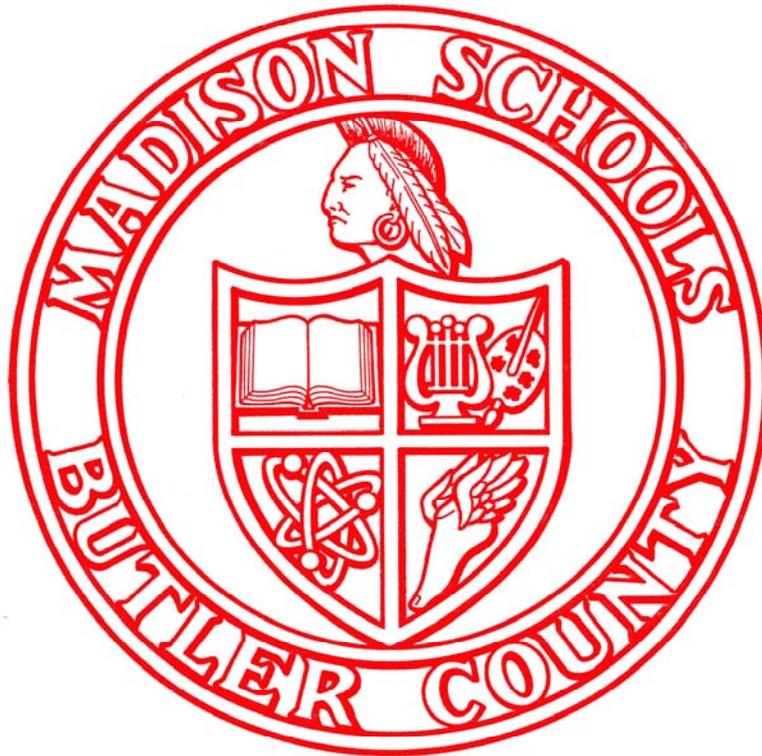
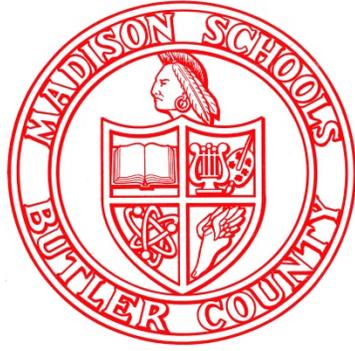

MADISON LOCAL SCHOOL DISTRICT

Butler County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012





Dave Yost • Auditor of State

Board of Education
Madison Local School District
1324 Middletown Eaton Road
Middletown, Ohio 45042

We have reviewed the *Independent Auditors' Report* of the Madison Local School District, Butler County, prepared by Bastin & Company, LLC, for the audit period July 1, 2011 through June 30, 2012. 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 Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

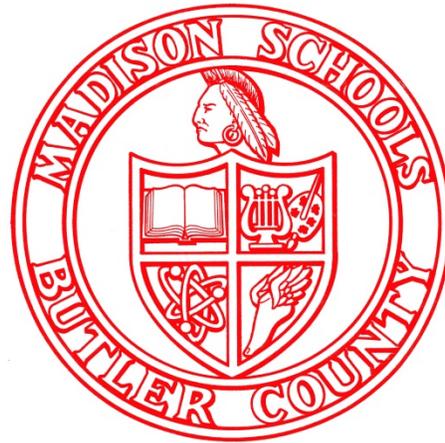
Dave Yost
Auditor of State

February 6, 2013

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MADISON LOCAL SCHOOL DISTRICT, OHIO

Middletown, Butler County, Ohio

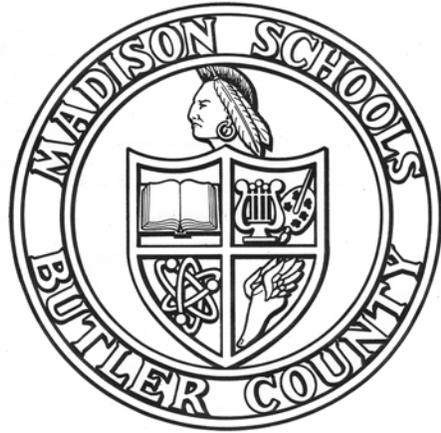


**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2012**

Prepared by:

**Mr. Brian Rabe
Treasurer**

MADISON LOCAL SCHOOL DISTRICT, OHIO



MADISON LOCAL SCHOOL DISTRICT, OHIO

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MADISON LOCAL SCHOOL DISTRICT, OHIO

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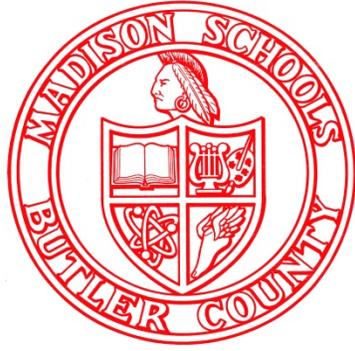
MADISON LOCAL SCHOOL DISTRICT, OHIO

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INTRODUCTORY SECTION



MADISON BOARD OF EDUCATION



Tom York, Superintendent
Brian Rabe, Treasurer/CFO

December 21, 2012

To the Honorable Board of Education and
Citizens of the Madison Local School District:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the Board of Education of the Madison Local School District (the "District") for the fiscal year ended June 30, 2012. This report was prepared by the Office of the Treasurer and includes the report of the independent auditor, Bastin & Company, LLC. The independent auditors' report concludes that the District's financial statements for the year ended June 30, 2012 are prepared in conformity with generally accepted accounting principles. The independent auditor's report is included as the first component of the financial section of this report.

This report also contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the District. The responsibility for the accuracy of all data presented and its completeness and fairness of presentation rests with the office of the Treasurer. All disclosures necessary to enable the reader to gain an understanding of the District's activities have been included herein.

Internal accounting controls are an integral part of this system and are designed to achieve the fundamental objectives of safeguarding assets, providing reasonable assurance that financial transactions are properly recorded, and ensuring that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

The MD&A provides a narrative introduction, overview and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditors' Report. This Report can be found on the District's web site: <http://www.madisonmohawks.org>.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (June, 2003 Revision)*. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, are included in a separately issued single audit report.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2012

Profile of the District

The District includes a portion of the City of Middletown located in Madison Township, on the west bank of the Great Miami River, with a total area of approximately 31 square miles. The vast majority of the district can be described as residential, with only limited commercial activity. The school district is by far the largest employer within the district's boundaries.

The District operates 2 schools: 1 elementary school and 1 junior/senior high school (7-12). A new elementary wing was completed for use in the Fall of 2010. Attached to the 1999 Junior/Senior High School, this facility consolidated all grade levels under one roof, providing new opportunities for efficient delivery of coordinated, effective programs. State of the art educational technology has been incorporated into both buildings, with plans for annual investments to keep students learning in 21st century fashion. Funding for the \$19.8 million building project was primarily from the Ohio School Facilities Commission, with only about \$3 million of district funds necessary to add amenities in support of additional program and community needs. The local monies were secured through a long-term lease-purchase agreement that will be paid from the district's permanent improvement fund. The new elementary building project is being delivered with no additional burden on taxpayers.

The District's 2012-11 enrollment (K-12), including open enrollment and excluding community school students, was 1,573 students. The District served 95% of the 1,441 children who reside within its boundaries. Daily transportation was provided for 947 public students and 47 for non-public (parochial & community school) students. Buses traveled an average of 966 miles each school day for the 2012-11 school year.

Madison Local School District offers a comprehensive academic program including College preparatory classes, honors classes, advanced placement courses, gifted education, vocational programs, and a special education services. The school district provides after-school tutoring, in-school academic intervention, speech/language therapy, occupational and physical therapy, and counseling. In addition, Madison School District offers students the opportunity to participate in a wide range of extracurricular activities. The district has achieved "Value Added" for the last four years. This Value Added ranking indicates that the district has helped students achieve more than one year of academic growth each school year. On the State of Ohio's 2012-11 Report Card the district was rated "Effective" and continues to achieve annual district goals.

The Board of Education of the Madison Local School District (Board) is a body both politic and corporate charged with the responsibility of managing and controlling affairs of the District and is, together with the District, governed by the general laws of the State of Ohio (Ohio Revised Code). The Board is comprised of five (5) members who are elected for overlapping four-year terms.

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all educational and support operations. The Superintendent is appointed by the Board for a term not longer than five years and is responsible for administering Board adopted policies, expected to provide leadership in all phases of policy formulation and is the chief advisor to the Board on all aspects of the educational program and total operation of the schools governed by the Board.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2012

Thomas York was appointed Superintendent of Schools effective May 1, 2009 contracted through July 31, 2012. Mr. York was previously Superintendent of Schools for neighboring Edgewood Local School District, and has a total of 30 years in public education. He received a Master of Education degree from Xavier University in 1983 and a Bachelor of Science degree from Miami University in 1977. He also holds a second Bachelor's degree in History and a second Master's degree in Christian Education, both from Evangel University.

The Treasurer/CFO is appointed by the Board for a term not longer than five years and serves as the chief financial officer of the Board of Education and, with the president of the Board of Education, executes all conveyances made by the Board of Education. The Treasurer is responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets and investing idle funds as specified by Ohio Law.

The current Treasurer/CFO, Brian S. Rabe is under contract for a term ending July 31, 2013. He received a Bachelor Degree in Business Administration from the University of Cincinnati in 1995. Mr. Rabe has served as Treasurer in Ohio public school districts for the past 13 years, 2 at Madison.

