

MADISON-PLAINS LOCAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

June 30, 2009



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Madison Plains Local School District, Madison County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 14, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Madison-Plains Local School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison-Plains Local School District (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2009, and the respective changes in financial position, cash flows, and budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
March 26, 2010

Madison Plains Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The discussion and analysis of the Madison Plains Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2009 are as follows:

- General Revenues accounted for \$13.5 million in revenue or 86% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for approximately \$2.2 million or 14% of total revenues of \$15.7 million.
- Total program expenses were \$14.0 million in Governmental Activities.
- In total, net assets of Governmental Activities increased \$1,714,722 from 2008.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* excluding fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Madison Plains Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Madison Plains Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

(Table 1)		
Net Assets		
<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>
Assets		
Current and Other Assets	\$ 14,094,926	\$ 12,940,764
Capital Assets	<u>4,025,452</u>	<u>3,621,923</u>
Total Assets	18,120,378	16,562,687
Liabilities		
Long-Term Liabilities	506,792	534,014
Other Liabilities	<u>5,646,305</u>	<u>5,776,114</u>
Total Liabilities	6,153,097	6,310,128
Net Assets		
Invested in Capital Assets	4,025,452	3,602,445
Restricted	1,172,253	625,277
Unrestricted (Deficit)	<u>6,769,576</u>	<u>6,024,837</u>
Total Net Assets	<u><u>\$ 11,967,281</u></u>	<u><u>\$ 10,252,559</u></u>

Total net assets increased by \$1,714,722. Total assets increased \$1,557,691, which was the result of an increase in cash at year end and capital asset additions exceeding depreciation expense. Total liabilities decreased \$157,031, which was mainly attributable to less deferred tax revenue and claims payable.

Madison Plains Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 2 shows the changes in net assets for fiscal year 2009. This will enable the reader to draw further conclusion about the School District's financial status and possibly project future problems.

(Table 2)
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,347,076	\$ 1,168,946
Operating Grants	795,057	1,108,447
Capital Grants	24,357	12,399
<i>General Revenue:</i>		
Property Taxes	6,137,570	6,371,173
Grants and Entitlements	6,116,344	6,176,607
Payment in Lieu of Taxes	5,991	10,097
Other	1,245,872	374,363
Total Revenues	15,672,267	15,222,032
Program Expenses		
Instruction	7,711,237	7,317,720
Support Services	5,113,179	4,720,059
Food Service	672,019	576,926
Extracurricular Activities	451,458	442,990
Interest and Fiscal Charges	9,652	11,148
Total Expenses	13,957,545	13,068,843
Change in Net Assets	1,714,722	2,153,189
Net Assets Beginning of Year	10,252,559	8,099,370
Net Assets End of Year	\$ 11,967,281	\$ 10,252,559

Overall revenue increased approximately \$450,235 over fiscal year 2008. Program expenses increased from \$13.1 million in 2008 to \$14.0 million in 2009. The increase in total program expenses reflects increases in salaries, fringe benefits (health insurance and retirement), food services, pupil transportation and other expenses.

The majority of revenues supporting governmental activities are general revenues. General revenues totaled \$13,505,777, or 86 % of total revenue, which the most significant portion of the general revenue being local property taxes. The remaining amount of revenue received was in the form of program revenue which equaled \$2,166,490 or 14% of total revenue.

Instructional expenses comprise 55% of governmental program expenses. Additional supporting services, including program expenses of pupils, instructional staff and operation and maintenance of plant,

Madison Plains Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

encompassed an additional 41%. The remaining 3% of program expenses is used for other obligations of the School District such as extracurricular activities.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total revenues of \$15.7 million and expenses of \$14.0 million.

(Table 3)
Governmental Activities

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 7,711,237	\$ 6,383,022	\$ 7,317,720	\$ 5,892,070
Support Services:				
Pupils and Instructional Staff	944,406	922,340	890,027	855,031
Board of Education, Administration				
Fiscal and Business	1,948,291	1,943,291	1,759,626	1,754,626
Operation and Maintenance of Plant	980,894	980,894	923,957	923,957
Pupil Transportation and Central	1,239,588	1,191,092	1,146,449	1,112,526
Food Service	672,019	60,296	576,926	(13,069)
Extracurricular Activities	451,458	300,468	442,990	242,762
Interest Charges	9,652	9,652	11,148	11,148
Total	\$ 13,957,545	\$ 11,791,055	\$ 13,068,843	\$ 10,779,051

Instruction, pupils and instructional staff comprise 62% of governmental program expenses. Pupil transportation and the operation and maintenance of plant account for 13% of governmental program expenses.

