits:</b>										
Investment in General Fixed Assets	0	0	0	0	0	0	0	11,125,224	0	11,125,224
Contributed Capital	0	0	0	0	126,224	0	0	0	0	126,224
Retained Earnings	0	0	0	0	(64,163)	393,809	0	0	0	329,646
<b>Fund Balances:</b>										
Reserved for Encumbrances	26,392	62,655	0	165	0	0	0	0	0	89,212
Reserved for Future Appropriation	1,401,879	0	0	114,171	0	0	0	0	0	1,516,050
Unreserved Fund Balance	(290,679)	183,631	0	220,820	0	0	0	0	0	113,772
<b>Total Fund Equity</b>	<b>1,137,592</b>	<b>246,286</b>	<b>0</b>	<b>335,156</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,719,034</b>
<b>Total Fund Balances/Retained Earnings and Other Credits</b>	<b>1,137,592</b>	<b>246,286</b>	<b>0</b>	<b>335,156</b>	<b>62,061</b>	<b>393,809</b>	<b>0</b>	<b>11,125,224</b>	<b>0</b>	<b>13,300,128</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 5,448,647</b>	<b>349,179</b>	<b>0</b>	<b>613,557</b>	<b>147,745</b>	<b>547,239</b>	<b>48,611</b>	<b>11,125,224</b>	<b>873,679</b>	<b>\$ 19,153,881</b>

See Accompanying Notes to the General Purpose Financial Statements.



**Madison-Plains Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Governmental Fund Types**  
**Year Ended June 30, 2001**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>REVENUES:</b>					
Revenue from Local Sources					
Taxes	\$ 4,006,824	0	0	337,226	\$ 4,344,050
Tuitionc	15,200	0	0	0	15,200
Transportation Fees	17,390	0	0	0	17,390
Earnings on Investments	100,169	0	0	0	100,169
Extracurricular Activities	0	123,990	0	0	123,990
Classroom Materials & Fees	58,350	0	0	0	58,350
Miscellaneous	17,437	36,114	0	0	53,551
Revenue from State Sources					
Unrestricted Grants-in-Aid	5,374,443	0	0	54,473	5,428,916
Restricted Grants-in-Aid	36,326	299,627	0	102,890	438,843
Revenue from Federal Sources					
Restricted Grants-in-Aid	0	291,929	0	0	291,929
Total Revenue	<u>9,626,139</u>	<u>751,660</u>	<u>0</u>	<u>494,589</u>	<u>10,872,388</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction					
Regular	4,935,123	65,962	0	37,540	5,038,625
Special	528,411	147,887	0	894	677,192
Vocational	273,736	0	0	0	273,736
Adult/Continuing Instruction	1,921	0	0	0	1,921
Other	3,977	0	0	0	3,977
Supporting Services					
Pupils	417,657	39,615	0	12,797	470,069
Instructional Staff	435,976	117,624	0	2,127	555,727
Board of Education	25,813	0	0	0	25,813
Administration	986,145	51,637	0	14,874	1,052,656
Fiscal Service s	340,335	0	0	8,822	349,157
Operation & Maintenance-Plant	840,367	6,070	0	227,997	1,074,434
Pupil Transportation	829,437	0	0	103,936	933,373
Central	179,783	27,734	0	18,899	226,416
Operation of Non-Instructional Services					
Food Service & Community Operations	0	19,579	0	3,345	22,924
Extracurricular Activities					
Academic & Subject Oriented	84,282	6,297	0	0	90,579
Sports Oriented	205,973	149,275	0	0	355,248
Co-Curricular Activities	19,056	0	0	0	19,056
Capital Outlay					
Architecture & Engineering	0	0	0	770	770
Educ. Special Development	0	0	0	14,750	14,750
Building Improvements	0	0	0	50,949	50,949
Debt Service					
Repayment of Debt	0	0	55,438	0	55,438
Total Expenditures	<u>10,107,992</u>	<u>631,680</u>	<u>55,438</u>	<u>497,700</u>	<u>11,292,810</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(481,853)	119,980	(55,438)	(3,111)	(420,422)
Other Financing Sources and Uses:					
Transfers-In	0	1,280	55,213	0	56,493
Other Sources	45	0	0	0	45
Transfers-Out	(56,493)	0	0	0	(56,493)
Other Uses	0	0	0	(24,000)	(24,000)
Net Other Financing Sources and Uses	<u>(56,448)</u>	<u>1,280</u>	<u>55,213</u>	<u>(24,000)</u>	<u>(23,955)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditure					
Disbursement and Other Uses	(538,301)	121,260	(225)	(27,111)	(444,377)
Beginning Fund Balance	<u>1,675,893</u>	<u>125,026</u>	<u>225</u>	<u>362,267</u>	<u>2,163,411</u>
Ending Fund Balance	<u>\$ 1,137,592</u>	<u>246,286</u>	<u>0</u>	<u>335,156</u>	<u>\$ 1,719,034</u>

