



**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balance All Governmental Fund Types	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - (Non- GAAP Basis) All Governmental Fund Types	6
Combined Statement of Revenues, Expenses and Changes in Retained Earnings All Proprietary Fund Types	9
Combined Statement of Cash Flows All Proprietary Fund Types	10
Notes to the General Purpose Financial Statements	11
Schedule of Federal Awards Receipts and Expenditures	37
Notes to Schedule of Federal Awards Receipts and Expenditures	38
Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	39
Report on Compliance with Requirements Applicable to Each Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	41
Schedule of Findings	43

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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, 2000, 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 generally accepted auditing standards 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, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2000 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.

Our audit was performed for the purpose of forming 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 purposes of 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. Such information has been subjected 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

December 15, 2000

This Page Intentionally Left Blank

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	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 Debt	2000 (Memorandum Only)
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$ 1,127,517	183,064	225	316,561	10,504	447,596	41,492	0	0	\$ 2,126,959
Restricted Cash	187,489	0	0	0	0	0	0	0	0	187,489
Taxes Receivable	3,794,410	0	0	281,405	0	0	0	0	0	4,075,815
Interfund Receivables	2,500	0	0	0	0	0	0	0	0	2,500
Intergovernmental Receivables	1,250	1,000	0	0	0	0	0	0	0	2,250
Accounts Receivable	71	336	0	0	30	0	0	0	0	437
Supplies Inventory	0	0	0	0	4,327	0	0	0	0	4,327
Inventory for Resale	0	0	0	0	15,893	0	0	0	0	15,893
Property, Plant & Equipment	0	0	0	0	294,750	21,253	0	10,814,210	0	11,130,213
Accumulated Depreciation, where applicable	0	0	0	0	(174,310)	(4,998)	0	0	0	(179,308)
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	225	225
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	881,694	881,694
Total Assets and Other Debits	\$ 5,113,237	184,400	225	597,966	151,194	463,851	41,492	10,814,210	881,919	\$ 18,248,494

(Continued)

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)**

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals 2000	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long Term	(Memorandum Only)
Liabilities:										
Interfund Payables	\$ 0	2,500	0	0	0	0	0	0	0	\$ 2,500
Intergovernmental Payables	170,585	418	0	0	26,847	0	0	0	61,418	259,268
Accounts Payables	34,737	5,986	0	71,122	0	156	553	0	0	112,554
Claims Payables	0	0	0	0	0	191,727	0	0	0	191,727
Accrued Salaries and Benefits	864,394	50,470	0	0	33,164	0	0	0	0	948,028
Deferred Revenue	2,365,431	0	0	164,577	6,696	0	0	0	0	2,536,704
Due to Others	0	0	0	0	0	0	40,939	0	0	40,939
Capital Lease Payable	0	0	0	0	0	0	0	0	53,159	53,159
Energy Conservation Bonds Payable	0	0	0	0	0	0	0	0	100,000	100,000
Compensated Absences Payable	2,197	0	0	0	13,420	0	0	0	667,342	682,959
Total Liabilities	3,437,344	59,374	0	235,699	80,127	191,883	41,492	0	881,919	4,927,838
Fund Equity and Other Credits:										
Investment in General Fixed Assets	0	0	0	0	0	0	0	10,814,210	0	10,814,210
Contributed Capital	0	0	0	0	126,224	0	0	0	0	126,224
Retained Earnings	0	0	0	0	(55,157)	271,968	0	0	0	216,811
Fund Balances:										
Reserved for Encumbrances	81,947	13,879	0	116,875	0	0	0	0	0	212,701
Reserved for Future Appropriation	1,428,979	0	0	116,828	0	0	0	0	0	1,545,807
Reserved for Debt Service	0	0	225	0	0	0	0	0	0	225
Reserved for Budget Stabilization	187,489	0	0	0	0	0	0	0	0	187,489
Unreserved Fund Balance	(22,522)	111,147	0	128,564	0	0	0	0	0	217,189
Total Fund Equity	1,675,893	125,026	225	362,267	0	0	0	0	0	2,163,411
Total Fund Balances/Retained Earnings and Other Credits	1,675,893	125,026	225	362,267	71,067	271,968	0	10,814,210	0	13,320,656
Total Liabilities, Fund Equity, and Other Credits	\$ 5,113,237	184,400	225	597,966	151,194	463,851	41,492	10,814,210	881,919	\$ 18,248,494