Major Initiatives and Events – FY 2012

Research-Directed Professional Development - Teachers Pre-K through 6 are utilizing continuous professional development to increase their knowledge of scientifically-based instruction, based on rigorous data analyses. The professional development compliments the district's mission to work together to ensure that all of our students become contributing members of a global society through enhanced curriculum and academic experiences. All teachers prek-12 are working on curriculum revisions.

District Achieved an "Effective" Rating from Ohio Department of Education - The "Effective" rating for the Madison Local Schools demonstrates the district has received high ratings on every measure including the State Indicators, Performance Index Scores, Value-added Growth. Adequate Yearly Progress specifically shown by special groups of students such as students with disabilities, those from low-income families, students of different races, and/or ethnic groups or native languages was met in all buildings.

Individually, the elementary building maintained an "Effective" rating while the JH/HS received an "Excellent" rating with student achievement exceeding the state's expectations for a year's worth of academic growth over the last three years, propelling the district to the "Effective" designation. Also noted, although the district is making strides on test scores in math and reading, the district will continue to work toward elevated levels of success in both areas through professional development for teachers, individualized education for students and constant collection and analysis of the student achievement data.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2012

Local Economic Condition and Outlook

The local economy of Madison Local School District is tied to conditions in the City of Middletown as well as economic factors affecting SW Ohio. In 2010, a sexennial reappraisal of property values netted only a fraction of the historic increase in the district's tax base. Economic factors continue to have a negative impact on the State which has resulted in reduced unrestricted state funding, which comprised 45% of 2012 operating revenues. Inflation of the tax base has been the district's major source of new funding to offset increasing costs. In 2013, the district will face another "Update" of property values, and all indications are that while recovery in the housing market may be underway, an increase in valuation at historical levels cannot be assumed. Revenue growth is a major concern for Madison Schools.

One bright facet of the district's finances revolves around Open Enrollment. Each year, the district admits a number of students from adjacent school districts. This results in the collection of an annual per pupil amount from those districts. In 2012, that amount was \$5,732 for regular full-time students. This amount represents the state share of education, as well as the local "Charge Off" amount, which is the calculated residential district's share of educating a student. Madison Schools uses Open Enrollment to fill empty classroom seats. There is potential from this source to supplant losses in unrestricted state funding due to local enrollment losses and losses from revision of the state funding formula.

Another area for concern is that of revenue losses from resident students attending Community Schools. These losses amounted to \$248,052 in FY12. The level of funding Madison loses to private Community Schools is more than the same loss of other larger Butler County school districts. Program changes to specifically serve students needing an alternative educational setting, and an organized public relations campaign to tout recent program successes and the district's "Effective" rating are planned to target the disproportionate drain of resources from Community Schools.

The district's funding from Ohio's new Bridge formula represents a gain of unrestricted state funding from the 2011 "Foundation" level. The State will again use this same funding formula for fiscal year 2012. The Governor of Ohio is expected to propose a new funding system, which will be effective in fiscal year 2013. At this time, no indications have been made as to the basis for this new funding system.

The district also receives funding from a .5% income tax on residents. The unemployment rate in Ohio has slowly been declining to a rate of 7.2% as of June 2012. Ohio's unemployment has declined since being at 8.9% in June of 2011. Madison's income tax receipts were up 2.9% in fiscal year 2012 compared to fiscal year 2011.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Letter of Transmittal

For the Fiscal Year Ended June 30, 2012

Revisions to the state tax code are targeting the drop in business activity, making the state more attractive for economic development. Ohio has begun phasing out its Tangible Personal Property and Inventory taxes, as well as other taxes on business, all in an effort to spur economic growth. More than one half the nation's population, manufacturers, and purchasing power are located within 600 miles of SW Ohio. With a more supportive tax environment, sufficient surplus labor, and superior industrial infrastructure, Middletown is poised to share in the state's manufacturing recovery. In addition, awareness about K-12 education and its importance for sustained economic growth has come of age in Ohio. This bodes well for Madison and all similar small school districts that rely on state support for the lion's share of their operating revenue. Future changes to the school funding model and other laws will be critical to achieving the goal of providing adequate and equal educational opportunities to all Ohio's children without overburdening local taxpayers.

Long-term Financial Planning

The Madison Board of Education uses the Five Year Financial Forecast, prepared each October and May, to steer a financial course for the district that balances educational goals with fiscal responsibility to the taxpayers. The forecast is by the CFO, who attends conferences and seminars on topics that contribute valuable information for projecting revenues and expenditures based on current law and a multitude of other variables.

New tax levies are necessary under the current system of school funding. While Madison has always been a good steward of public dollars, public awareness must be promoted that the funds provided by any one levy are only sufficient as long as growth in total operational funding meets or exceeds the growth of operating costs. The board of education and administration are working to develop such awareness, as well as delivery of the best educational opportunities possible for students and the community. Public relations and constant program improvement will be key elements in the long range financial plan of the district.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2012

Financial Information

Accounting System – The District’s accounting system is organized on a fund basis. Each fund is a separate self-balancing accounting entity. The 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. Proprietary and fiduciary funds also use the accrual basis of accounting.

Internal Controls – The Treasurer/CFO of the District is responsible for establishing internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Management Team is responsible for assisting with implementation of the established internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefit requires estimates and judgments by management. Management believes the internal controls adequately meet the above objective.

Single Audit – As a recipient of federal and state financial assistance, the District is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. Internal controls are subject to periodic evaluation and audit by the Treasurer, Management Team and staff of the District.

As part of the District’s single audit, tests are made to determine the adequacy of the internal controls, including that portion relating to federal financial assistance programs, as well as to verify that the District has complied with applicable laws and regulations. The results of the District’s single audit for the fiscal year ended June 30, 2012, revealed no instances of material weaknesses in internal control or significant violations of applicable laws and regulations.

Budgetary Controls – The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by Ohio Revised Code is at the fund level. The level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund, department and object level. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Letter of Transmittal For the Fiscal Year Ended June 30, 2012

Awards and Acknowledgments

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The June 30, 2009 CAFR was the first CAFR prepared by the District to receive this prestigious award. For fiscal year ended June 30, 2010 the District did not complete a CAFR due to the replacement of two treasurers in the fall of 2010.

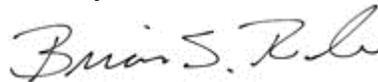
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Independent Audit - State statute requires an annual audit be performed by the Auditor of State or by an independent certified public accountant approved by the Auditor of State. The Auditor of State has contracted the District Audit for fiscal year ended June 30, 2012 to Bastin & Company, LLC, an independent certified public accounting firm. In addition to meeting the requirements of state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984, the 1996 amendments thereto, and the related U.S. Office of Management and Budget's Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Acknowledgments - The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the central administrative office. I would like to express my sincere appreciation to all persons who helped gather and analyze information for this report. I am also grateful for the professional services of Donald J. Schonhardt & Associates, for their assistance in preparing this report. Due credit should also be given to the Board of Education and the Superintendent for their leadership and support in planning and conducting the operations of the District in a responsible and progressive manner.

Sincerely,



Brian Rabe
Treasurer & CFO

MADISON LOCAL SCHOOL DISTRICT, OHIO

List of Principal Officials For the Fiscal Year Ended June 30, 2012

Members of the Board of Education:



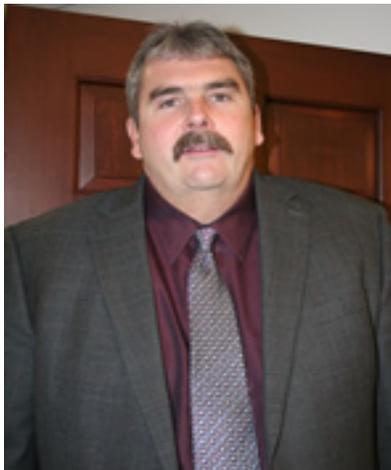
David French
President
Term expires 12/31/2015



Mike Miller
Vice President
Term expires 12/31/2013



Marva Sampson
Board Member
Term expires 12/31/2013



Pete Robinson
Board Member
Term expires 12/31/2015



Angie Whiteman
Board Member
Term expires 12/31/2015

MADISON LOCAL SCHOOL DISTRICT, OHIO

List of Principal Officials For the Fiscal Year Ended June 30, 2012

District Administration:

<u>Name</u>	<u>Title</u>
Tom York	Superintendent
Brian S. Rabe	Treasurer/CFO
Darren Stevens	Director of Support Services
Debbie Morrison	Director of Special Education
Cheryl Scrivner	Director of Curriculum and Instruction
Amber Huff	Director of Community Relations and Grant Writing
Joy Shaw	Director of Technology
Matt Gray	Principal, Madison Primary School
Jason Jackson	Assistant Principal, Madison Primary School
Curtis Philpot	Principal, Madison Junior/Senior High School
Justin Smith	Assistant Principal, Madison Junior/Senior High School