See Accompanying Notes to the General Purpose Financial Statements.

**Madison-Plains Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types**  
**Year Ended June 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 4,213,897	4,033,924	(179,973)	0	0	\$ 0
Tuition	12,000	15,200	3,200	0	0	0
Transportation Fees	17,500	17,390	(110)	0	0	0
Earnings on Investment	118,500	99,391	(19,109)	0	0	0
Extracurricular Activities	0	0	0	129,672	123,765	(5,907)
Classroom Materials and Fees	46,535	58,350	11,815	0	0	0
Miscellaneous	25,600	12,236	(13,364)	28,638	35,878	7,240
State Unrestricted Grants-In-Aid	5,031,729	5,374,443	342,714	0	0	0
State Restricted Grants-in-Aid	0	36,326	36,326	300,627	300,627	0
Revenue for/on Behalf of District	2,000	1,250	(750)	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	291,929	216,264	(75,665)
<b>Total Revenue</b>	<b>9,467,761</b>	<b>9,648,510</b>	<b>180,749</b>	<b>750,866</b>	<b>676,534</b>	<b>(74,332)</b>
<b>Expenditures:</b>						
Regular Instruction	4,847,259	4,838,009	9,250	78,290	55,241	23,049
Special Instruction	493,478	499,705	(6,227)	196,093	166,947	29,146
Vocational Instruction	271,637	271,637	0	0	0	0
Adult/Continuing Instruction	1,949	1,949	0	0	0	0
Other Instruction	3,977	3,977	0	0	0	0
Support Services-Pupils	419,007	419,007	0	43,343	40,037	3,306
Support Services-Instructional Staff	424,708	424,708	0	132,575	131,775	800
Support Services-Board of Education	22,466	22,466	0	0	0	0
Support Services-Administration	988,692	984,841	3,851	57,797	57,797	0
Fiscal Services	336,489	339,665	(3,176)	0	0	0
Operation & Maintenance-Plant	862,503	843,779	18,724	6,070	6,070	0
Support Services-Transportation	846,372	846,372	0	0	0	0
Support Services-Central	180,571	180,571	0	42,907	31,403	11,504
Food Service Operations	0	0	0	0	0	0
Community Services	0	0	0	85,770	59,342	26,428
Academic & Subject Oriented	84,760	84,760	0	6,666	6,666	0
Sports Oriented	195,655	195,655	0	160,014	160,014	0
Co-Curricular Activities	18,203	18,203	0	2,746	2,746	0
Site Improvement	0	0	0	0	0	0
Building Improvement	0	0	0	0	0	0
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>9,997,726</b>	<b>9,975,304</b>	<b>22,422</b>	<b>812,271</b>	<b>718,038</b>	<b>94,233</b>
Excess of Revenue Over (Under) Expenditures	(529,965)	(326,794)	203,171	(61,405)	(41,504)	19,901
<b>Other Financing Sources (Uses):</b>						
Transfers-In	20,000	0	(20,000)	0	1,280	1,280
Advances-In	2,500	7,519	5,019	0	58,635	58,635
Refund of Prior Year Expenditures	500	0	(500)	0	54	54
Transfers-Out	(56,493)	(56,493)	0	0	0	0
Advances-Out	(5,019)	(82,007)	(76,988)	0	(7,519)	(7,519)
<b>Total Other Sources (Uses)</b>	<b>(38,512)</b>	<b>(130,981)</b>	<b>(92,469)</b>	<b>0</b>	<b>52,450</b>	<b>52,450</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(568,477)	(457,775)	110,702	(61,405)	10,946	72,351
Beginning Fund Balance	1,224,232	1,224,232	--	163,026	163,026	--
Prior Year Carry Over Encumbrances	90,783	90,783	--	20,038	20,038	--
<b>Ending Fund Balance</b>	<b>\$ 746,538</b>	<b>857,240</b>	<b>110,702</b>	<b>121,659</b>	<b>194,010</b>	<b>\$ 72,351</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Madison-Plains Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types- Continued**  
**Year Ended June 30, 2001**