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

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of approximately \$15 million and expenditures of approximately \$14.6 million in fiscal year 2009. There were no significant changes in fund balance of major funds.

Madison Plains Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, there were minor changes to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue and other financing sources was \$12.8 million, which is under the original budget estimate of \$13.3 million. Final appropriations and other financing uses of \$12.4 million were under original appropriations of \$13.0 million, there were no individually significant events that caused this variance.

Total actual revenues, including other financing sources were \$13.7 million. This is \$867,827 higher than the final budget due to taxes and intergovernmental revenue being conservatively budgeted for during the year. Total actual expenditures, including other financing uses, on the budget basis (cash outlays plus transfers out) were \$12.8 million, \$429,095 more than the final expenditures and other financing uses. There were no individual significant events that caused this variance. The School District's unencumbered fund balance at the end of the year was \$7,192,742.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$4.0 million invested in land, building improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2009 balances compared with 2008 net of depreciation.

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

	<u>2009</u>	<u>2008</u>
Land	\$ 820,481	\$ 824,440
Land Improvements	464,690	298,639
Buildings and Improvements	1,737,495	1,750,568
Furniture and Fixtures	203,043	220,913
Vehicles	<u>799,743</u>	<u>527,363</u>
Total Capital Assets	<u>\$ 4,025,452</u>	<u>\$ 3,621,923</u>

The \$403,529 increase in capital assets was attributable to additions exceeding depreciation expenses and disposals. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Madison Plains Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Ohio law requires school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2009, this amounted to \$228,105 for each set aside. The School District had qualifying disbursements during the year that exceeded the textbook requirements. See Note 20 for additional information.

Debt

At June 30, 2009, the School District had \$215,000 in bonds outstanding with \$25,000 due within one year. Table 5 summarizes bonds outstanding.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities	
	2009	2008
General Obligation Bonds Payable:		
HB 264 Energy Conservation	\$ 215,000	\$ 235,000

HB 264 Energy Conservation Bonds were issued to reduce energy consumption in buildings owned by the School District. See Note 13 to the basic financial statements for detail on the School District's long-term obligations.

Current Issues

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

The School District has settled negotiations with both the Madison Plains Education Association and the Ohio Association of Public School Employees. We have secured wage agreements through June 30, 2012. The agreements fall within the five year forecast and will help the School District maintain its financial position.

The School District is currently trying to pass a bond issue to build a new K-12 facility through the Ohio School Facilities Commission (OSFC) Exceptional Needs Program. OSFC would pay for 36% of the project cost.

The School District will have a renewal issue on the November 2010 ballot. The issue will be a renewal of an 8 mil, three year operating levy first passed in calendar year 2005.

Contacting the School District's Financial Management

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

Basic Financial Statements

Madison Plains Local School District

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$ 8,416,900
Receivables:	
Taxes	5,648,292
Intergovernmental	29,734
Nondepreciable Capital Assets	820,481
Depreciable Capital Assets (Net)	<u>3,204,971</u>
<i>Total Assets</i>	<u>18,120,378</u>
Liabilities	
Accounts Payable	38,177
Accrued Wages and Benefits	1,117,569
Intergovernmental Payable	388,903
Accrued Vacation Leave Payable	21,990
Deferred Revenue	4,070,018
Claims Payable	9,648
Long -Term Liabilities:	
Due Within One Year	101,271
Due in More Than One Year	<u>405,521</u>
<i>Total Liabilities</i>	<u>6,153,097</u>
Net Assets	
Invested in Capital Assets	4,025,452
Restricted for:	
Debt	35,645
Capital Projects	903,679
Other Purposes	123,001
Set Asides	109,928
Unrestricted	<u>6,769,576</u>
<i>Total Net Assets</i>	<u>\$ 11,967,281</u>