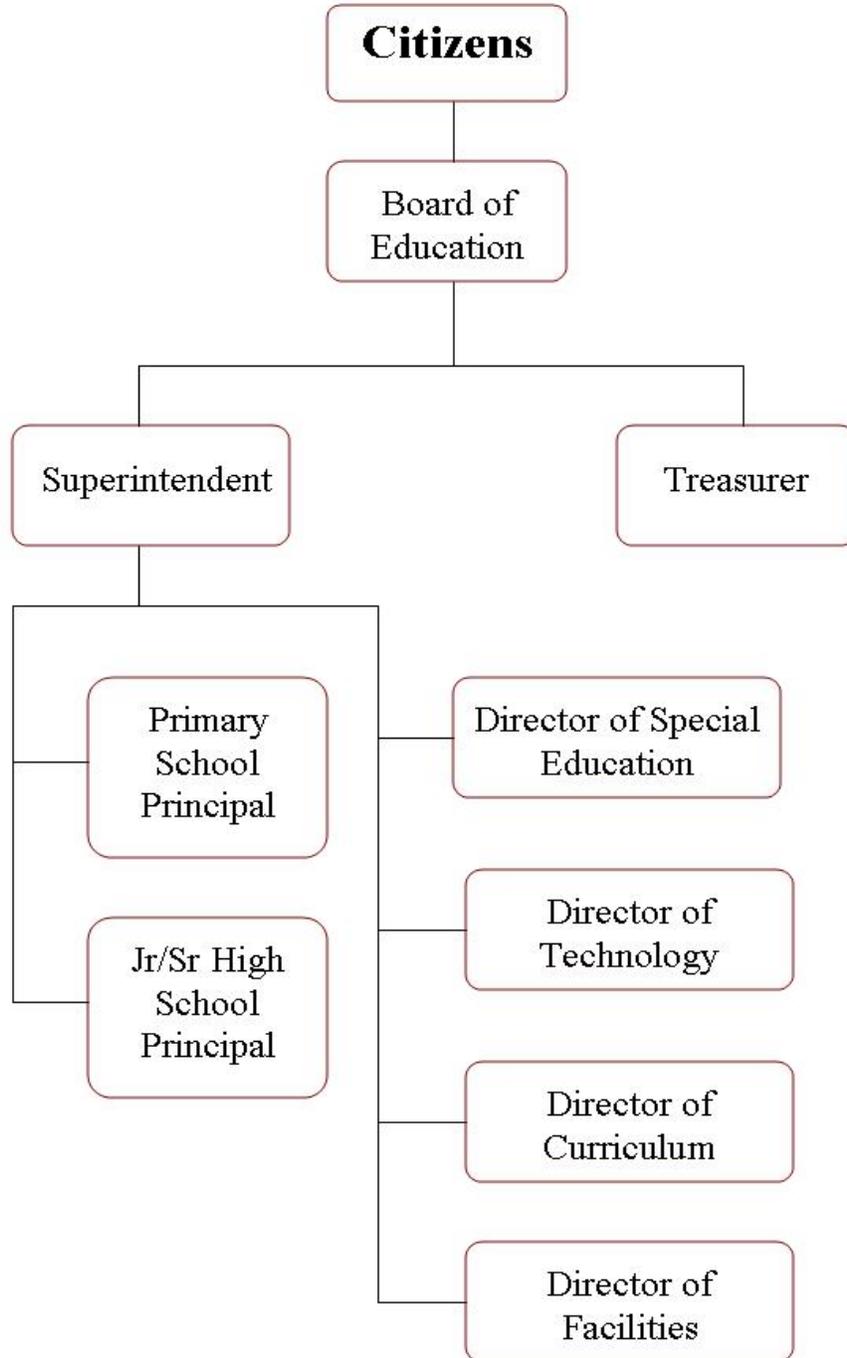
Tom York
Superintendent



Brian S. Rabe
Treasurer/CFO

MADISON LOCAL SCHOOL DISTRICT, OHIO

*Organizational Chart
For the Fiscal Year Ended June 30, 2012*



MADISON LOCAL SCHOOL DISTRICT, OHIO

*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to
**Madison Local School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moirice

President

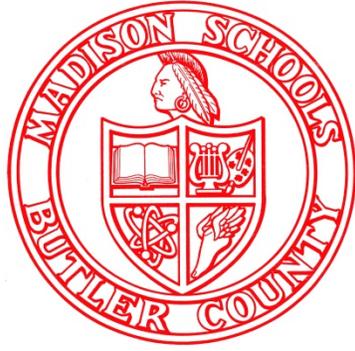
Jeffrey R. Egan

Executive Director

MADISON LOCAL SCHOOL DISTRICT, OHIO



FINANCIAL SECTION



Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Madison Local School District
Middletown, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison Local School District, Butler County, Ohio, (the District), as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Madison Local School District, Butler County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal 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 December 21, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
December 21, 2012

MADISON LOCAL SCHOOL DISTRICT, OHIO

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

Unaudited

The discussion and analysis of Madison Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2012 are as follows:

- ❑ Net assets decreased \$1,053,002, which represents a 5.1% decrease from 2011.
- ❑ General revenues accounted for \$12,968,098 in revenue or 81.6% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,915,968, or 18.4% of total revenues of \$15,884,066.
- ❑ The District had \$16,937,068 in expenses related to governmental activities; \$2,915,968 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$12,968,098 were also available to provide for these programs.
- ❑ Among major funds, the General Fund had \$12,202,729 in revenues and \$12,533,390 in expenditures. The General Fund's fund balance decreased \$330,661 to \$1,200,096. Revenues increased from 2011 by 8.3%, primarily due to an increase in property tax receipts. Expenditures increased 1.1% from 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District reflect the following category for its activities:

Governmental Activities – The District's programs and services are reported as governmental activities and include instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are 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 LOCAL SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
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Fiduciary Funds – The District is the trustee, or fiduciary, for various student-managed activity programs listed as an agency fund. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2012 compared to 2011.

	Governmental Activities		Increase (Decrease)
	2012	2011	
Current and other assets	\$9,696,243	\$10,364,884	(\$668,641)
Capital assets, Net	30,112,044	31,286,839	(1,174,795)
Total assets	39,808,287	41,651,723	(1,843,436)
Long-term debt outstanding	13,634,056	13,839,551	(205,495)
Other liabilities	6,719,371	7,304,310	(584,939)
Total liabilities	20,353,427	21,143,861	(790,434)
Net assets			
Invested in capital assets, net of related debt	16,752,271	17,707,514	(955,243)
Restricted	1,496,063	1,222,255	273,808
Unrestricted	1,206,526	1,578,093	(371,567)
Total net assets	\$19,454,860	\$20,507,862	(\$1,053,002)

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MADISON LOCAL SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2012 and 2011:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,721,095	\$1,624,500	\$96,595
Operating Grants and Contributions	1,194,873	1,357,741	(162,868)
General revenues:			
Taxes:			
Property Taxes	5,372,251	4,363,693	1,008,558
Income Taxes	879,511	853,291	26,220
Grants and Entitlements	6,541,178	6,518,941	22,237
Investment Earnings	2,494	13,409	(10,915)
Miscellaneous	172,664	490,611	(317,947)
Total revenues	<u>15,884,066</u>	<u>15,222,186</u>	<u>661,880</u>
Program Expenses			
Instruction:			
Regular Instruction	6,798,476	6,992,679	(194,203)
Special Instruction	1,077,499	1,166,601	(89,102)
Vocational Instruction	2,788	2,351	437
Other Instruction	440,626	509,849	(69,223)
Support Services:			
Pupils	693,221	691,662	1,559
Instructional Staff	864,174	970,110	(105,936)
Board of Education	73,861	89,245	(15,384)
Administration	1,219,524	1,180,677	38,847
Fiscal Services	241,534	316,007	(74,473)
Business	838	2,147	(1,309)
Operation and Maintenance of Plant	1,675,885	1,734,124	(58,239)
Pupil Transportation	1,092,829	952,993	139,836
Central	460,263	480,398	(20,135)
Operation of Non-Instructional Services:			
Food Service Operations	683,369	684,419	(1,050)
Community Services	40,322	31,703	8,619
Extracurricular Activities	480,234	469,744	10,490
Debt Service:			
Interest and Fiscal Charges	1,091,625	639,766	451,859
Total expenses	<u>16,937,068</u>	<u>16,914,475</u>	<u>22,593</u>
Total Change in Net Assets	<u>(1,053,002)</u>	<u>(1,692,289)</u>	<u>639,287</u>
Beginning Net Assets, Restated	<u>20,507,862</u>	<u>22,200,151</u>	<u>(1,692,289)</u>
Ending Net Assets	<u>\$19,454,860</u>	<u>\$20,507,862</u>	<u>(\$1,053,002)</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Unaudited

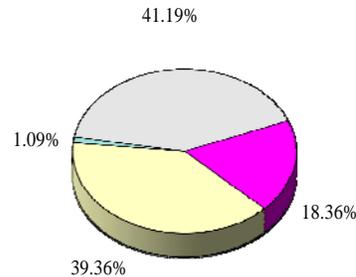
Governmental Activities

Net assets of the District's governmental activities decreased by \$1,053,002 for fiscal year 2012 compared to a decrease of \$1,692,289 during fiscal year 2011. The decrease is a result of increased interest charges related to outstanding debt and increasing transportation expenditures.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

General grants made up 41.19% of revenues for governmental activities for Madison Local School District in fiscal year 2012. The District's reliance upon general grant revenues is demonstrated by the following graph:

Revenue Sources	2012	Percent of Total
General Grants	\$6,541,178	41.19%
Program Revenues	2,915,968	18.36%
General Tax Revenues	6,251,762	39.36%
General Other	175,158	1.09%
Total Revenue	<u>\$15,884,066</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$2,620,970, which is a decrease from last year's total of \$2,683,519. The schedule below indicates the fund balance and the total change in fund balance by fund as of June 30, 2012 and 2011.