See Accompanying Notes to the General Purpose Financial Statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES:					
Revenue from Local Sources					
Taxes	\$ 3,769,068	0	54,000	307,516	\$ 4,130,584
Tuition	12,342	0	0	0	12,342
Transportation Fees	17,463	0	0	0	17,463
Earnings on Investments	102,907	0	0	0	102,907
Extracurricular Activities	0	119,223	0	0	119,223
Classroom Materials & Fees	46,279	0	0	0	46,279
Miscellaneous	50,716	63,757	0	0	114,473
Revenue from Intermediate Sources					
Unrestricted Grants-in-Aid	0	25,000	0	0	25,000
Revenue from State Sources					
Unrestricted Grants-in-Aid	4,909,860	0	0	91,777	5,001,637
Restricted Grants-in-Aid	2,750	94,302	0	0	97,052
Revenue for/on Behalf of District	1,250	0	0	0	1,250
Revenue from Federal Sources					
Restricted Grants-in-Aid	0	213,596	0	0	213,596
Total Revenue	8,912,635	515,878	54,000	399,293	9,881,806
EXPENDITURES:					
Current:					
Instruction					
Regular	4,299,426	63,172	0	147,740	4,510,338
Special	435,611	141,767	0	440	577,818
Vocational	251,428	0	0	0	251,428
Adult/Continuing Instruction	2,837	0	0	0	2,837
Other	7,972	0	0	0	7,972
Supporting Services					
Pupils	401,633	57,144	0	11,545	470,322
Instructional Staff	338,483	22,156	0	1,445	362,084
Board of Education	27,018	0	0	0	27,018
Administration	841,959	52,020	0	9,560	903,539
Fiscal Services	274,197	0	0	8,744	282,941
Business	784	0	0	0	784
Operation & Maintenance-Plant	726,192	0	0	127,154	853,346
Pupil Transportation	686,251	0	0	1,535	687,786
Central	155,255	73,565	0	110,821	339,641
Operation of Non-Instructional Services					
Food Service & Community Operations	24	3,753	0	23,461	27,238
Extracurricular Activities					
Academic & Subject Oriented	84,645	32,531	0	0	117,176
Sports Oriented	157,522	72,944	0	0	230,466
Co-Curricular Activities	12,022	2,353	0	0	14,375
Capital Outlay					
Building Improvements	0	0	0	88,985	88,985
Debt Service					
Repayment of Debt	0	0	53,881	0	53,881
Total Expenditures	8,703,259	521,405	53,881	531,430	9,809,975
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	209,376	(5,527)	119	(132,137)	71,831
Other Financing Sources and Uses:					
Transfers-In	0	0	0	853	853
Other Sources	209	54	0	0	263
Transfers-Out	(19,082)	0	0	0	(19,082)
Net Other Financing Sources and Uses	(18,873)	54	0	853	(17,966)
Excess (Deficiency) of Revenues and Other Sources Over Expenditure					
Disbursement and Other Uses	190,503	(5,473)	119	(131,284)	53,865
Beginning Fund Balance	1,467,162	130,499	18,334	493,551	2,109,546
Residual Equity Transfer in/out	18,228		(18,228)		
Ending Fund Balance	\$ 1,675,893	125,026	225	362,267	\$ 2,163,411