Madison Plains Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 6,492,498	\$ 790,237	\$ 274,034	\$ 0	\$ (5,428,227)
Special	752,486	10,086	253,858	0	(488,542)
Vocational	466,253	0	0	0	(466,253)
Support Services:					
Pupils	408,245	0	0	0	(408,245)
Instructional Staff	536,161	0	22,066	0	(514,095)
Board of Education	69,939	0	0	0	(69,939)
Administration	1,382,714	0	0	0	(1,382,714)
Fiscal	495,638	0	5,000	0	(490,638)
Operation and Maintenance of Plant	980,894	0	0	0	(980,894)
Pupil Transportation	958,543	9,139	0	24,357	(925,047)
Central	281,045	0	15,000	0	(266,045)
Food Service Operations	672,019	386,624	225,099	0	(60,296)
Extracurricular Activities	451,458	150,990	0	0	(300,468)
Interest and Fiscal Charges	9,652	0	0	0	(9,652)
<i>Total Governmental Activities</i>	<u>\$ 13,957,545</u>	<u>\$ 1,347,076</u>	<u>\$ 795,057</u>	<u>\$ 24,357</u>	<u>(11,791,055)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					5,778,480
Debt Services					65,000
Capital Projects					294,090
Grants and Entitlements not Restricted to Specific Programs					6,116,344
Investment Earnings					174,021
Payments in Lieu of Taxes					5,991
Miscellaneous					1,071,851
<i>Total General Revenues</i>					<u>13,505,777</u>
<i>Change in Net Assets</i>					1,714,722
<i>Net Assets Beginning of Year</i>					<u>10,252,559</u>
<i>Net Assets End of Year</i>					<u>\$ 11,967,281</u>

Madison Plains Local School District
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Investments	\$ 7,163,123	\$ 1,134,716	\$ 8,297,839
Restricted Pooled Cash and Investments	109,928	0	109,928
Receivables:			
Taxes	5,339,396	308,896	5,648,292
Interfund	2,161	0	2,161
Intergovernmental	14,974	14,760	29,734
<i>Total Assets</i>	<u>\$ 12,629,582</u>	<u>\$ 1,458,372</u>	<u>\$ 14,087,954</u>
Liabilities			
Accounts Payable	\$ 26,679	\$ 11,498	\$ 38,177
Accrued Wages and Benefits	1,006,171	111,398	1,117,569
Interfund Payable	0	2,161	2,161
Intergovernmental Payable	339,333	49,570	388,903
Deferred Revenue	4,026,916	256,487	4,283,403
<i>Total Liabilities</i>	5,399,099	431,114	5,830,213
Fund Balances			
Reserved for Encumbrances	59,585	55,796	115,381
Reserved for Property Taxes	1,327,454	67,169	1,394,623
Reserved for Capital Improvements	109,928	0	109,928
Unreserved:			
Designated for Contingencies	540,000	0	540,000
Undesignated, Reported in:			
General Fund	5,193,516	0	5,193,516
Special Revenue Funds	0	40,942	40,942
Debt Service Fund	0	35,645	35,645
Capital Projects Funds	0	827,706	827,706
<i>Total Fund Balances</i>	<u>7,230,483</u>	<u>1,027,258</u>	<u>8,257,741</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 12,629,582</u>	<u>\$ 1,458,372</u>	<u>\$ 14,087,954</u>

Madison Plains Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities*
 June 30, 2009

Total Governmental Fund Balances	\$	8,257,741
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		4,025,452
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 14,760	
Excess Costs	14,974	
Delinquent Property Taxes	183,651	213,385
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds		(215,000)
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(277,792)	
Early Retirement Incentive	(14,000)	
Vacation Leave Payable	(21,990)	(313,782)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(515)
 Net Assets of Governmental Activities	 \$	 11,967,281