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	328,382	339,883	\$ 11,501
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	60,790	54,473	(6,317)
State Restricted Grants-in-aid	0	0	0	102,890	102,890	0
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>492,062</b>	<b>497,246</b>	<b>5,184</b>
Expenditures:						
Regular Instruction	0	0	0	37,540	37,540	0
Special Instruction	0	0	0	894	894	0
Vocational Instruction	0	0	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	12,798	12,798	0
Support Services-Instructional Staff	0	0	0	4,927	2,127	2,800
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	14,874	14,874	0
Fiscal Services	0	0	0	8,581	8,822	(241)
Operation & Maintenance-Plant	0	0	0	229,164	228,164	1,000
Support Services-Transportation	0	0	0	92,186	103,936	(11,750)
Support Services-Central	0	0	0	35,680	18,899	16,781
Food Service Operations	0	0	0	3,345	3,345	0
Community Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Site Improvement	0	0	0	0	0	0
Building Improvement	0	0	0	137,591	137,591	0
Repayment of Debt	55,438	55,438	0	0	0	0
<b>Total Expenditures</b>	<b>55,438</b>	<b>55,438</b>	<b>0</b>	<b>577,580</b>	<b>568,990</b>	<b>8,590</b>
Excess of Revenue Over (Under) Expenditures	(55,438)	(55,438)	0	(85,518)	(71,744)	13,774
Other Financing Sources (Uses):						
Transfers-In	55,213	55,213	0	0	0	0
Advances-In	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>55,213</b>	<b>55,213</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(225)	(225)	0	(85,518)	(71,744)	13,774
Beginning Fund Balance	226	226	--	199,684	199,684	--
Prior Year Carry Over Encumbrances	0	0	--	116,876	116,876	--
<b>Ending Fund Balance</b>	<b>\$ 1</b>	<b>1</b>	<b>0</b>	<b>231,042</b>	<b>244,816</b>	<b>\$ 13,774</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Madison-Plains Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types- Continued**  
**Year Ended June 30, 2001**