See Accompanying Notes to the General Purpose Financial Statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 3,862,175	3,877,480	15,305	0	0	\$ 0
Tuition	12,000	12,342	342	0	0	0
Transportation Fees	15,000	17,463	2,463	0	0	0
Earnings on Investment	90,000	102,986	12,986	0	0	0
Extracurricular Activities	0	0	0	116,757	135,115	18,358
Classroom Materials and Fees	43,400	46,279	2,879	0	0	0
Miscellaneous	50,000	50,767	767	63,803	47,689	(16,114)
Local Unrestricted Grants-in-Aid	0	0	0	25,000	25,000	0
State Unrestricted Grants-In-Aid	4,844,786	4,909,860	65,074	0	0	0
State Restricted Grants-in-Aid	4,500	2,750	(1,750)	87,992	93,302	5,310
Revenue for/on Behalf of District	350	350	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	260,419	254,078	(6,341)
Total Revenue	8,922,211	9,020,277	98,066	553,971	555,184	1,213
Expenditures:						
Regular Instruction	4,396,383	4,271,489	124,894	93,041	61,142	31,899
Special Instruction	469,772	453,390	16,382	156,092	120,704	35,388
Vocational Instruction	245,050	242,960	2,090	0	0	0
Adult/Continuing Instruction	2,850	2,750	100	0	0	0
Other Instruction	8,322	8,322	0	0	0	0
Support Services-Pupils	404,542	391,658	12,884	69,765	58,133	11,632
Support Services-Instructional Staff	337,344	334,924	2,420	19,398	28,036	(8,638)
Support Services-Board of Education	42,324	33,447	8,877	0	0	0
Support Services-Administration	895,825	834,907	60,918	62,785	55,264	7,521
Fiscal Services	302,737	296,362	6,375	0	0	0
Support Services-Business	5,000	784	4,216	0	0	0
Operation & Maintenance-Plant	776,875	740,022	36,853	0	0	0
Support Services-Transportation	757,633	731,184	26,449	0	0	0
Support Services-Central	177,055	153,531	23,524	91,829	72,721	19,108
Food Service Operations	0	0	0	0	0	0
Community Services	0	0	0	3,754	3,753	1
Academic & Subject Oriented	83,120	82,896	224	34,510	34,509	1
Sports Oriented	157,978	157,844	134	110,290	83,347	26,943
Co-Curricular Activities	12,590	11,590	1,000	6,938	4,308	2,630
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
Total Expenditures	9,075,400	8,748,060	327,340	648,402	521,917	126,485
Excess of Revenue Over (Under) Expenditures	(153,189)	272,217	425,406	(94,431)	33,267	127,698
Other Financing Sources (Uses):						
Transfers-In	18,000	18,228	228	0	0	0
Advances-In	103,600	122,600	19,000	3,100	5,600	2,500
Refund of Prior Year Expenditures	0	209	209	0	0	0
Transfers-Out	(19,082)	(19,082)	0	0	0	0
Advances-Out	(125,100)	(125,100)	0	(3,100)	(3,100)	0
Total Other Sources (Uses)	(22,582)	(3,145)	19,437	0	2,500	2,500
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
Beginning Fund Balance	890,119	890,119	--	99,559	99,559	--
Prior Year Carry Over Encumbrances	65,041	65,041	--	27,700	27,700	--
Ending Fund Balance	\$ 779,389	1,224,232	444,843	32,828	163,026	\$ 130,198

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)**

ALL GOVERNMENTAL FUND TYPES

JUNE 30, 2000

(Continued)