Madison Plains Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 5,853,199	\$ 363,205	\$ 6,216,404
Intergovernmental	6,226,425	820,375	7,046,800
Investment Income	165,188	8,834	174,022
Tuition and Fees	794,488	38,630	833,118
Rent	30	0	30
Extracurricular Activities	600	150,390	150,990
Charges for Services	0	386,623	386,623
Payments in Lieu of Taxes	5,991	0	5,991
Gifts and Donations	2,924	132,266	135,190
Miscellaneous	52,039	27,043	79,082
<i>Total Revenues</i>	<u>13,100,884</u>	<u>1,927,366</u>	<u>15,028,250</u>
Expenditures			
Current:			
Instruction:			
Regular	6,337,313	278,744	6,616,057
Special	548,532	202,880	751,412
Vocational	456,908	0	456,908
Support Services			
Pupils	363,938	44,767	408,705
Instructional Staff	455,449	82,478	537,927
Board of Education	69,939	0	69,939
Administrator	1,317,913	54,560	1,372,473
Fiscal	486,464	10,211	496,675
Operation and Maintenance of Plant	973,618	3,905	977,523
Pupil Transportation	1,242,144	2,021	1,244,165
Central	263,486	17,518	281,004
Food Service Operation:	26,819	632,495	659,314
Extracurricular Activities	266,097	152,796	418,893
Capital Outlay	297,385	6,473	303,858
Debt Service:			
Principal Retirement	0	39,478	39,478
Interest and Fiscal Charge:	0	9,652	9,652
<i>Total Expenditures</i>	<u>13,106,005</u>	<u>1,537,978</u>	<u>14,643,983</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,121)	389,388	384,267
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Asset	2,000	45,000	47,000
Refund of Prior Year Expenditure:	800,000	0	800,000
Transfers In	0	40,000	40,000
Transfers Out	(40,000)	0	(40,000)
<i>Total Other Financing Sources and (Uses)</i>	<u>762,000</u>	<u>85,000</u>	<u>847,000</u>
<i>Net Change in Fund Balance</i>	756,879	474,388	1,231,267
<i>Fund Balance at Beginning of Year</i>	<u>6,473,604</u>	<u>552,870</u>	<u>7,026,474</u>
<i>Fund Balance at End of Year</i>	<u>\$ 7,230,483</u>	<u>\$ 1,027,258</u>	<u>\$ 8,257,741</u>

Madison Plains Local School District
*Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds	\$	1,231,267
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions exceeded depreciation in the current period.		
Capital Asset Additions	\$ 685,013	
Current Year Depreciation	<u>(255,105)</u>	429,908
Net effect of transactions involving the sale of capital assets that are not reflected in the funds.		(26,379)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(92,122)	
Excess Costs	14,974	
Delinquent Property Taxes	<u>(78,835)</u>	(155,983)
Repayment of capital lease and bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Capital Leases	19,478	
Bond Principal	<u>20,000</u>	39,478
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	1,744	
Early Retirement Incentive	(14,000)	
Vacation Leave Payable	<u>829</u>	(11,427)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		<u>207,858</u>
Change in Net Assets of Governmental Activities	\$	<u>1,714,722</u>

Madison Plains Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 6,010,688	\$ 5,226,910	\$ 5,606,738	\$ 379,828
Intergovernmental	5,520,830	5,750,965	6,168,875	417,910
Investment Income	122,510	153,997	165,188	11,191
Tuition and Fees	703,497	755,169	810,045	54,876
Rent	30	28	30	2
Extracurricular	50	559	600	41
Payments In Lieu of Taxes	2,924	5,585	5,991	406
Gifts and Donations	5,160	2,726	2,924	198
Miscellaneous	61,498	46,443	49,818	3,375
<i>Total Revenues</i>	12,427,187	11,942,382	12,810,209	867,827
Expenditures:				
Current:				
Instruction:				
Regular	6,194,101	5,932,508	6,138,757	(206,249)
Special	516,951	511,410	529,190	(17,780)
Vocational	461,795	442,944	458,343	(15,399)
Support Services:				
Pupils	373,908	343,600	355,546	(11,946)
Instructional Staff	446,361	419,804	434,399	(14,595)
Board of Education	77,294	68,103	70,471	(2,368)
Administration	1,199,222	1,229,643	1,272,393	(42,750)
Fiscal	504,357	483,835	500,656	(16,821)
Business	85	0	0	0
Operation and Maintenance of Plant	1,031,755	943,908	976,724	(32,816)
Pupil Transportation	1,290,339	1,144,359	1,184,144	(39,785)
Central	284,736	258,007	266,977	(8,970)
Operation of Non-Instructional Services	27,675	25,918	26,819	(901)
Extracurricular Activities	256,966	250,972	259,696	(8,724)
Capital Outlay	315,382	287,394	297,385	(9,991)
<i>Total Expenditures</i>	12,980,927	12,342,405	12,771,500	(429,095)
Excess of Revenues Over (Under) Expenditures	(553,740)	(400,023)	38,709	438,732
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	2,000	2,000	2,000	0
Refund of Prior Year Expenditures	845,130	850,669	850,669	0
Transfers In	50,000	0	0	0
Advances In	25,000	25,000	25,000	0
Transfers Out	(30,000)	(40,000)	(40,000)	0
<i>Total Other Financing Sources (Uses)</i>	892,130	837,669	837,669	0
<i>Net Change in Fund Balance</i>	338,390	437,646	876,378	438,732
<i>Fund Balance at Beginning of Year</i>	5,876,635	5,876,635	5,876,635	0
Prior Year Encumbrances Appropriated	439,729	439,729	439,729	0
<i>Fund Balance at End of Year</i>	\$ 6,654,754	\$ 6,754,010	\$ 7,192,742	\$ 438,732