Totals (Memorandum Only)			
	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 4,542,279	4,373,807	\$ (168,472)
Tuition	12,000	15,200	3,200
Transportation Fees	17,500	17,390	(110)
Earnings on Investment	118,500	99,391	(19,109)
Extracurricular Activities	129,672	123,765	(5,907)
Classroom Materials and Fees	46,535	58,350	11,815
Miscellaneous	54,238	48,114	(6,124)
State Unrestricted Grants-in-Aid	5,092,519	5,428,916	336,397
State Restricted Grants-in-aid	403,517	439,843	36,326
Revenue for/on Behalf of District	2,000	1,250	(750)
Federal Restricted Grants-in-Aid	291,929	216,264	(75,665)
<b>Total Revenue</b>	<b>10,710,689</b>	<b>10,822,290</b>	<b>111,601</b>
<b>Expenditures:</b>			
Regular Instruction	4,963,089	4,930,790	32,299
Special Instruction	690,465	667,546	22,919
Vocational Instruction	271,637	271,637	0
Adult/Continuing Instruction	1,949	1,949	0
Other Instruction	3,977	3,977	0
Support Services-Pupils	475,148	471,842	3,306
Support Services-Instructional Staff	562,210	558,610	3,600
Support Services-Board of Education	22,466	22,466	0
Support Services-Administration	1,061,363	1,057,512	3,851
Fiscal Services	345,070	348,487	(3,417)
Operation & Maintenance-Plant	1,097,737	1,078,013	19,724
Support Services-Transportation	938,558	950,308	(11,750)
Support Services-Central	259,158	230,873	28,285
Food Services Operations	3,345	3,345	0
Community Services	85,770	3,712	82,058
Academic & Subject Oriented	91,426	91,426	0
Sports Oriented	355,669	355,669	0
Co-Curricular Activities	20,949	20,949	0
Community Services	0	0	0
Building Improvement	137,591	137,591	0
Repayment of Debt	55,438	55,438	0
<b>Total Expenditures</b>	<b>11,443,015</b>	<b>11,317,770</b>	<b>125,245</b>
Excess of Revenue Over (Under) Expenditures	(732,326)	(495,480)	236,846
<b>Other Financing Sources (Uses):</b>			
Transfers-In	75,213	56,493	(18,720)
Advances-In	2,500	66,154	63,654
Refund of Prior Year Expenditures	500	54	(446)
Transfers-Out	(56,493)	(56,493)	0
Advances-Out	(5,019)	(89,526)	(84,507)
<b>Total Other Sources (Uses)</b>	<b>16,701</b>	<b>(23,318)</b>	<b>(40,019)</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>			
	(715,625)	(518,798)	196,827
Beginning Fund Balance	1,587,168	1,587,168	--
Prior Year Carry Over Encumbrances	227,697	227,697	--
<b>Ending Fund Balance</b>	<b>\$ 1,099,240</b>	<b>\$ 1,296,067</b>	<b>\$ 196,827</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Madison-Plains Local School District**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**All Proprietary Fund Types**  
**Year Ended June 30, 2001**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	
Operating Revenues:			
Food Service	\$ 356,927	0	\$ 356,927
Classroom Materials & Fees	15,184	0	15,184
Insurance Revenues	0	1,239,575	1,239,575
Total Operating Revenue	<u>372,111</u>	<u>1,239,575</u>	<u>1,611,686</u>
Operating Expenses:			
Personal Services - Salary	169,496	0	169,496
Employee Benefits	74,145	0	74,145
Purchased Services	5,843	1,113,908	1,119,751
Supplies and Materials	255,178	2,413	257,591
Depreciation	6,960	1,413	8,373
Total Operating Expenses	<u>511,622</u>	<u>1,117,734</u>	<u>1,629,356</u>
Operating Gain (Loss)	(139,511)	121,841	(17,670)
Non-Operating Revenues and Expenses:			
State Restricted Grants-In-Aid	4,351	0	4,351
Federal Unrestricted Grants-in-Aid	96,120	0	96,120
Federal Commodities	30,034	0	30,034
Total Non-Operating Revenues	<u>130,505</u>	<u>0</u>	<u>130,505</u>
Net Income(Loss)	(9,006)	121,841	112,835
Beginning Retained Earnings	<u>(55,157)</u>	<u>271,968</u>	<u>216,811</u>
Retained Earnings at End of Year	<u>\$ (64,163)</u>	<u>393,809</u>	<u>\$ 329,646</u>

See Accompanying Notes to the General Purpose Financial Statements.

**Madison-Plains Local School District**  
**Combined Statement of Changes in Cash Flows**  
**All Proprietary Fund Types**  
**Year Ended June 30, 2001**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (139,511)	121,841	\$ (17,670)
Adjustment to Reconcile Operating Income (Loss)			
To Net Cash used in Operating Activities:			
Depreciation	6,960	1,413	8,373
Net (Increase) Decrease in Assets:			
Accounts Receivable	(20)	0	(20)
Intergovernmental Receivables	(13,684)	(73,190)	(86,874)
Inventory	2,789	0	2,789
Net Increases (Decreases) in Liabilities:			
Intergovernmental Payable	(13,070)	0	(13,070)
Accounts Payable	0	(156)	(156)
Interfund Payable	23,372	0	23,372
Deferred Revenue	(2,827)	0	(2,827)
Claims Payable	0	(38,297)	(38,297)
Accrued Wages and Benefits	2,983	0	2,983
Compensated Absences	(4,901)	0	(4,901)
Total Adjustments	<u>1,602</u>	<u>(110,230)</u>	<u>(108,628)</u>
Net Cash Used in Operating Activities	(137,909)	11,611	(126,298)
Cash Flows from Noncapital Activities			
Grants from State Sources	4,351	0	4,351
Grants from Federal Sources	96,120	0	96,120
Federal Commodities	<u>30,034</u>	<u>0</u>	<u>30,034</u>
Net Cash Provided by Noncapital Financing Sources	130,505	0	130,505
Cash Flows from Capital Financing Sources:			
Acquisition of Capital Assets	<u>(2,145)</u>	<u>0</u>	<u>(2,145)</u>
Net Cash Provided by Capital Financing Sources	(2,145)	0	(2,145)
Net Increase in Cash & Cash Equivalents	(9,549)	11,611	2,062
Cash and Cash Equivalents at Beginning of Year	<u>10,504</u>	<u>447,596</u>	<u>458,100</u>
Cash and Cash Equivalents at End of Year	<u>\$ 955</u>	<u>\$ 459,207</u>	<u>\$ 460,162</u>

See Accompanying Notes to the General Purpose Financial Statements.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The 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 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 district began to attend the Madison South building.