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 54,000	54,000	0	317,600	320,726	\$ 3,126
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
Local Unrestricted Grants-in-Aid	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	91,110	91,777	667
State Restricted Grants-in-aid	0	0	0	0	0	0
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	54,000	54,000	0	408,710	412,503	3,793
Expenditures:						
Regular Instruction	0	0	0	183,957	147,975	35,982
Special Instruction	0	0	0	1,500	441	1,059
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	13,000	11,545	1,455
Support Services-Instructional Staff	0	0	0	8,730	4,175	4,555
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	14,000	9,560	4,440
Fiscal Services	0	0	0	9,011	8,744	267
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	213,589	129,236	84,353
Support Services-Transportation	0	0	0	70,000	55,725	14,275
Support Services-Central	0	0	0	112,249	112,204	45
Food Service Operations	0	0	0	52,500	11,324	41,176
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	18,000	17,704	296
Building Improvement	0	0	0	59,235	59,144	91
Repayment of Debt	53,885	53,881	4	0	24,273	(24,273)
Total Expenditures-	53,885	53,881	4	755,771	592,050	163,721
Excess of Revenue Over (Under) Expenditures	115	119	4	(347,061)	(179,547)	167,514
Other Financing Sources (Uses):						
Transfers-In	0	0	0	0	853	853
Advances-In	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Transfers-Out	(18,228)	(18,228)	0	0	0	0
Advances-Out	0	0	0	0	0	0
Total Other Sources (Uses)	(18,228)	(18,228)	0	0	853	853
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(18,113)	(18,109)	4	(347,061)	(178,694)	168,367
Beginning Fund Balance	18,335	18,335	--	375,391	375,391	--
Prior Year Carry Over Encumbrances	0	0	--	2,987	2,987	--
Ending Fund Balance	\$ 222	226	4	31,317	199,684	\$ 168,367

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2000
(Continued)**

Totals (Memorandum Only)			
	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$ 4,233,775	4,252,206	\$ 18,431
Tuition	12,000	12,342	342
Transportation Fees	15,000	17,463	2,463
Earnings on Investment	90,000	102,986	12,986
Extracurricular Activities	116,757	135,115	18,358
Classroom Materials and Fees	43,400	46,279	2,879
Miscellaneous	113,803	98,456	(15,347)
Local Unrestricted Grants-in-Aid	25,000	25,000	0
State Unrestricted Grants-in-Aid	4,935,896	5,001,637	65,741
State Restricted Grants-in-aid	92,492	96,052	3,560
Revenue for/on Behalf of District	350	350	0
Federal Restricted Grants-in-Aid	260,419	254,078	(6,341)
Total Revenue	9,938,892	10,041,964	103,072
Expenditures:			
Regular Instruction	4,673,381	4,480,606	192,775
Special Instruction	627,364	574,535	52,829
Vocational Instruction	245,050	242,960	2,090
Adult/Continuing Instruction	2,850	2,750	100
Other Instruction	8,322	8,322	0
Support Services-Pupils	487,307	461,336	25,971
Support Services-Instructional Staff	365,472	367,135	(1,663)
Support Services-Board of Education	42,324	33,447	8,877
Support Services-Administration	972,610	899,731	72,879
Fiscal Services	311,748	305,106	6,642
Support Services-Business	5,000	784	4,216
Operation & Maintenance-Plant	990,464	869,258	121,206
Support Services-Transportation	827,633	786,909	40,724
Support Services-Central	381,133	338,456	42,677
Food Services Operations	52,500	11,324	41,176
Community Services	3,754	3,753	1
Academic & Subject Oriented	117,630	117,405	225
Sports Oriented	268,268	241,191	27,077
Co-Curricular Activities	19,528	15,898	3,630
Site Improvement	18,000	17,704	296
Building Improvement	59,235	59,144	91
Repayment of Debt	53,885	78,154	(24,269)
Total Expenditures	10,533,458	9,915,908	617,550
Excess of Revenue Over (Under) Expenditures	(594,566)	126,056	720,622
Other Financing Sources (Uses):			
Transfers-In	18,000	19,081	1,081
Advances-In	106,700	128,200	21,500
Refund of Prior Year Expenditures	0	209	209
Transfers-Out	(37,310)	(37,310)	0
Advances-Out	(128,200)	(128,200)	0
Total Other Sources (Uses)	(40,810)	(18,020)	22,790
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(635,376)	108,036	743,412
Beginning Fund Balance	1,383,404	1,383,404	--
Prior Year Carry Over Encumbrances	95,728	95,728	--
Ending Fund Balance	\$ 843,756	\$ 1,587,168	\$ 743,412