Madison Plains Local School District
Statement of Fund Net Assets
Proprietary Fund
June 30, 2009

	Governmental Activities Internal Service Fund
	<hr/>
Assets	
Equity in Pooled Cash and Investments	\$ 9,133
	<hr/>
Liabilities	
Claims Payable	9,648
	<hr/>
Net Assets	
Unrestricted	\$ (515)
	<hr/> <hr/>

Madison Plains Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2009

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for Services	\$ 272,678
Other Revenue	35,224
	<u>307,902</u>
Operating Expenses	
Purchased Services	13,712
Claims	86,332
	<u>100,044</u>
<i>Change in Net Assets</i>	<u>207,858</u>
<i>Net Assets Beginning of Year</i>	<u>(208,373)</u>
<i>Net Assets End of Year</i>	<u>\$ (515)</u>

Madison Plains Local School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2009

	Governmental Activities Internal Service Fund
Cash Flows From Operating Activities	
Cash Received for Charges for Services	\$ 307,902
Cash Paid for Goods and Services	(13,712)
Cash Paid for Claims	(375,421)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<i>(81,231)</i>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>(81,231)</i>
<i>Cash and Investments at Beginning of Year</i>	<i>90,364</i>
<i>Cash and Investments at End of Year</i>	<i>\$ 9,133</i>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ 207,858
Adjustments:	
Increase (Decrease) in Liabilities	
Claims Payable	(289,089)
<i>Total Adjustments</i>	<i>(289,089)</i>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<i>\$ (81,231)</i>

Madison Plains Local School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Investments	\$ 33,751	\$ 125,670
<i>Total Assets</i>	<u>\$ 33,751</u>	<u>\$ 125,670</u>
Liabilities		
Due to Students	0	84,538
Undistributed Monies	<u>0</u>	<u>41,132</u>
<i>Total Liabilities</i>	<u>0</u>	<u>\$ 125,670</u>
Net Assets		
Held in Trust for Scholarships	<u>33,751</u>	
<i>Total Net Assets</i>	<u>\$ 33,751</u>	

Madison Plains Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For Fiscal Year Ended June 30, 2009

	Private Purpose Trust
Additions	
Other Operating Revenue	\$ 0
Deductions	
Payments in Accordance with Trust Agreements	0
<i>Change in Net Assets</i>	0
<i>Net Assets Beginning of Year</i>	33,751
<i>Net Assets End of Year</i>	\$ 33,751

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

Note 1 – Description of the School District

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

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

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

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

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

As of June 30, 2009, the average daily membership (ADM) was 1,448. The School District employed 98 certified employees and 68 non-certificated employees. The School District is supervised by the Madison-Champaign Educational Service Center, a separate entity.

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

Reporting Entity

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

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

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

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are the Miami Valley Educational Computer Association, Tolles Career and Technical Center and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 9 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

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

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

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

B. Fund Accounting

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities. The private purpose trust funds account for assets held by the School District in a trustee capacity.

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

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

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Investments

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

During fiscal year 2009, investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$165,188 which includes \$11,383 assigned from other School District funds.

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets may include amounts required by statute to be set aside for the purchase of textbooks and capital improvements. See Note 20 for additional information regarding set-asides.

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	10-20 Years
Buildings and Improvements	25-40 Years
Furniture and Fixtures	3-10 Years
Vehicles	3-10 Years
Textbooks	10-15 Years

H. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are eligible to receive termination benefits and those the School District had identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

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

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

I. Accrued Liabilities and Long-term Obligations

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

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

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

K. Fund Balance Reserves and Designations

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

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

L. Interfund Activity

Transfers between governmental activities on the government-wide statements are eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

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

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

N. Estimates

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

O. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2009.

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

P. Implementation of New Accounting Policies

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*", GASB Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", and GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*".