In 1976, the District was still operating six buildings, employed 105 certified and 69 non-certified employees with an operating budget of just over two million dollars a year. Property valuation was 56 million dollars and the 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 and the Madison-Plains High School, housing ninth through twelfth grades opened for instruction.

Currently, the district operates six buildings - four 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 District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 2000, was 1,757. The District employs 119 certified employees and 76 non-certificated employees. The District is supervised by the Madison County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The 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.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

The District is associated with one jointly governed organization. This organization is discussed in Note 14 to the general purpose financial statements.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

**B. Fund Accounting**

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.



**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

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

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

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

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

**Proprietary Fund Types:**

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

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

**Internal Service Funds** - These funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following is the fiduciary fund type:

**Agency Funds** - These funds are purely custodial and thus do not involve measurement of results of operations.

**Account Groups:**

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

**General Fixed Assets Account Group** - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

**General Long-Term Debt Account Group** - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

**C. Measurement Focus/Basis of Accounting**

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is based upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under this basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period.
  - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
  - b) Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 2001 operations, have been recorded as deferred revenues.
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus/Basis of Accounting (Continued)**

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

**D. Budget and Budgetary Accounting**

All governmental and proprietary fund types are subject to annual expenditures budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this Certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts three month temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Treasurer, Superintendent, and the Board of Education. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" in accordance with the budget basis of accounting.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budget and Budgetary Accounting (Continued)**

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

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**Encumbrances** - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**E. Cash and Investments**

To improve cash managements, cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the combined balance sheet. During the fiscal year all investments were limited to overnight repurchase agreements. Investments are reported at cost.

For the District, all investment earnings accrue to the General Fund as authorized by board resolution. Interest income earned in fiscal year 2001 totaled \$100,169.

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 2001. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2001 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Inventories**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, textbooks, and general supplies, and are expended when used.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**I. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Due to the consolidation, some historical records for buildings were not available. Estimated historical value was based upon a 1969 Ohio State University educational facility needs report.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District maintains a capitalization threshold of five hundred dollars for general fixed assets and proprietary fund assets. The District does not record infrastructure.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets (five to twenty years).

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Intergovernmental Revenues**

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

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

Entitlements:

General Fund

- State Foundation Program
- Homestead and Rollback Property Tax Exemption
- School Bus Funding

Special Revenue Funds

- Educational Management Information Systems

Capital Projects

- School Net Funding

Non-Reimbursable Grants:

Special Revenue Funds

- Career Education
- Teacher Development
- School Improvement Incentive
- Textbook Subsidy Fund
- Data Communication Subsidy Fund
- Title VI B
- Title VI-R
- Title I
- Ohio Reads
- Safe Schools
- Eisenhower Math/Science
- Drug Free Schools
- Early Childhood Education
- Telecommunications Act Grant
- Miscellaneous State and Federal Grants

Reimbursable Grants:

General Fund

- Driver Education Reimbursement
- Tutor Reimbursement

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Intergovernmental Revenues (Continued)**

Grants and entitlements amounted to approximately 57% of the District's operating revenue during the 2001 fiscal year.

**K. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees with ten or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

**L. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. Fund Balance Reserves**

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for encumbrances and future appropriation. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue. The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

**O. Use of Estimates in Preparation of Financial Statements**

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.

**P. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**Q. Memorandum Only - Total Columns**

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



**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. BUDGETARY BASIS OF ACCOUNTING**

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Project
GAAP Basis	\$ (538,301)	121,260	(225)	\$ (27,111)
Increase (Decrease):				
Due to Revenues:				
Net Adjustments to Revenue Accruals	22,371	(75,126)	0	2,657
Due to Expenditures:				
Net Adjustments to Expenditure Accruals	132,688	(86,358)	0	(71,290)
Net Adjustments to Other Uses	(74,533)	51,170	0	24,000
Budget Basis	\$ (457,775)	10,946	(225)	\$ (71,744)

**3. CASH AND CASH EQUIVALENTS**

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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 accounts, including passbook accounts.