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	Increase (Decrease)
General	\$1,200,096	\$1,530,757	(\$330,661)
Debt Service	434,281	393,884	40,397
Other Governmental	986,593	758,878	227,715
Total	<u>\$2,620,970</u>	<u>\$2,683,519</u>	<u>(\$62,549)</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Unaudited

General Fund –The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$4,714,770	\$3,520,970	\$1,193,800
Tuition	966,215	914,740	51,475
Investment Earnings	1,780	7,357	(5,577)
Extracurricular Activities	59,827	58,787	1,040
Class Materials and Fees	51,412	53,693	(2,281)
Intermediate Sources	0	378	(378)
Intergovernmental - State	6,250,596	6,256,819	(6,223)
Intergovernmental - Federal	19,102	12,904	6,198
All Other Revenue	139,027	437,993	(298,966)
Total	\$12,202,729	\$11,263,641	\$939,088

General Fund revenues in 2012 increased approximately 8.3% compared to revenues for fiscal year 2011. The primary factor contributing to this increase was the increase in property taxes.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Instruction:			
Regular Instruction	\$5,290,499	\$5,240,006	\$50,493
Special Instruction	964,889	969,914	(5,025)
Other Instruction	432,704	479,501	(46,797)
Supporting Services:			
Pupils	667,892	642,170	25,722
Instructional Staff	540,228	530,857	9,371
Board of Education	72,533	89,245	(16,712)
Administration	1,100,028	1,006,838	93,190
Fiscal Services	232,098	316,702	(84,604)
Business	823	2,147	(1,324)
Operation and Maintenance of Plant	1,371,722	1,427,412	(55,690)
Pupil Transportation	1,073,253	898,036	175,217
Central	414,553	446,749	(32,196)
Community Services	38,644	31,703	6,941
Extracurricular Activities	327,045	293,931	33,114
Capital Outlay	6,479	18,041	(11,562)
Total	\$12,533,390	\$12,393,252	\$140,138

MADISON LOCAL SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

Unaudited

The expenditures increased by \$140,138 or 1.1% compared to the prior year, mostly due to increased costs for busing services.

Debt Service Fund – The fund balance did not change significantly.

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

During the course of fiscal year 2012 the District amended its General Fund budget several times.

For the General Fund, budget basis revenue of \$12.2 million was in line with the original budget estimates. Budget basis expenditures of \$12.3 million reflected a decrease from the original budget estimates of \$12.9 million and accounted for decreases across the spectrum of all functions. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the District had \$30,112,044 net of accumulated depreciation invested in land; land improvements; buildings; furniture, fixtures and equipment and vehicles. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$290,152	\$290,152	\$0
Land Improvements	1,994,695	1,994,695	0
Buildings	35,615,542	35,615,542	0
Furniture, Fixtures and Equipment	3,239,278	3,239,278	0
Vehicles	30,720	30,720	0
Less: Accumulated Depreciation	(11,058,343)	(9,883,548)	(1,174,795)
Totals	\$30,112,044	\$31,286,839	(\$1,174,795)

With newly completed construction of an elementary, middle and high school within the last two years, capital additions have ceased in the short term. Overall net capital assets decreased by \$1,174,795.

Additional information on the District's capital assets can be found in Note 8.

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

Debt

At June 30, 2012, the District had \$10,527,383 in bonds outstanding, \$161,987 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$10,527,383	\$10,618,403
Capital Leases	2,949,937	3,086,306
Compensated Absences	156,736	134,842
Totals	<u>\$13,634,056</u>	<u>\$13,839,551</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2012, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Notes 11 and 12.

ECONOMIC FACTORS

As the preceding information shows, the District is heavily dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. New construction and new levies also contribute to growth of this revenue. With the collapse of real estate values in 2009, the District lost its primary source of revenue growth (i.e. inflation of the tax base). In addition, an update of the 2011 reappraisal values was completed, resulting in a continued decrease in property values. The next regular valuation update is scheduled for 2013, and represents an important factor for future District funding.

In 2011, HB1 (Ohio's 2012-11 biennial budget) was passed by the state legislature, establishing a new educational funding system. The current funding system was passed as a temporary solution until a new funding formula could be developed. All indications are that a new funding system will be included in the next biennial budget for 2013-2014. Ohio's economy has begun to make improvements following the Country's economic troubles. How this will affect the funding of schools in Ohio has yet to be seen. However, it is anticipated that current funding levels will be maintained.

The District also receives a .5% income tax from residents. Over the past year, the unemployment rate in Ohio has dropped from 8.9% to 7.4% in June of 2012. This decrease in the unemployment rate has been reflective in the Districts income tax collections. The District experienced a 3% increase in the income tax in fiscal year 2012 as compared to fiscal year 2011. It is expected that as the overall economy continues its slow recovery, the income tax will also continue at a slow pace.

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Brian Rabe, Treasurer, 1324 Middletown Eaton Rd., Middletown, Ohio 45042-1525.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Statement of Net Assets **June 30, 2012**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 3,566,979
Receivables:	
Taxes	5,857,695
Accounts	494
Intergovernmental	145,704
Inventory of Supplies at Cost	7,824
Deferred Charges	117,547
Non-Depreciable Capital Assets	290,152
Depreciable Capital Assets, Net	<u>29,821,892</u>
Total Assets	<u>39,808,287</u>
Liabilities:	
Accounts Payable	220,885
Accrued Wages and Benefits	1,064,399
Intergovernmental Payable	135,702
Deferred Revenue	5,212,897
Accrued Interest Payable	85,488
Long Term Liabilities:	
Due Within One Year	254,150
Due in More Than One Year	<u>13,379,906</u>
Total Liabilities	<u>20,353,427</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	16,752,271
Restricted For:	
Capital Projects	310,010
Debt Service	405,647
Other Purposes	780,406
Unrestricted	<u>1,206,526</u>
Total Net Assets	<u>\$ 19,454,860</u>

See accompanying notes to the basic financial statements

MADISON LOCAL SCHOOL DISTRICT, OHIO

Statement of Activities For the Fiscal Year Ended June 30, 2012

		Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
	Expenses			Governmental Activities
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 6,798,476	\$ 1,043,701	\$ 495,181	\$ (5,259,594)
Special Instruction	1,077,499	1,663	104,677	(971,159)
Vocational Instruction	2,788	0	0	(2,788)
Other Instruction	440,626	0	0	(440,626)
Support Services:				
Pupils	693,221	0	0	(693,221)
Instructional Staff	864,174	687	303,167	(560,320)
Board of Education	73,861	0	0	(73,861)
Administration	1,219,524	0	0	(1,219,524)
Fiscal Services	241,534	0	0	(241,534)
Business	838	0	0	(838)
Operation and Maintenance of Plant	1,675,885	59,329	0	(1,616,556)
Pupil Transportation	1,092,829	422	0	(1,092,407)
Central	460,263	305	5,400	(454,558)
Operation of Non-Instructional:				
Food Service Operations	683,369	446,896	286,448	49,975
Community Services	40,322	793	0	(39,529)
Extracurricular Activities	480,234	167,299	0	(312,935)
Interest and Fiscal Charges	1,091,625	0	0	(1,091,625)
Totals	\$ 16,937,068	\$ 1,721,095	\$ 1,194,873	(14,021,100)

General Revenues:

Taxes:

Property	5,372,251
Income	879,511
Grants and Entitlements not Restricted to Specific Programs	6,541,178
Investment Earnings	2,494
Miscellaneous	172,664
Total General Revenues	12,968,098
Change in Net Assets	(1,053,002)
Net Assets Beginning of Year	20,507,862
Net Assets End of Year	\$ 19,454,860

See accompanying notes to the basic financial statements

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Balance Sheet
Governmental Funds
June 30, 2012**

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,148,176	\$ 434,281	\$ 984,522	\$ 3,566,979
Receivables:				
Taxes	4,351,790	971,854	534,051	5,857,695
Accounts	106	0	388	494
Intergovernmental	4,120	0	141,584	145,704
Interfund Loans Receivable	35,335	0	2,683	38,018
Inventory of Supplies at Cost	0	0	7,824	7,824
Total Assets	\$ 6,539,527	\$ 1,406,135	\$ 1,671,052	\$ 9,616,714
Liabilities:				
Accounts Payable	\$ 219,853	\$ 0	\$ 1,032	\$ 220,885
Accrued Wages and Benefits	953,812	0	110,587	1,064,399
Intergovernmental Payable	135,702	0	0	135,702
Interfund Loans Payable	0	0	38,018	38,018
Deferred Revenue	4,030,064	971,854	534,822	5,536,740
Total Liabilities	5,339,431	971,854	684,459	6,995,744
Fund Balances:				
Nonspendable	0	0	7,824	7,824
Restricted	18,980	434,281	979,478	1,432,739
Assigned	129,467	0	0	129,467
Unassigned	1,051,649	0	(709)	1,050,940
Total Fund Balances	1,200,096	434,281	986,593	2,620,970
Total Liabilities and Fund Balances	\$ 6,539,527	\$ 1,406,135	\$ 1,671,052	\$ 9,616,714

See accompanying notes to the basic financial statements

MADISON LOCAL SCHOOL DISTRICT, OHIO

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities June 30, 2012

Total Governmental Fund Balances	\$	2,620,970
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		30,112,044
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		323,843
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 Payable	(10,527,383)	
Capital Leases Payable	(2,949,937)	
Deferred Charges for Issuance Costs	117,547	
Accrued Interest Payable	(85,488)	
Compensated Absences Payable	(156,736)	(13,601,997)
		<hr/>
<i>Net Assets of Governmental Activities</i>	\$	<u>19,454,860</u>