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

Note 3 – Accountability and Compliance

A. Accountability

Fund balances at June 30, 2009 included the following individual fund deficits:

Nonmajor Governmental Funds:		
Title VI-B	\$	24,467
Title I		11,736
Title V		337
E-Rate		2,160
Title II-A		4,442

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

B. Compliance

The School District's general fund had actual expenditures in excess of appropriations in the amount of \$429,095. (ORC 5705.41(B)).

The School District had appropriations in excess of total estimated resources in the following funds: Internal Service \$5,000 and Entry Year Teachers \$2,766 (ORC 5705.39).

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

Note 4 – Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance

GAAP Basis	\$ 756,879
Net Adjustment for Revenue Accruals	(240,006)
Advance In	25,000
Advance Out	0
Net Adjustment for Expenditure Accruals	414,811
Adjustment for Encumbrances	<u>(80,306)</u>
Budget Basis	<u>\$ 876,378</u>

Note 5 – Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or

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withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);

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

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

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

Undeposited Cash - At fiscal year-end, the District had \$300 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$7,750,442 and the bank balance was \$7,800,911. Of the bank balance:

1. \$500,000 of the bank balance was covered by depository insurance; and
2. \$7,300,948 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments - Investments are reported at fair value. As of June 30, 2009, the School District had the following investments:

	Fair Value	Maturity 0-12 Months
STAROhio	\$ 825,579	\$ 825,579

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

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

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

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received in year 2009 (other than public utility property) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006 – 2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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The School District receives property taxes from Madison County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue. The amount available as an advance at June 30, 2009, was \$1,327,454 in the General Fund, \$67,169 in the Permanent Improvement Capital Projects Fund.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2009 First Half Collections		2008 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$174,726,720	84.71%	\$144,558,850	80.87%
Commercial/Industrial	16,257,610	7.88%	14,130,460	7.91%
Public Utility	116,670	0.06%	118,800	0.07%
Tangible Personal Property	15,150,290	7.35%	19,926,650	11.15%
Total	<u>\$206,251,290</u>	<u>100.00%</u>	<u>\$178,734,760</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$68.25		\$68.25	

Note 7 - Receivables

Receivables at June 30, 2009, consisted of taxes, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of federal grants and excess costs receivable.

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Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/2008	Additions	Reductions	Balance 6/30/2009
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 824,440	\$ 0	\$ (3,959)	\$ 820,481
 <i>Capital Assets, being depreciated</i>				
Land Improvements	853,008	214,774	(21,241)	1,046,541
Buildings and Improvements	6,178,390	76,893	(7,295)	6,247,988
Furniture and Fixtures	967,046	31,275	0	998,321
Vehicles	1,650,474	362,071	(174,057)	1,838,488
Textbooks	649,193	0	0	649,193
<i>Total Capital Assets, being depreciated</i>	<u>10,298,111</u>	<u>685,013</u>	<u>(202,593)</u>	<u>10,780,531</u>
 <i>Less Accumulated Depreciation:</i>				
Land Improvements	(554,369)	(29,075)	1,593	(581,851)
Buildings and Improvements	(4,427,822)	(87,194)	4,523	(4,510,493)
Furniture and Fixtures	(746,133)	(49,145)	0	(795,278)
Vehicles	(1,123,111)	(89,691)	174,057	(1,038,745)
Textbooks	(649,193)	0	0	(649,193)
<i>Total Accumulated Depreciation</i>	<u>(7,500,628)</u>	<u>(255,105)</u>	<u>180,173</u>	<u>(7,575,560)</u>
Total Capital Assets being depreciated, net	<u>2,797,483</u>	<u>429,908</u>	<u>(22,420)</u>	<u>3,204,971</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,621,923</u>	<u>\$ 429,908</u>	<u>\$ (26,379)</u>	<u>\$ 4,025,452</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 92,687
Special	1,498
Vocational	3,850
Support Services:	
Administration	14,992
Fiscal	69
Operation and Maintenance of Plant	5,985
Pupil Transportation	94,486
Operation of Non-Instructional	12,309
Extracurricular Activities	29,229
Total Depreciation	<u>\$ 255,105</u>

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Note 9 – Risk Management

A. Property and Liability

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

The School District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss and replacement cost insurance on buildings and contents in the amount of \$30,175,082 (based on the most recent industrial appraisal). Insurance levels are monitored by the Treasurer and adjusted annually based on current capital assets values.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior years.