Protection of the 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 money deposited with the institution.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**3. CASH AND CASH EQUIVALENTS (Continued)**

Interim monies may 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. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*.

**Deposits:** At year end, the carrying amount of the District's deposits was \$657,940 and the bank balance was \$672,368. Of the bank balance:

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**3. CASH AND CASH EQUIVALENTS (Continued)**

1. \$200,000 was covered by federal depository insurance; and
2. \$472,368 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

	Category			Reported Amount	Fair Value
	1	2	3		
Repurchase Agreement			\$ 1,255,128	\$ 1,255,128	\$ 1,255,128
Total Investments				<u>\$ 1,255,128</u>	<u>\$ 1,255,128</u>

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

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 1,926,597	\$ 0
Investments:		
Repurchase Agreement	(1,255,128)	1,255,128
Cash with Fiscal Agent	(13,279)	0
Petty and Change Cash	(250)	0
GASB Statement No. 3	<u>\$ 657,940</u>	<u>\$ 1,255,128</u>

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. PROPERTY TAX**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Madison County Auditor at 35% of appraised market value.

All property is required to be revalued every six years. The last revaluation update for the District was completed in 1999. The next revaluation is scheduled for 2002. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31, (although the Madison County Auditor usually files for an extension in sending out tax bills so payment is then due by February 14th). If paid semi-annually, the first payment is usually due February 14, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Madison County Treasurer collects property tax on behalf of the District and the Madison County Auditor remits the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 2001 for operations was \$32.95 per \$1,000 of assessed valuation and \$2.50 per \$1,000 of assessed valuation for permanent improvements. The assessed values of real and tangible personal property on which the fiscal year 2001 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$ 10,576,420
Real Property-Residential/Agricultural	120,372,970
Personal Property-General	<u>36,028,402</u>
Total Assessed Value	<u>\$ 166,977,792</u>

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**5. RECEIVABLES**

Receivables at June 30, 2001 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

Special Revenue Funds:	
Title VI-B	\$ 51,912
Title I	<u>23,753</u>
Total Special Revenue Funds	75,665
Enterprise Funds:	
Federal Lunchroom Reimbursement	<u>13,684</u>
Total Enterprise Funds	13,684
Internal Service Funds:	
Insurance Fund	<u>73,190</u>
Total Internal Service Funds	<u>73,190</u>
Total Intergovernmental Receivables	<u><u>\$ 162,539</u></u>

**6. FIXED ASSETS**

The following is a summary of the proprietary fund types property, plant and equipment at June 30, 2001:

	Enterprise Fund	Internal Service Fund
Furniture and Equipment	\$ 296,895	\$ 21,253
Less Accumulated Depreciation	<u>(181,270)</u>	<u>(6,411)</u>
Net Fixed Assets	<u><u>\$ 115,625</u></u>	<u><u>\$ 14,842</u></u>

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. FIXED ASSETS (Continued)**

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2001:

	General Fixed Assets June 30, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
Land, Buildings & Improvements	\$ 5,980,116	27,904	0	\$ 6,008,020
Furniture and Equipment	3,232,240	146,641	2,321	3,376,560
Vehicles	1,601,854	138,790	0	1,740,644
Total General Fixed Assets	<u>\$ 10,814,210</u>	<u>313,335</u>	<u>2,321</u>	<u>\$ 11,125,224</u>

There was no significant construction in progress at June 30, 2001.

**7. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The 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 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, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations.

The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$239,088, \$196,824 and \$191,424 respectively; 46.5 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$137,563 representing the unpaid contribution for fiscal year 2001, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, 6 percent was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$830,280, \$665,184 and \$582,852, respectively; 83.3 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$138,382 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**8. POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated 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 funded 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 cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$266,876 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$185,380.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, were \$161,439,934 and the target level was \$242.0 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

**9. COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (260 days) are eligible for vacation time. The administrators are generally granted twenty days of vacation per year.

Classified employees earn ten to thirty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the Superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

<u>Years Service</u>	<u>Vacation Days</u>
1-3	10 days
4-7	12 days
8-10	15 days
11-15	18 days
16-25	20 days
Over 25	22 days

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for classified employees is 269 days and for certified employees it is 265 days.