See accompanying notes to the basic financial statements

MADISON LOCAL SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2012

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 4,714,770	\$ 915,097	\$ 586,009	\$ 6,215,876
Tuition	966,215	0	0	966,215
Investment Earnings	1,780	0	714	2,494
Food Services	0	0	445,903	445,903
Extracurricular Activities	59,827	0	81,731	141,558
Class Materials and Fees	51,412	0	0	51,412
Intergovernmental - State	6,250,596	151,159	131,225	6,532,980
Intergovernmental - Federal	19,102	0	1,224,812	1,243,914
Miscellaneous	139,027	0	149,643	288,670
Total Revenue	12,202,729	1,066,256	2,620,037	15,889,022
Expenditures:				
Current:				
Instruction:				
Regular Instruction	5,290,499	0	613,625	5,904,124
Special Instruction	964,889	0	103,557	1,068,446
Other Instruction	432,704	0	0	432,704
Supporting Services:				
Pupils	667,892	0	0	667,892
Instructional Staff	540,228	0	287,990	828,218
Board of Education	72,533	0	0	72,533
Administration	1,100,028	0	9,770	1,109,798
Fiscal Services	232,098	0	2,636	234,734
Business	823	0	0	823
Operation & Maintenance of Plant	1,371,722	0	58,174	1,429,896
Pupil Transportation	1,073,253	0	845	1,074,098
Central	414,553	13,809	7,918	436,280
Operation of Non-Instructional:				
Food Service Operations	0	0	633,715	633,715
Community Services	38,644	0	953	39,597
Extracurricular Activities	327,045	0	118,134	445,179
Capital Outlay	6,479	0	256,757	263,236
Debt Service:				
Principal Retirement	0	217,712	136,369	354,081
Interest & Fiscal Charges	0	794,338	154,398	948,736
Total Expenditures	12,533,390	1,025,859	2,384,841	15,944,090
Net Change in Fund Balance	(330,661)	40,397	235,196	(55,068)
Fund Balances at Beginning of Year	1,530,757	393,884	758,878	2,683,519
Decrease in Inventory Reserve	0	0	(7,481)	(7,481)
Fund Balances End of Year	\$ 1,200,096	\$ 434,281	\$ 986,593	\$ 2,620,970

See accompanying notes to the basic financial statements

MADISON LOCAL SCHOOL DISTRICT, OHIO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (55,068)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense.

Depreciation Expense (1,174,795)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase in Delinquent Tax Revenue 35,886
Decrease in Grants Receivable (40,842) (4,956)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

General Obligation Bond Principal Payment 217,712
Amortization of Bond Premiums 38,206
Amortization of Deferred Loss on Defeasance (68,835)
Amortization of Deferred Charges (7,837)
Accretion on Capital Appreciation Bonds (96,063)
Capital Lease Payments 136,369 219,552

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (8,360)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Increase in Compensated Absences (21,894)
Decrease in Inventory (7,481) (29,375)

Change in Net Assets of Governmental Activities **\$ (1,053,002)**

See accompanying notes to the basic financial statements

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For The Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 4,767,759	\$ 4,718,797	\$ 4,719,290	\$ 493
Tuition	995,324	966,425	966,425	0
Investment Earnings	1,833	1,780	1,780	0
Extracurricular Activities	23,132	22,460	22,460	0
Intergovernmental - State	6,436,269	6,250,596	6,250,596	0
Intergovernmental - Federal	15,430	14,982	14,982	0
All Other Revenues	16,260	15,788	15,788	0
Total Revenues	<u>12,256,007</u>	<u>11,990,828</u>	<u>11,991,321</u>	<u>493</u>
Expenditures:				
Current:				
Instruction:				
Regular Instruction	5,505,074	5,396,748	5,243,235	153,513
Special Instruction	1,000,837	953,234	953,234	0
Other Instruction	454,313	432,704	432,704	0
Support Services:				
Pupils	651,019	620,054	620,054	0
Instructional Staff	568,867	541,811	541,810	1
Board of Education	69,242	65,949	65,949	0
Administration	1,143,716	1,089,317	1,089,317	0
Fiscal Services	251,750	239,776	239,776	0
Business	864	823	823	0
Operation and Maintenance of Plant	1,424,471	1,357,448	1,356,718	730
Pupil Transportation	1,053,671	1,003,555	1,003,555	0
Central	433,910	413,272	413,272	0
Extracurricular Activities	298,708	284,500	284,500	0
Capital Outlay	6,803	6,479	6,479	0
Total Expenditures	<u>12,863,245</u>	<u>12,405,670</u>	<u>12,251,426</u>	<u>154,244</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(607,238)	(414,842)	(260,105)	154,737
Other Financing Sources (Uses):				
Advances In	0	110,261	110,261	0
Advances Out	0	(21,651)	(21,651)	0
Refund of Prior Year's Expenditures	0	126,201	126,201	0
Refund of Prior Year's Receipts	0	(375)	(375)	0
Total Other Financing Sources (Uses):	0	214,436	214,436	0
Net Change in Fund Balance	(607,238)	(200,406)	(45,669)	154,737
Fund Balance at Beginning of Year	1,845,434	1,845,434	1,845,434	0
Prior Year Encumbrances	150,606	150,606	150,606	0
Fund Balance at End of Year	\$ 1,388,802	\$ 1,795,634	\$ 1,950,371	\$ 154,737

See accompanying notes to the basic financial statements

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2012***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 27,424</u>
Total Assets	<u>27,424</u>
Liabilities:	
Due to Students	<u>27,424</u>
Total Liabilities	<u>\$ 27,424</u>

See accompanying notes to the basic financial statements

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Madison Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by 55 noncertified and 101 certified teaching personnel providing education to 1,573 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular and special education), student guidance, extracurricular activities and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the basic financial statements.

The following fund types are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District reports only an agency fund; it is utilized to account for various student-managed activity programs. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District only reports governmental type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees and interest on investments.

Current property taxes measurable at June 30, 2012, and which are not intended to finance fiscal 2012 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to April 1, the Board accepts by formal resolution the tax rates as determined by the County Budget Commission, and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2012.

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund, department and object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to assigned fund balance (GAAP basis), applies to the General Fund only.

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MADISON LOCAL SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	(\$330,661)
Increase (Decrease):	
Accrued Revenues	
at June 30, 2012,	
received during FY 2013	(325,952)
Accrued Revenues	
at June 30, 2011,	
received during FY 2012	363,044
Accrued Expenditures	
at June 30, 2012,	
paid during FY 2013	1,309,367
Accrued Expenditures	
at June 30, 2011,	
paid during FY 2012	(1,042,691)
Interfund Activity FY 2012	90,490
Encumbrances Outstanding	(110,224)
Perspective Difference:	
Activity of Funds Reclassified	
For GAAP Reporting Purposes	958
Budget Basis	(\$45,669)

F. Cash and Cash Equivalents

Cash and cash equivalents includes all demand deposits and investments.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreement and certificates of deposit) which are reported at cost, which approximates fair value. See Note 4, "Cash, Cash Equivalents and Investments."

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2012 totaled \$1,780, which includes \$502 assigned from other District funds, and \$714 was credited to other funds of the District.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal period are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. There were no prepaid items at June 30, 2012.

J. Capital Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business-type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. The District follows the policy of not capitalizing assets with a cost of less than \$5,000.

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	50
Buildings and Improvements	50
Machinery/Equipment and Furniture/Fixtures	6-20
Vehicles	10

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Capital Leases	Permanent Improvement Fund
Compensated Absences	General Fund, Food Services Fund, IDEA Part-B Fund

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement.

VACATION

	Certified	Administrators	Non-Certified
How Earned	Not Eligible	0-20 days/year	10-20 days for each year depending on length of service
Max Accumulation	N/A	0-40 days	Must be used in year after year earned
Vested	N/A	As Earned	As earned after 1 year of service
Termination Entitlement	N/A	Paid upon termination	Paid upon termination

SICK LEAVE

	Certified	Administrators	Non-Certified
How Earned	1 ¼ days per month of employment (15 days max per year)	1 ¼ days per month of employment (15 days max per year)	1 ¼ days per month of employment (15 days max per year)
Max Accumulation	184	Contract days	Contract Days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	¼ paid upon retirement	¼ paid upon retirement	¼ paid upon retirement

Compensated absences accumulated by governmental fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred. Pension liabilities expected to be paid from current available financial resources are recorded as a fund liability.

O. Interfund Transactions

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 and eliminated in the Statement of Activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balance (Continued)

Restricted - The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Q. Estimates

The preparation of the 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 could differ from those estimates.

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2012 of \$406 in the Drug Free School Grant Fund and \$303 in the Improving Teacher Quality Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the budgetary/cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

NOTE 3 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Supplies Inventory	\$0	\$0	\$7,824	\$7,824
Total Nonspendable	<u>0</u>	<u>0</u>	<u>7,824</u>	<u>7,824</u>
Restricted:				
Food Services	0	0	323,964	323,964
Staff Development and Support	0	0	52,448	52,448
Extracurricular Activities	0	0	30,014	30,014
Technology Improvements	0	0	14,185	14,185
Targeted Academic Assistance	0	0	72,520	72,520
Debt Service Payments	0	434,281	0	434,281
Capital Acquisition and Maintenance	18,980	0	486,347	505,327
Total Restricted	<u>18,980</u>	<u>434,281</u>	<u>979,478</u>	<u>1,432,739</u>
Assigned to Other Purposes	129,467	0	0	129,467
Unassigned	1,051,649	0	(709)	1,050,940
Total Fund Balances	<u>\$1,200,096</u>	<u>\$434,281</u>	<u>\$986,593</u>	<u>\$2,620,970</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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;
- The State Treasury Asset Reserve of Ohio (STAR Ohio), and
- Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is no default of principal, interest or coupons.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$3,594,403 and the bank balance was \$3,623,930. The Federal Deposit Insurance Corporation (FDIC) covered \$750,000 of the bank balance and \$2,873,930 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$2,873,930</u>
Total Balance	<u><u>\$2,873,930</u></u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - TAXES

A. Property Tax

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 and public utility property located in the District. Real property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at 35 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 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Butler County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2012 receipts were based are:

Agricultural/Residential and Other Real Estate	\$153,173,250
Public Utility Personal	3,464,660
Total Assessed Value	<u>\$156,637,910</u>
Tax rate per \$1,000 of assessed valuation	\$40.54

B. Income Tax

The District also receives a voted tax of 0.5 percent for general operations on the income of residents and of estates. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012***

NOTE 6 - RECEIVABLES

Receivables at June 30, 2012 consisted of taxes, accounts, intergovernmental and interfund receivables.