B. Workers' Compensation

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

The Plan is intended to achieve the benefit of a reduced premium for The School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performances is compared to the overall savings percent of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of Gates McDonald provides administrative, cost control and actuarial services to the Plan. Each year, The School District pays an enrollment fee to the Plan to cover the costs of administering the program.

C. Employee Medical Benefits

As of August 31, 2008, the School District ceased operating a self-funded health insurance program. The School District had procured a self funded plan administered under the auspices of the Ohio Mid-Eastern Regional Education Service Agency (OMERESA). During the fiscal year, OMERESA returned \$800,000 in health insurance reserves back to the School District. This amount is reported as "refunds of prior year's expenditures" on the fund financial statements and as miscellaneous revenues on the entity-wide financial statements.

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Beginning September 1, 2008, the School District began purchasing commercial insurance from a major independent insurance company. However, the School District does remain self-insured for dental and vision care.

As required by GASB Statement No. 10, a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in the fund's claims liability during the 2008 and 2009 were:

	Balance	Current Year	Claims	Balance at
	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2009 \$	298,737	86,332	375,421	9,648
2008 \$	228,428	1,497,099	1,426,790	298,737

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Employers/Audit Resources.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The Contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contribution is used to fund pension obligation with the remainder being used to fund health care benefits; for the fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The School District's contributions to SERS for the years ended June 30, 2009, 2008 and 2007 were \$226,584, \$220,644 and \$240,072 respectively; 50% has been contributed for fiscal year 2009, and 100% for the fiscal years 2008 and 2007.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final

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average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2009, 2008, and 2007 were \$727,974, \$697,421 and \$670,419, respectively. Contributions to the DC and Combined Plans for fiscal year 2009 were \$3,123 made by the School District and \$10,574 made by the plan members. \$145,468 represents the unpaid contribution for fiscal year 2009, and is recorded as a liability within the respective funds, 81% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 11 - Postemployment Benefits

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The

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financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocated the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$99,779, \$85,436, and \$84,294 respectively.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009 were \$13,761, which equaled the required contributions for the year and \$9,787 in 2008.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$56,753, \$46,092, and \$48,382 respectively.

Note 12 – Other Employee Benefits

Compensated Absences

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

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Teachers, Administrators, and Classified employees earn sick leave at a rate of one and one-quarter days per month which may be accumulated up to a maximum of 271 days for classified employees and 270 for certified employees. Upon retirement, payment is made for one-fourth of accrued with a maximum of 57 days for classified employees and 85 days for certified employees.

Note 13 - Long - Term Obligations

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

	Outstanding 7/01/2008	Additions	Reductions	Outstanding 6/30/2009	Amounts Due in One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
Energy Conservation	\$ 235,000	\$ 0	\$ 20,000	\$ 215,000	\$ 25,000
<i>Other Long-Term Liabilities</i>					
Capital Lease	19,478	0	19,478	0	0
Compensated Absences	279,536	21,990	23,734	277,792	69,271
Early Retirement Incentive	0	14,000	0	14,000	7,000
Total Other Long-Term Liabilities	<u>299,014</u>	<u>35,990</u>	<u>43,212</u>	<u>291,792</u>	<u>76,271</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 534,014</u>	<u>\$ 35,990</u>	<u>\$ 63,212</u>	<u>\$ 506,792</u>	<u>\$ 101,271</u>

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

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

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Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2009 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 25,000	\$ 8,586	\$ 33,586
2011	25,000	7,661	32,661
2012	25,000	6,680	31,680
2013	25,000	5,661	30,661
2014	25,000	4,611	29,611
2015-2018	90,000	6,241	96,241
Total	<u>\$ 215,000</u>	<u>\$ 39,440</u>	<u>\$ 254,440</u>

Note 14 – Capitalized Leases

The School District is making installment payments on fitness equipment purchased with an original value of \$191,901. This obligation provides for interest at rates of 3.65%. The lease was paid in full as of June 30, 2009.

Note 15 – Deferred Revenue

Deferred revenue consisted of the following:

	<u>Statement of Net Assets</u>	<u>Balance Sheet</u>
Property Taxes Receivable	\$ 4,070,018	\$ 4,253,669
Excess Costs	0	14,974
Grants Receivable	0	14,760
Total Deferred	<u>\$ 4,070,018</u>	<u>\$ 4,283,403</u>

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Note 16 - Interfund Transfers

Transfers made during fiscal year 2009 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 40,000
Nonmajor Governmental Funds:		
Extracurricular	40,000	0
	\$ 40,000	\$ 40,000

These transfers are made to move unrestricted balances to support programs and projects accounted for in another fund.