See Accompanying Notes to the General Purpose Financial Statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
JUNE 30, 2000**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	
Operating Revenues:			
Food Service	\$ 364,520	0	\$ 364,520
Classroom Materials & Fees	12,959	0	12,959
Insurance Revenues	0	1,149,833	1,149,833
Total Operating Revenue	377,479	1,149,833	1,527,312
Operating Expenses:			
Personal Services - Salary	157,062	0	157,062
Employee Benefits	96,983	0	96,983
Purchased Services	4,573	1,042,124	1,046,697
Supplies and Materials	260,116	365	260,481
Other Expenses	0	470	470
Depreciation	7,281	1,417	8,698
Total Operating Expenses	526,015	1,044,376	1,570,391
Operating Gain (Loss)	(148,536)	105,457	(43,079)
Non-Operating Revenues and Expenses:			
Earnings on Investment	911	0	911
State Restricted Grants-In-Aid	4,893	2,226	7,119
Federal Unrestricted Grants-in-Aid	95,248	0	95,248
Miscellaneous	0	0	0
Federal Commodities	28,569	0	28,569
Total Non-Operating Revenues	129,621	2,226	131,847
Loss on Disposal of Assets	0	0	0
Total Non-Operating Expenses	0	0	0
Net Income (Loss) Before Operating Transfers	(18,915)	107,683	88,768
Transfers-In	0	18,228	18,228
Total Transfers	0	18,228	18,228
Net Income (Loss)	(18,915)	125,911	106,996
Beginning Retained Earnings (Restated)	(36,242)	146,057	109,815
Retained Earnings at End of Year	\$ (55,157)	271,968	\$ 216,811

See Accompanying Notes to the General Purpose Financial Statements.

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

**COMBINED STATEMENT OF CHANGES IN CASH FLOWS
ALL PROPRIETARY FUND TYPES
JUNE 30, 2000**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (148,536)	105,457	\$ (43,079)
Adjustment to Reconcile Operating Income (Loss)			
To Net Cash Provided by (Used in) Operating Activities:			
Depreciation	7,281	1,417	8,698
Net (Increase) Decrease in Assets:			
Accounts Receivable	(3)	510	507
Inventory	(802)	0	(802)
Net Increases (Decreases) in Liabilities:			
Accounts Payable	(537)	(5,249)	(5,786)
Intergovernmental Payable	11,586	0	11,586
Deferred Revenue	391	0	391
Claims Payable	0	78,527	78,527
Accrued Wages and Benefits	2,078	0	2,078
Compensated Absences	1,269	0	1,269
Total Adjustments	<u>21,263</u>	<u>75,205</u>	<u>96,468</u>
Net Cash Provided by(Used in) Operating Activities	(127,273)	180,662	53,389
Cash Flows from Noncapital Financing Activities			
Earnings on Investment	911	0	911
Grants from State Sources	4,893	2,226	7,119
Grants from Federal Sources	95,248	0	95,248
Federal Commodities	28,569	0	28,569
Miscellaneous	0	62,101	62,101
Net Cash Provided by Noncapital Financing Activities	<u>129,621</u>	<u>64,327</u>	<u>193,948</u>
Cash Flows from Capital Financing Sources:			
Acquisition of Capital Assets	0	0	0
Net Cash Provided by Capital Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Increase in Cash & Cash Equivalents	2,348	244,989	247,337
Cash and Cash Equivalents at Beginning of Year	<u>8,156</u>	<u>202,607</u>	<u>210,763</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,504</u>	<u>447,596</u>	<u>\$ 458,100</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, 2000**

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, 1999, was 1,789. The District employed 8 administrative and supervisory personnel, 111 certified employees and 69 non-certificated employees. The District is supervised by the Madison/Champaign 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, 2000
(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.

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.

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

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Proprietary Fund Types (Continued)

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.

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.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
 - 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, 2000 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.

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 20 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.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

- 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.