NOTE 7 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2012:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$35,335	\$0
Other Governmental Funds	2,683	38,018
Totals	<u>\$38,018</u>	<u>\$38,018</u>

The interfund balances represent amounts due between funds resulting from timing differences.

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MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 8 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2012:

Historical Cost:

Class	June 30, 2011	Additions	Deletions	June 30, 2012
Capital assets not being depreciated:				
Land	\$290,152	\$0	\$0	\$290,152
Capital assets being depreciated:				
Land Improvements	1,994,695	0	0	1,994,695
Buildings	35,615,542	0	0	35,615,542
Furniture, Fixtures and Equipment	3,239,278	0	0	3,239,278
Vehicles	30,720	0	0	30,720
Total Cost	<u>\$41,170,387</u>	<u>\$0</u>	<u>\$0</u>	<u>\$41,170,387</u>

Accumulated Depreciation:

Class	June 30, 2011	Additions	Deletions	June 30, 2012
Land Improvements	(\$1,000,339)	(\$95,916)	\$0	(\$1,096,255)
Buildings	(6,543,451)	(880,056)	0	(7,423,507)
Furniture, Fixtures and Equipment	(2,314,138)	(197,471)	0	(2,511,609)
Vehicles	(25,620)	(1,352)	0	(26,972)
Total Depreciation	<u>(\$9,883,548)</u>	<u>(\$1,174,795) *</u>	<u>\$0</u>	<u>(\$11,058,343)</u>
Net Value:	<u>\$31,286,839</u>			<u>\$30,112,044</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular Instruction	\$756,378
Special Instruction	6,712
Vocational Instruction	2,788
Support Services:	
Pupils	7,036
Instructional Staff	17,004
Administration	102,204
Fiscal Services	2,502
Operations & Maintenance of Plant	219,810
Central	3,491
Operation of Noninstructional Services:	
Food Services	29,965
Extracurricular Activities	26,905
Total Depreciation Expense	<u>\$1,174,795</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 9- DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$319,300, \$312,229 and \$244,338 respectively, which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 9- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$798,614, \$774,607, and \$837,720 respectively; which were equal to the required contributions for each year.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) 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 SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

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 allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2012, 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 District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$13,828, \$37,806, and \$8,028 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$18,856, \$20,092, and \$13,264 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

Plan Description – The 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.

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 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 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District’s contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$61,432, \$59,585, and \$59,837 respectively; which were equal to the required contributions for each year.

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long-term debt and other long-term obligations of the District for the year ended June 30, 2012 are as follows:

		Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
1999 General Obligation Bond	4.25-5.75%	\$519,943	\$0	(\$143,978)	\$375,965	\$134,343
2000 General Obligation Bond	4.5-5.60%	199,994	0	0	199,994	0
2006 General Obligation Bond	4.0-4.05%	7,554,993	0	(15,000)	7,539,993	7,009
2007 General Obligation Bond	4.0-4.125%	1,829,998	0	(58,734)	1,771,264	51,264
Sub-Total General Obligation Bonds		10,104,928	0	(217,712)	9,887,216	192,616
Premium on General Obligation Bonds		611,294	0	(38,206)	573,088	38,206
Deferred Loss on Defeasance		(332,037)	0	68,835	(263,202)	(68,835)
Accretion on Capital Appreciation Bonds		234,218	96,063	0	330,281	0
Total General Obligation Bonds		10,618,403	96,063	(187,083)	10,527,383	161,987
Capital Leases		3,086,306	0	(136,369)	2,949,937	87,110
Compensated Absences		134,842	48,862	(26,968)	156,736	5,053
Total Long-Term Obligations		\$13,839,551	\$144,925	(\$350,420)	\$13,634,056	\$254,150

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

On October 1, 1999, the District issued \$9,999,943 in general obligation bonds to retire previously issued notes. The bonds mature through 2014 and carry an interest rate between 4.25 and 5.75 percent. Proceeds from the debt are used for the construction, improvements, renovations, and additions to school facilities.

On November 27, 2000 the District issued \$2,769,994 in general obligation bonds to retire \$2,770,000 of bond anticipation notes. The bonds mature through 2019 and carry an interest rate between 4.5 and 5.6 percent. Proceeds from the debt are used for the construction, improvements, renovations, and additions to school facilities.

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2012, follows:

<u>Years</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$192,616	\$936,304
2014	181,416	881,614
2015	169,226	737,275
2016	93,744	943,808
2017	79,715	967,229
2018 - 2022	3,565,499	1,955,625
2023 - 2027	<u>5,605,000</u>	<u>590,451</u>
Totals	<u>\$9,887,216</u>	<u>\$7,012,306</u>

B. Defeased Debt

In November 2006, the District partially refunded \$8,300,000 of General Obligation Bonds for School Improvement Series 1999, dated October 1, 1999, through the issuance of \$8,299,993 of General Obligation Bonds. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$8,010,000 at June 30, 2012, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012**

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

B. Defeased Debt (Continued)

In March 2007, the District partially refunded \$1,955,000 of General Obligation Bonds for School Improvement Series 2000, dated November 27, 2000, through the issuance of \$1,954,998 of General Obligation Bonds. The net proceeds of the 2007 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,800,000, at June 30, 2012, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 12 - CAPITAL LEASE COMMITMENTS

The District is obligated under three leases accounted for as capital leases. The cost of the leased assets (copier, administration building and high school project) are accounted for in the Governmental Activities Capital Assets and the related liability in the Governmental Activities Long-Term Liabilities. The original cost of the assets under capital lease was \$3,902,079.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2012:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2013	\$235,807
2014	233,183
2015	228,089
2016	228,725
2017	228,141
2018-2022	1,024,896
2023-2027	990,633
2028-2032	983,932
2033-2037	972,844
Minimum Lease Payments	<u>5,126,250</u>
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(2,176,313)</u>
Present Value of minimum lease payments	<u><u>\$2,949,937</u></u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012***

NOTE 13 - STATUTORY RESERVES

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

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

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2011	\$0
Current Year Set-Aside Requirement	271,917
Current Year Offset Credits	0
Qualifying Disbursements	(324,426)
Total	(52,509)
Balance Carried Forward to FY 2013	\$0

While the qualifying disbursements during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years. Effective July 1, 2011, the textbook set aside is no longer required and has been removed from existing law.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

The Southwest Ohio Computer Association (SWOCA), a jointly governed 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 districts. Each of the member schools of the four county consortium supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of one representative from each four districts plus one representative from the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board. During the 2012 fiscal year the District paid \$87,739 to SWOCA for services. To obtain financial information, write to the Southwestern Ohio Computer Association, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

MADISON LOCAL SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial general liability insurance against these risks and all other risks of loss, including workers compensation and employee health and accident insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2012.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2012.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS*

MADISON LOCAL SCHOOL DISTRICT, OHIO



MADISON LOCAL SCHOOL DISTRICT, OHIO

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Food Services Fund

To account for financial transactions associated with food service operations.

Special Trust Fund

To account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

Uniform School Supply Fund

To account for the purchase and sale of school supplies. Profits derived from sales must be used for school purposes or activities. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Public School Fund

To support the various needs of the school such as supplies and equipment for use in the school; for support and recognition of school activities as deemed appropriate by the building principal. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Other Grant Fund

To account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

Special Enterprise Fund

To account for the financial transactions related to the after school child care program, which operates on a fee for service basis. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Classroom Facilities Maintenance Fund

To account for the proceeds of a levy for the maintenance of facilities.

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

Special Revenue Funds

Athletic Fund

To account for a combination of subject matters and experiences usually not provided in a regular class, designed for pupils who wish to pursue satisfying individual/group interest and study in specific aspects of the subject matter provided in a regular classroom.

Management Information System Fund

To account for costs related to hardware and software development or other costs associated with the requirements of the management information system.

Entry Year Programs Fund

To account for State grant monies to be used for Entry Year Teacher Program costs. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Data Communication Fund

To account for monies received for the maintenance of the Ohio Educational Computer Network connections. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Education Jobs Fund

To account for monies received through a grant to save or create educational jobs. Jobs funded under this program include those that provide educational and related services for early childhood, elementary and secondary education.

IDEA, Part B Fund

To account for monies received through grants to assist in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Federal Stabilization Fund

To account for monies received through a grant to create and save jobs and to advance education reforms. (The Balance Sheet is not presented because there are no assets or liabilities at year end. This fund only exists on a GAAP basis, therefore no budgetary schedule is presented)

Title II-D Technology Fund

To account for monies received through a grant to improve student academic achievement through the effective use of technology in schools.

Title I Fund

To account for federal revenues received to meet the special needs of educationally deprived children.

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

Special Revenue Funds

Drug-Free School Grant Fund

To account for federal revenue funds to be used for drug abuse prevention, early intervention, rehabilitation referral and education. (This fund only exists on a GAAP basis, therefore no budgetary schedule is presented)

IDEA Preschool Grant Fund

A fund provided to account for the District's preschool grant activities.