Note 17 – Interfund Balances

Interfund balances at June 30, 2009 consisted of the following:

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

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2009, all interfund payables outstanding are anticipated to be repaid in fiscal year 2010.

Note 18 - Jointly Governed Organizations

Miami Valley Educational Computer Association – The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid MVECA \$49,040 for services provided during the fiscal year. Financial information can be obtained from Angie Crandall, Executive Director, at MVECA at 330 Enon Road, Yellow Springs, Ohio 45387.

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

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

Note 19- Contingencies

A. Grants

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

B. Litigation

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

Note 20- Set-Asides

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

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set-Aside Cash Balance as of June 30, 2008	\$ 0	\$ 0	\$ 0
Set-Aside Carryover Balance as of June 30, 2008	0	107,176	107,176
Current Year Set-Aside Requirement	228,105	228,105	456,210
Qualifying Disbursements	(118,177)	(336,104)	(454,281)
Total	<u>\$ 109,928</u>	<u>\$ (823)</u>	<u>\$ 109,105</u>
Cash Balance Carried Forward to FY 2010	<u>\$ 109,928</u>	<u>\$ 0</u>	<u>\$ 109,928</u>
Restricted Cash			<u>\$ 109,928</u>

MADISON PLAINS LOCAL SCHOOL DISTRICT
MADISON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

The School District may use any negative amount in the textbooks set-aside to reduce set-aside requirements of future fiscal years. Amounts remaining at the fiscal year-end are represented by a reserve fund balance presented on the balance sheet.

MADISON-PLAINS LOCAL SCHOOL DISTRICT

Single Audit Report

June 30, 2009

MADISON-PLAINS LOCAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$24,351	\$0	\$24,351	\$0
National School Lunch Program	3L60	10.555	150,576	46,312	150,576	46,312
Total Nutrition Cluster			<u>174,927</u>	<u>46,312</u>	<u>174,927</u>	<u>46,312</u>
Total U.S. Department of Agriculture			<u>174,927</u>	<u>46,312</u>	<u>174,927</u>	<u>46,312</u>
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education-Grants to States	3M20	84.027	280,531	0	267,702	0
Total Special Education Cluster			<u>280,531</u>	<u>0</u>	<u>267,702</u>	<u>0</u>
Title I Grants to Local Educational Agencies	3M00	84.010	152,738	0	159,655	0
Safe and Drug Free Schools and Communities	3D10	84.186	667	0	773	0
State Grants for Innovative Programs	3M10	84.298	5,955	0	6,455	0
Education Technology State Grants	3S20	84.318	1,155	0	1,123	0
Improving Teacher Quality	3Y60	84.367	68,186	0	60,846	0
Total Department of Education			<u>509,232</u>	<u>0</u>	<u>496,554</u>	<u>0</u>
Total Federal Assistance			<u>\$684,159</u>	<u>\$46,312</u>	<u>\$671,481</u>	<u>\$46,312</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Madison-Plains Local School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison-Plains Local School District (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported to management of the District in a separate letter dated March 26, 2010.

This report is intended solely for the information and use of management, the Auditor of State, 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
March 26, 2010

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

To the Board of Education
Madison-Plains Local School District

Compliance

We have audited the compliance of the Madison-Plains Local School District (the District), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 each of its major federal programs for the year ended June 30, 2009.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2009, and have issued our report thereon dated March 26, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Auditor of State, 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.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
March 26, 2010

MADISON-PLAINS LOCAL SCHOOL DISTRICT

June 30, 2009

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

**MADISON-PLAINS LOCAL SCHOOL DISTRICT
JUNE 30, 2009**

SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Explanation</u>
2008-001	Filing timely and accurate financial reports	No	Partially corrected. The District did not file its FY2009 financial statements within 150 days of fiscal year end. This was re-issued in the FY2009 management letter. The District did file the required reports in accordance with OMB A-133 within 9 months after fiscal year end.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Education
Madison Plains Local School District

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Madison Plains Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board has not adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. No further procedures were performed in relation to the requirements of Ohio Rev. Code Section 117.53 as detailed in the above first paragraph.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
March 26, 2010



Mary Taylor, CPA
Auditor of State

MADISON PLAINS LOCAL SCHOOL DISTRICT

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 6, 2010**