**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**9. COMPENSATED ABSENCES (Continued)**

For classified employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement. Any classified employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 55 days. Any certified employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 62 days.

**10. RISK MANAGEMENT**

**A. General Risk**

The 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 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 \$5,000,000 in the aggregate. In addition, the District also maintains a \$1,000,000 umbrella liability policy.

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$27,320,900.

**B. Workers' Compensation-Public Entity Risk Pool**

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

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

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

**C. Health Insurance**

The District is a member of the Ross County School Employees Insurance Consortium (the "Consortium"), a claims servicing pool consisting of fourteen school districts within Ross County and its surrounding area. The Consortium provides medical/surgical, dental, vision, and life insurance through a third party administrator, Professional Risk Management Co. Participation depends on which coverages the individual member district chooses. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school district. The participating school districts pay an administrative fee to the fiscal agent to cover the cost of administering the Consortium. Financial information may be obtained by contacting the Treasurer, Westfall Local School District, 19463 Pherson Pike, Williamsport, Ohio 43164.

Claims liabilities are reported at their present value of \$153,430 at June 30, 2001. A summary of changes in self-insurance claims follows:

	June 30, 2001	June 30, 2000
Claim Liabilities at beginning of year	\$ 191,727	\$ 113,200
Incurred Claims	1,075,611	1,003,498
Claims Paid	<u>(1,113,908)</u>	<u>(924,971)</u>
Claim Liabilities at end of year	<u>\$ 153,430</u>	<u>\$ 191,727</u>

**11. NOTES AND LONG-TERM DEBT**

A summary of changes in long-term obligations for the year ended June 30, 2001, are as follows:

	Balance			Balance
	July 1, 2000	Additions	Deletions	June 30, 2001
Intergovernmental Payable	\$ 61,418	88,921	61,418	\$ 88,921
Capital Leases Payable	53,159	0	19,847	33,312
Energy Conservation Bonds	100,000	0	50,000	50,000
Compensated Absences Payable	<u>667,342</u>	<u>701,446</u>	<u>667,342</u>	<u>701,446</u>
	<u>\$ 881,919</u>	<u>790,367</u>	<u>798,607</u>	<u>\$ 873,679</u>

The annual maturities of the general obligation bonds (Energy Conservation Bonds) as of June 30, 2001, and related interest payments are as follows:

Year	Principal	Interest	Payment
FY 2002	<u>\$ 50,000</u>	<u>1,813</u>	<u>\$ 51,813</u>
	<u>\$ 50,000</u>	<u>1,813</u>	<u>\$ 51,813</u>

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. NOTES AND LONG-TERM DEBT (Continued)**

The District is making installment payments on food service equipment purchased with an original value of \$79,787. This equipment has been capitalized in the enterprise fund. This obligation provides for interest at rates 8.96%, with an outstanding balance of \$33,312 at June 30, 2001.

The following is a schedule of future minimum lease payments required under the capital lease and present value of the minimum lease payments as of June 30, 2001:

	Year Ending June 30
FY 2002	\$ 24,273
FY 2003	12,137
Less interest:	(3,098)
Present Value of Minimum Lease Payments	\$ 33,312

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt, the District's unvoted debt limit is \$166,978. The voted debt limit at June 30, 2001 is \$15,028,001.

**12. INTERFUND TRANSACTIONS**

At June 30, 2001, the District had short-term interfund loans which are classified as "interfund receivables/payables." An analysis of interfund balances is as follows:

	Receivables	Payables
General Fund	\$ 76,987	\$ 0
Special Revenue Fund	0	53,615
Enterprise Fund	0	23,372
	\$ 76,987	\$ 76,987

**13. SEGMENTS OF ENTERPRISE ACTIVITIES**

The District maintains two Enterprise Funds to account for the operation of Food Services and Uniform School Supply Sales. Key financial data for the District's Enterprise Funds for the year ended June 30, 2001, is as follows:

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**13. SEGMENTS OF ENTERPRISE ACTIVITIES (Continued)**