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

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

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and Enterprise Fund as authorized by board resolution. Interest income earned in fiscal year 2000 totaled \$103,818 with General Fund interest of \$102,907 which included 23,669 assigned from other funds.

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2000. 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, 2000 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.

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, 2000, 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.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 School District maintains a capitalization threshold of five hundred dollars. 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).

J. Intergovernmental Revenues

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

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

Entitlements:

General Fund

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

Special Revenue Funds

- Educational Management Information Systems

Capital Projects

- School Net Funding

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues (Continued)

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

Grants and entitlements amounted to approximately 54% of the District's operating revenue during the 2000 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.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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.

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, budget stabilization, debt, 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.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Restricted Cash

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after a two-thirds vote of the board of education and receiving approval from the State Superintendent of Public Instruction for the replenishment of the reserve. A fund balance reserve has also been established.

Q. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to retained earnings at year end.

Amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

R. 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.

2. FUND DEFICITS

Fund deficits:

Fund balances at June 30, 2000 included the following individual fund deficits:

Enterprise Fund:

Lunchroom Fund \$ (55,794)

This deficit resulted from operating losses

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. 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	\$ 190,503	(5,473)	119	\$ (131,284)
Increase (Decrease):				
Due to Revenues:				
Residual Equity Transfer	18,228		(18,228)	
Net Adjustments to Revenue Accruals	107,642	39,306	0	13,210
Due to Expenditures:				
Net Adjustments to Expenditure Accruals	(44,801)	(512)	0	(60,620)
Net Adjustments to Other Uses	(2,500)	2,446	0	0
Budget Basis	\$ 269,072	35,767	(18,109)	\$ (178,694)

4. 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, 2000
(Continued)**

4. 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*.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. CASH AND CASH EQUIVALENTS (Continued)

Deposits: At year end, the carrying amount of the District's deposits was \$46,818 and the bank balance was \$100,047. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$47 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			\$ 2,267,513	\$ 2,267,513	\$ 2,267,513
Total Investments				<u>\$ 2,267,513</u>	<u>\$ 2,267,513</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	\$ 2,314,448	\$ 0
Investments:		
Repurchase Agreement	(2,267,513)	2,267,513
Petty and Change Cash	(117)	0
GASB Statement No. 3	<u>\$ 46,818</u>	<u>\$ 2,267,513</u>

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. 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. 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, 2000 for operations was \$35.45 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 2000 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$ 8,693,790
Real Property-Residential/Agricultural	94,972,170
Personal Property-General	<u>36,669,412</u>
Total Assessed Value	<u><u>\$ 140,335,372</u></u>

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. RECEIVABLES

Receivables at June 30, 2000 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:

General Fund:	
Drivers Education Subsidy	\$ 1,250
Special Revenue Funds:	
School Net Teacher Development	<u>1,000</u>
Total Intergovernmental Receivable	<u><u>\$ 2,250</u></u>

7. FIXED ASSETS

The following is a summary of the proprietary fund types property, plant and equipment at June 30, 2000:

	Enterprise Fund	Internal Service Fund
Furniture and Equipment	\$ 294,750	\$ 21,253
Less Accumulated Depreciation	(174,310)	(4,998)
Net Fixed Assets	<u>\$ 120,440</u>	<u>\$ 16,255</u>

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. FIXED ASSETS (Continued)

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000:

	General Fixed Assets June 30, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
Land, Buildings & Improvements	\$ 5,824,278	155,838	0	\$ 5,980,116
Furniture and Equipment	3,025,997	206,243	0	3,232,240
Vehicles	1,577,606	155,013	130,765	1,601,854
Total General Fixed Assets	<u>\$ 10,427,881</u>	<u>517,094</u>	<u>130,765</u>	<u>\$ 10,814,210</u>

There was no significant construction in progress at June 30, 2000.