Improving Teacher Quality Fund

To account for federal monies received which are used to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Permanent Improvement Fund

To account for all transactions related to the acquiring, construction or improving of such permanent improvements as are authorized by Chapter 5705 of the Ohio Revised Code.

Building Fund

To account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Classroom Facilities Fund

This fund is used to account for monies received and expended in connection with contracts entered into by the school district and the Ohio Department of Education for the building and equipping of classroom facilities.

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 685,571	\$ 298,951	\$ 984,522
Receivables:			
Taxes	0	534,051	534,051
Accounts	388	0	388
Intergovernmental	141,584	0	141,584
Interfund Loans Receivable	2,683	0	2,683
Inventory Held for Resale	7,824	0	7,824
Total Assets	<u>\$ 838,050</u>	<u>\$ 833,002</u>	<u>\$ 1,671,052</u>
Liabilities:			
Accounts Payable	\$ 40	\$ 992	\$ 1,032
Accrued Wages and Benefits	110,587	0	110,587
Interfund Loans Payable	20,018	18,000	38,018
Deferred Revenue	771	534,051	534,822
Total Liabilities	<u>131,416</u>	<u>553,043</u>	<u>684,459</u>
Fund Balances:			
Nonspendable	7,824	0	7,824
Restricted	699,519	279,959	979,478
Unassigned	(709)	0	(709)
Total Fund Balances	<u>706,634</u>	<u>279,959</u>	<u>986,593</u>
Total Liabilities and Fund Balances	<u>\$ 838,050</u>	<u>\$ 833,002</u>	<u>\$ 1,671,052</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 81,837	\$ 504,172	\$ 586,009
Interest	167	547	714
Food Services	445,903	0	445,903
Extracurricular Activities	81,731	0	81,731
Intergovernmental - State	37,068	94,157	131,225
Intergovernmental - Federal	1,224,812	0	1,224,812
Miscellaneous	91,325	58,318	149,643
Total Revenue	1,962,843	657,194	2,620,037
Expenditures:			
Current:			
Regular	485,241	128,384	613,625
Special	102,822	735	103,557
Supporting Services:			
Instructional Staff	282,297	5,693	287,990
Administration	0	9,770	9,770
Fiscal Services	0	2,636	2,636
Operation and Maintenance of Plant	21,198	36,976	58,174
Pupil Transportation	507	338	845
Central	367	7,551	7,918
Operation of Non-Instructional:			
Food Service Operations	633,715	0	633,715
Community Services	953	0	953
Extracurricular Activities	96,139	21,995	118,134
Capital Outlay	0	256,757	256,757
Debt Service:			
Principal Retirement	0	136,369	136,369
Interest and Fiscal Charges	0	154,398	154,398
Total Expenditures	1,623,239	761,602	2,384,841
Net Change in Fund Balance	339,604	(104,408)	235,196
Fund Balances at Beginning of Year	374,511	384,367	758,878
Decrease in Inventory Reserve	(7,481)	0	(7,481)
Fund Balances End of Year	\$ 706,634	\$ 279,959	\$ 986,593

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012**

	Food Services	Special Trust	Other Grant	Classroom Facilities Maintenance
Assets:				
Cash and Cash Equivalents	\$ 353,176	\$ 8,327	\$ 6,460	\$ 206,388
Receivables:				
Taxes	0	0	0	0
Accounts	388	0	0	0
Intergovernmental	0	0	771	0
Interfund Loans Receivable	0	0	0	0
Inventory Held for Resale	7,824	0	0	0
Total Assets	<u>\$ 361,388</u>	<u>\$ 8,327</u>	<u>\$ 7,231</u>	<u>\$ 206,388</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	29,600	0	0	0
Interfund Loans Payable	0	0	608	0
Deferred Revenue	0	0	771	0
Total Liabilities	<u>29,600</u>	<u>0</u>	<u>1,379</u>	<u>0</u>
Fund Balances:				
Nonspendable	7,824	0	0	0
Restricted	323,964	8,327	5,852	206,388
Unassigned	0	0	0	0
Total Fund Balances (Deficit)	<u>331,788</u>	<u>8,327</u>	<u>5,852</u>	<u>206,388</u>
Total Liabilities and Fund Balances	<u>\$ 361,388</u>	<u>\$ 8,327</u>	<u>\$ 7,231</u>	<u>\$ 206,388</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

Athletic	Management Information System	Entry Year Programs	Data Communication	Education Jobs	IDEA, Part B
\$ 21,687	\$ 6,575	\$ 700	\$ 5,400	\$ 68,330	\$ 6,111
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	72,228
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 21,687</u>	<u>\$ 6,575</u>	<u>\$ 700</u>	<u>\$ 5,400</u>	<u>\$ 68,330</u>	<u>\$ 78,339</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	15,882	30,195
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	15,882	30,195
0	0	0	0	0	0
21,687	6,575	700	5,400	52,448	48,144
0	0	0	0	0	0
<u>21,687</u>	<u>6,575</u>	<u>700</u>	<u>5,400</u>	<u>52,448</u>	<u>48,144</u>
<u>\$ 21,687</u>	<u>\$ 6,575</u>	<u>\$ 700</u>	<u>\$ 5,400</u>	<u>\$ 68,330</u>	<u>\$ 78,339</u>

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012**

	Title II-D Technology	Title I	Drug-Free School Grant	IDEA Preschool Grant
Assets:				
Cash and Cash Equivalents	\$ 0	\$ 905	\$ 0	\$ 60
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	2,210	42,144	0	0
Interfund Loans Receivable	0	2,683	0	0
Inventory Held for Resale	0	0	0	0
Total Assets	<u>\$ 2,210</u>	<u>\$ 45,732</u>	<u>\$ 0</u>	<u>\$ 60</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 40	\$ 0	\$ 0
Accrued Wages and Benefits	0	26,683	0	0
Interfund Loans Payable	0	1,245	406	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>0</u>	<u>27,968</u>	<u>406</u>	<u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	2,210	17,764	0	60
Unassigned	0	0	(406)	0
Total Fund Balances (Deficit)	<u>2,210</u>	<u>17,764</u>	<u>(406)</u>	<u>60</u>
Total Liabilities and Fund Balances	<u>\$ 2,210</u>	<u>\$ 45,732</u>	<u>\$ 0</u>	<u>\$ 60</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 1,452	\$ 685,571
0	0
0	388
24,231	141,584
0	2,683
0	7,824
\$ 25,683	\$ 838,050
\$ 0	\$ 40
8,227	110,587
17,759	20,018
0	771
25,986	131,416
0	7,824
0	699,519
(303)	(709)
(303)	706,634
\$ 25,683	\$ 838,050

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

	<u>Food Services</u>	<u>Special Trust</u>	<u>Other Grant</u>	<u>Classroom Facilities Maintenance</u>
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 81,837
Interest	163	4	0	0
Food Services	445,903	0	0	0
Extracurricular Activities	0	0	0	0
Intergovernmental - State	5,575	0	0	25,393
Intergovernmental - Federal	280,873	0	0	0
Miscellaneous	388	0	36,225	0
Total Revenue	<u>732,902</u>	<u>4</u>	<u>36,225</u>	<u>107,230</u>
Expenditures:				
Current:				
Instruction:				
Regular	0	0	31,350	0
Special	0	0	2,000	0
Supporting Services:				
Instructional Staff	0	0	825	0
Operation and Maintenance of Plant	302	0	1,216	14,010
Pupil Transportation	0	0	507	0
Central	0	0	367	0
Operation of Non-Instructional:				
Food Service Operations	632,988	0	727	0
Community Services	0	0	953	0
Extracurricular Activities	0	300	5,610	0
Total Expenditures	<u>633,290</u>	<u>300</u>	<u>43,555</u>	<u>14,010</u>
Net Change in Fund Balance	99,612	(296)	(7,330)	93,220
Fund Balances at Beginning of Year	239,657	8,623	13,182	113,168
Decrease in Inventory Reserve	(7,481)	0	0	0
Fund Balances End of Year	<u>\$ 331,788</u>	<u>\$ 8,327</u>	<u>\$ 5,852</u>	<u>\$ 206,388</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

Athletic	Management Information System	Entry Year Programs	Data Communication	Education Jobs	IDEA, Part B
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
81,731	0	0	0	0	0
0	0	700	5,400	0	0
0	0	0	0	260,411	304,908
21,075	0	0	0	0	0
<u>102,806</u>	<u>0</u>	<u>700</u>	<u>5,400</u>	<u>260,411</u>	<u>304,908</u>
0	0	0	0	176,738	0
0	0	0	0	0	98,530
0	0	0	0	44,138	163,149
2,951	2,719	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
90,229	0	0	0	0	0
<u>93,180</u>	<u>2,719</u>	<u>0</u>	<u>0</u>	<u>220,876</u>	<u>261,679</u>
9,626	(2,719)	700	5,400	39,535	43,229
12,061	9,294	0	0	12,913	4,915
0	0	0	0	0	0
<u>\$ 21,687</u>	<u>\$ 6,575</u>	<u>\$ 700</u>	<u>\$ 5,400</u>	<u>\$ 52,448</u>	<u>\$ 48,144</u>

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

	Federal Stabilization	Title II-D Technology	Title I	Drug-Free School Grant
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0
Food Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Intergovernmental - State	0	0	0	0
Intergovernmental - Federal	0	2,267	311,684	0
Miscellaneous	33,637	0	0	0
Total Revenue	<u>33,637</u>	<u>2,267</u>	<u>311,684</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	0	0	217,546	0
Special	0	0	0	0
Supporting Services:				
Instructional Staff	0	364	68,858	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional:				
Food Service Operations	0	0	0	0
Community Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Total Expenditures	<u>0</u>	<u>364</u>	<u>286,404</u>	<u>0</u>
Net Change in Fund Balance	33,637	1,903	25,280	0
Fund Balances at Beginning of Year	(33,637)	307	(7,516)	(406)
Decrease in Inventory Reserve	0	0	0	0
Fund Balances End of Year	<u>\$ 0</u>	<u>\$ 2,210</u>	<u>\$ 17,764</u>	<u>\$ (406)</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