	Lunchroom Fund	Uniform School Supplies Fund	Total
Operating Revenues	\$ 356,927	15,184	\$ 372,111
Operating Expenses:			
Depreciation	(6,960)	0	(6,960)
Other Expenses	(485,067)	(19,595)	(504,662)
Total Operating Expenses	(492,027)	(19,595)	(511,622)
Operating Income (Loss)	(135,100)	(4,411)	(139,511)
Non Operating Revenues and Expenses:			
Grants	100,471	0	100,471
Federal Commodities	30,034	0	30,034
Net Income (Loss)	\$ (4,595)	(4,411)	\$ (9,006)
Net Working Capital	\$ (49,790)	(3,773)	\$ (53,563)
Total Assets	\$ 144,007	3,738	\$ 147,745
Retained Earnings	\$ (60,390)	(3,773)	\$ (64,163)

**14. JOINTLY GOVERNED ORGANIZATIONS**

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is it's own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District.

**15. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**15. CONTINGENCIES (Continued)**

**B. Litigation**

The District is a defendant in a legal proceeding pertaining to matters which are incidental to performing routine governmental and other functions. Based on the status of this legal proceeding, it is the opinion of management that the ultimate resolution of such will not have a material effect on the District's financial statements.

**16. SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of the date of this report, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**17. STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**17. STATUTORY RESERVES (Continued)**

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 2000	\$ 0	0	187,489	\$ 187,489
Current Year Set-Aside Requirement	209,258	209,258	0	418,516
Current Year Offsets	0	0	0	0
Qualifying Disbursements	(209,258)	(209,258)	(187,489)	(606,005)
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance Carried Forward to FY2002	<u>\$ 0</u>	<u>0</u>	<u>0</u>	
Amount Restricted for Budget Stabilization				<u>\$ 0</u>
Total Restricted Assets				<u>\$ 0</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these amounts may be used to reduce the set-aside requirement of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**18. FUND DEFICITS**

Retained earnings at June 30, 2001, included the following individual fund deficits:

Food Service Fund	\$ (60,390)
Uniform Supplies Fund	\$ (3,773)

**19. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. At June 30, 2001 there was no effect on fund balances as a result of implementing GASB 33.

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2001**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass-Through Entity Number</u>	<u>Federal C.F.D.A. Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
<b>U.S. Department of Agriculture</b>						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster</i>						
Food Distribution	n/a	10.550	\$0	\$27,205	\$0	\$30,034
National School Breakfast Program	05-PU 01	10.553	\$11,048	0	11,048	0
National School Lunch Program	04-PU 01	10.555	<u>71,388</u>	<u>0</u>	<u>71,388</u>	<u>0</u>
Total U.S. Department of Agriculture- Child Nutrition Cluster			82,436	27,205	82,436	30,034
<b>U.S. Department of Education</b>						
<i>Pass through the Ohio Department of Education:</i>						
Special Education-Grants to State	6B-SF 00/01	84.027	43,677	0	106,620	0
Title I Grants to Local Educational Agencies	C1-S1 00/01	84.010	87,876	0	104,386	0
Safe and Drug Free Schools and Communities Grant	DR-S1 00/01	84.186	8,646	0	5,048	0
Title VI-Reducing Class Size Grant	CR-S1-01	84.340	30,844	0	30,096	0
Eisenhower Professional Development State Grant	MS-S1 00/01	84.281	6,210	0	6,645	0
Innovative Educational Program Strategies	C2-S1 00/01	84.298	<u>8,862</u>	<u>0</u>	<u>13,739</u>	<u>0</u>
Total U.S. Department of Education			<u>186,115</u>	<u>0</u>	<u>266,534</u>	<u>0</u>
<b>Total Federal Awards</b>			<u>\$268,551</u>	<u>\$27,205</u>	<u>\$348,970</u>	<u>\$30,034</u>

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

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.





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JIM PETRO, AUDITOR OF STATE

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

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

We have audited the general purpose financial statements of Madison Plains Local School District, Madison County, Ohio (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated January 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 14, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 14, 2002.

Madison Plains Local School District  
Madison County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

January 14, 2002



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

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

**Compliance**

We have audited the compliance of Madison Plains Local School District, Madison County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

**Internal Control Over Compliance**

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

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

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

**JIM PETRO**  
Auditor of State

January 14, 2002

**MADISON PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster CFDA 10.550, 10.553, 10.555
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

NONE

**3. FEDERAL FINDINGS**

NONE





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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  
FEBRUARY 12, 2002**