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The 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. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$196,824, \$191,424 and \$176,560, respectively; 45.81 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$116,430 representing the unpaid contribution for fiscal year 2000, 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, 2000
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$665,184, \$582,852 and \$545,721, respectively; 83.33 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$110,864 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

9. 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 classified 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 costs 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, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$360,411 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent from fiscal year 1998. 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 2000, the minimum pay has been established at \$12,400. The surcharge rate 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. For the District, this amount equaled \$138,061 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$189.6 million. The number of participants currently receiving health care benefits is approximately 51,000.

10. 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</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 267 days and for certified employees it is 255 days.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. 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 53 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 60 days.

11. 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. 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 School 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
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. 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.

The claims liability of \$191,727 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No.10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. A summary of self-insurance claims activity follows:

	June 30, 2000	June 30, 1999
Claim Liabilities at beginning of year	\$ 113,200	\$ 229,002
Incurred Claims	1,003,498	696,660
Claims Paid	(924,971)	(812,462)
Claim Liabilities at end of year	<u>\$ 191,727</u>	<u>\$ 113,200</u>

12. NOTES AND LONG-TERM DEBT

A summary of changes in long-term obligations for the year ended June 30, 2000, are as follows:

	Balance			Balance
	July 1, 1999	Additions	Deletions	June 30,2000
Intergovernmental Payable	\$ 73,372	61,418	73,372	\$ 61,418
Capital Leases Payable	66,850	0	13,691	53,159
Energy Conservation Bonds	145,000	0	45,000	100,000
Compensated Absences Payable	634,001	667,342	634,001	667,342
	<u>\$ 919,223</u>	<u>728,760</u>	<u>766,064</u>	<u>\$ 881,919</u>

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. NOTES AND LONG-TERM DEBT (Continued)

The annual maturities of the general obligation bonds (Energy Conservation Bonds) as of June 30, 2000, and related interest payments are as follows:

Year	Principal	Interest	Payment
FY 2001	\$ 50,000	5,438	\$ 55,438
FY 2002	50,000	1,813	51,813
	<u>\$ 100,000</u>	<u>7,251</u>	<u>\$ 107,251</u>

In FY 1992, the School District received \$390,000 in Energy Conservation Bonds for the purpose of paying costs of installations, modifications of installations and remodeling of existing school buildings for energy conservation. The bonds bear interest at a rate of 7.25% a year and are subject to mandatory sinking fund redemption on December 1 in the principal amounts listed above. If retired only by mandatory sinking fund to their stated maturity, there would remain \$50,000 principal amount of the bonds due on December 1, 2000, to be paid at maturity.

The District is making installment payments on equipment purchased August 3, 1998 with an original value of \$79,787 and maturity on August 10, 2002. This equipment has been capitalized in the General Long Term Account Group. This obligation provides for interest at rates 8.96%, with an outstanding balance of \$53,159 at June 30, 2000.

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, 2000:

	Year June 30
FY 2001	\$ 24,273
FY 2002	24,273
FY 2003	<u>12,137</u>
Less interest:	<u>(7,524)</u>
Present Value of Minimum Lease Payments	<u>\$ 53,159</u>

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 \$140,335. The voted debt limit at June 30, 2000 is \$12,630,183.

13. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2000, the drug free special revenue fund had an interfund payable in the amount of \$2,500. The general fund had an interfund receivable of \$2,500.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. 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, 2000, is as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Total
Operating Revenues	\$ 364,520	12,959	\$ 377,479
Operating Expenses:			
Depreciation	(7,281)	0	(7,281)
Other Expenses	(502,528)	(16,206)	(518,734)
Total Operating Expenses	<u>(509,809)</u>	<u>(16,206)</u>	<u>(526,015)</u>
Operating Income (Loss)	(145,289)	(3,247)	(148,536)
Non Operating Revenues and Expenses:			
Grants	100,141	0	100,141
Interest	911	0	911
Loss on Disposal of Assets	0	0	0
Federal Commodities	28,569	0	28,569
Net Income (Loss)	<u>\$ (15,668)</u>	<u>(3,247)</u>	<u>\$ (18,915)</u>
Net Working Capital	<u>\$ (50,010)</u>	<u>637</u>	<u>\$ (49,373)</u>
Contributed Capital	<u>\$ 126,224</u>	<u>0</u>	<u>\$ 126,224</u>
Total Assets	<u>\$ 150,557</u>	<u>637</u>	<u>\$ 151,194</u>
Retained Earnings	<u>\$ (55,794)</u>	<u>637</u>	<u>\$ (55,157)</u>

15. 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 its 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.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. CONTINGENCIES

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, 2000.

17. SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$4,523,665 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. 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, 2000, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1999	\$ 0	0	115,814	\$ 115,814
Current Year Set-Aside Requirement	215,024	215,024	71,675	501,723
Current Year Offsets	(172,432)	(281,956)	0	(454,388)
Qualifying Disbursements	(143,255)	(116,251)	0	(259,506)
Total	<u>(100,663)</u>	<u>(183,183)</u>	<u>187,489</u>	<u>(96,357)</u>
Cash Balance Carried Forward to FY2001	<u>\$ 0</u>	<u>0</u>	<u>187,489</u>	
Amount Restricted for Budget Stabilization				<u>\$ 187,489</u>
Total Restricted Assets				<u>\$ 187,489</u>

19. PRIOR PERIOD ADJUSTMENT

At 6/30/99, there was unrecorded Depreciation expense that did not get closed to the enterprise retained earnings.

As previously stated 6/30/99	34,818
Adjustment	(71,060)
Restated Enterprise Retained Earnings 7/1/00	(36,242)

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

20. CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital in the enterprise funds for the year ended June 30, 2000, are summarized below:

	<u>Beginning</u>	<u>Additions</u>	<u>Total</u>
Contributed	\$79,787	\$46,437	\$126,224

21. RESIDUAL EQUITY TRANSFER

The Court of Common Pleas, Madison County, Ohio pursuant to Ohio Revised Code Section 5705.14 (C) gave the Board of Education permission to transfer the unexpended balance of a debt service fund to their general fund. The residual equity transfer totaled \$18,882.

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

<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>
U.S. Department of Agriculture						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster</i>						
Food Distribution		10.550	\$0	\$28,961		\$28,569
National School Breakfast Program	05-PU 00	10.553	\$13,335	0	13,335	0
National School Lunch Program	04-PU 00	10.555	81,913	0	81,913	0
Total U.S. Department of Agriculture- Child Nutrition Cluster			95,248	28,961	95,248	28,569
U.S. Department of Education						
<i>Pass through the Ohio Department of Education:</i>						
Special Education-Grants to State	6B-SF 99/00	84.027	101,780	0	92,203	0
Title I Grants to Local Educational Agencies	C1-S1 99/00	84.010	90,081	0	79,261	0
Safe and Drug Free Schools and Communities Grant	DR-S1 99/00	84.186	4,553	0	13,623	0
Title VI-Reducing Class Size Grant	CR-S1-00	84.340	21,184	0	20,921	0
Eisenhower Professional Development State Grant	MS-S1 99/00	84.281	6,190	0	6,769	0
Innovative Educational Program Strategies	C2-S1 99/00	84.298	9,830	0	4,953	0
Total U.S. Department of Education			233,618	0	217,730	0
U.S. Department of Labor						
<i>Passed through the Ohio Department of Education</i>						
Employment Services and Job Training Pilot	WK/BE	17.249	0		9,215	
Total Federal Financial Assistance			<u>\$328,866</u>	<u>\$28,961</u>	<u>\$322,193</u>	<u>\$28,569</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, 2000**

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, 2000, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

**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 financial statements of Madison Plains Local School District (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 15, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 15, 2000.

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 December 15, 2000.

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

December 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

**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 (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, 2000. 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 each of its major federal programs 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 generally accepted auditing standards; 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, 2000.

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.

Internal Control Over Compliance
(Continued)

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

December 15, 2000

**MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JANUARY 11, 2001**