IDEA Preschool Grant	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 81,837
0	0	167
0	0	445,903
0	0	81,731
0	0	37,068
2,255	62,414	1,224,812
<u>0</u>	<u>0</u>	<u>91,325</u>
<u>2,255</u>	<u>62,414</u>	<u>1,962,843</u>
0	59,607	485,241
2,292	0	102,822
1,403	3,560	282,297
0	0	21,198
0	0	507
0	0	367
0	0	633,715
0	0	953
<u>0</u>	<u>0</u>	<u>96,139</u>
<u>3,695</u>	<u>63,167</u>	<u>1,623,239</u>
(1,440)	(753)	339,604
1,500	450	374,511
<u>0</u>	<u>0</u>	<u>(7,481)</u>
<u>\$ 60</u>	<u>\$ (303)</u>	<u>\$ 706,634</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012**

	Permanent Improvement	Building	Classroom Facilities	Total Nonmajor Capital Projects Funds
Assets:				
Cash and Cash Equivalents	\$ 140,633	\$ 132,156	\$ 26,162	\$ 298,951
Receivables:				
Taxes	534,051	0	0	534,051
Total Assets	<u>\$ 674,684</u>	<u>\$ 132,156</u>	<u>\$ 26,162</u>	<u>\$ 833,002</u>
Liabilities:				
Accounts Payable	\$ 992	\$ 0	\$ 0	\$ 992
Interfund Loans Payable	18,000	0	0	18,000
Deferred Revenue	534,051	0	0	534,051
Total Liabilities	<u>553,043</u>	<u>0</u>	<u>0</u>	<u>553,043</u>
Fund Balances:				
Restricted	121,641	132,156	26,162	279,959
Total Fund Balances	<u>121,641</u>	<u>132,156</u>	<u>26,162</u>	<u>279,959</u>
Total Liabilities and Fund Balances	<u>\$ 674,684</u>	<u>\$ 132,156</u>	<u>\$ 26,162</u>	<u>\$ 833,002</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Capital Projects Funds For the Fiscal Year Ended June 30, 2012

	Permanent Improvement	Building	Classroom Facilities	Total Nonmajor Capital Projects Funds
Revenues:				
Taxes	\$ 504,172	\$ 0	\$ 0	\$ 504,172
Interest	0	479	68	547
Intergovernmental - State	94,157	0	0	94,157
Miscellaneous	0	0	58,318	58,318
Total Revenue	598,329	479	58,386	657,194
Expenditures:				
Current:				
Instruction:				
Regular	114,765	13,619	0	128,384
Special	735	0	0	735
Supporting Services:				
Instructional Staff	5,693	0	0	5,693
Administration	9,770	0	0	9,770
Fiscal Services	2,636	0	0	2,636
Operation and Maintenance of Plant	36,976	0	0	36,976
Pupil Transportation	338	0	0	338
Central	7,551	0	0	7,551
Extracurricular Activities	21,995	0	0	21,995
Capital Outlay	6,751	167,276	82,730	256,757
Debt Service:				
Principal Retirement	136,369	0	0	136,369
Interest and Fiscal Charges	154,398	0	0	154,398
Total Expenditures	497,977	180,895	82,730	761,602
Net Change in Fund Balance	100,352	(180,416)	(24,344)	(104,408)
Fund Balances at Beginning of Year	21,289	312,572	50,506	384,367
Fund Balances End of Year	\$ 121,641	\$ 132,156	\$ 26,162	\$ 279,959

MADISON LOCAL SCHOOL DISTRICT, OHIO



MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Fund – General Fund
For the Fiscal Year Ended June 30, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,767,759	\$ 4,718,797	\$ 4,719,290	\$ 493
Tuition and Fees	995,324	966,425	966,425	0
Interest	1,833	1,780	1,780	0
Extracurricular Activities	23,132	22,460	22,460	0
Intergovernmental - State	6,436,269	6,250,596	6,250,596	0
Intergovernmental - Federal	15,430	14,982	14,982	0
Miscellaneous	16,260	15,788	15,788	0
Total Revenues	<u>12,256,007</u>	<u>11,990,828</u>	<u>11,991,321</u>	<u>493</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	4,052,529	4,012,797	3,859,778	153,019
Fringe Benefits	1,299,161	1,237,369	1,237,369	0
Purchased Services	38,154	36,339	36,339	0
Supplies and Materials	108,963	104,274	103,780	494
Other Expenditures	47	45	45	0
Capital Outlay	6,220	5,924	5,924	0
Total Regular	<u>5,505,074</u>	<u>5,396,748</u>	<u>5,243,235</u>	<u>153,513</u>
Special:				
Salaries and Wages	621,235	591,687	591,687	0
Fringe Benefits	234,925	223,752	223,752	0
Purchased Services	131,970	125,693	125,693	0
Supplies and Materials	7,982	7,602	7,602	0
Capital Outlay	4,725	4,500	4,500	0
Total Special	<u>1,000,837</u>	<u>953,234</u>	<u>953,234</u>	<u>0</u>
Other Instruction:				
Salaries and Wages	945	900	900	0
Purchased Services	453,368	431,804	431,804	0
Total Other	<u>454,313</u>	<u>432,704</u>	<u>432,704</u>	<u>0</u>
Total Instruction	<u>6,960,224</u>	<u>6,782,686</u>	<u>6,629,173</u>	<u>153,513</u>

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Fund – General Fund
For the Fiscal Year Ended June 30, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Support Services:				
Pupils:				
Salaries and Wages	290,169	276,368	276,368	0
Fringe Benefits	222,169	211,602	211,602	0
Purchased Services	128,262	122,161	122,161	0
Supplies and Materials	10,419	9,923	9,923	0
Total Pupils	651,019	620,054	620,054	0
Instructional Staff:				
Salaries and Wages	340,578	324,379	324,379	0
Fringe Benefits	146,041	139,095	139,095	0
Purchased Services	70,079	66,747	66,746	1
Supplies and Materials	7,444	7,090	7,090	0
Other Expenditures	4,725	4,500	4,500	0
Total Instructional Staff	568,867	541,811	541,810	1
Board of Education:				
Salaries and Wages	11,286	10,750	10,750	0
Fringe Benefits	1,949	1,856	1,856	0
Purchased Services	30,206	28,769	28,769	0
Supplies and Materials	5,130	4,886	4,886	0
Other Expenditures	20,671	19,688	19,688	0
Total Board of Education	69,242	65,949	65,949	0
Administration:				
Salaries and Wages	720,532	686,261	686,261	0
Fringe Benefits	314,492	299,534	299,534	0
Purchased Services	96,793	92,189	92,189	0
Supplies and Materials	8,550	8,143	8,143	0
Other Expenditures	3,349	3,190	3,190	0
Total Administration	1,143,716	1,089,317	1,089,317	0

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Fund – General Fund
For the Fiscal Year Ended June 30, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Fiscal:				
Salaries and Wages	144,493	137,621	137,621	0
Fringe Benefits	52,216	49,732	49,732	0
Purchased Services	8,523	8,118	8,118	0
Supplies and Materials	1,991	1,896	1,896	0
Other Expenditures	44,527	42,409	42,409	0
Total Fiscal	<u>251,750</u>	<u>239,776</u>	<u>239,776</u>	<u>0</u>
Business:				
Purchased Services	864	823	823	0
Total Business	<u>864</u>	<u>823</u>	<u>823</u>	<u>0</u>
Operation and Maintenance of Plant:				
Salaries and Wages	356,524	339,566	339,566	0
Fringe Benefits	154,841	147,476	147,476	0
Purchased Services	837,244	798,042	797,422	620
Supplies and Materials	75,862	72,364	72,254	110
Total Operation and Maintenance Of Plant	<u>1,424,471</u>	<u>1,357,448</u>	<u>1,356,718</u>	<u>730</u>
Pupil Transportation:				
Purchased Services	939,278	894,603	894,603	0
Supplies and Materials	114,393	108,952	108,952	0
Total Pupil Transportation	<u>1,053,671</u>	<u>1,003,555</u>	<u>1,003,555</u>	<u>0</u>
Central:				
Salaries and Wages	87,305	83,152	83,152	0
Fringe Benefits	130,842	124,619	124,619	0
Purchased Services	35,366	33,684	33,684	0
Supplies and Materials	1,303	1,241	1,241	0
Other Expenditures	179,094	170,576	170,576	0
Total Central	<u>433,910</u>	<u>413,272</u>	<u>413,272</u>	<u>0</u>
Total Support Services	<u>5,597,510</u>	<u>5,332,005</u>	<u>5,331,274</u>	<u>731</u>

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Fund – General Fund
For the Fiscal Year Ended June 30, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Extracurricular Activities:				
Salaries and Wages	256,600	244,395	244,395	0
Fringe Benefits	39,524	37,644	37,644	0
Capital Outlay	2,584	2,461	2,461	0
Total Extracurricular Activities	<u>298,708</u>	<u>284,500</u>	<u>284,500</u>	<u>0</u>
Capital Outlay:				
Capital Outlay	6,803	6,479	6,479	0
Total Capital Outlay	<u>6,803</u>	<u>6,479</u>	<u>6,479</u>	<u>0</u>
Total Expenditures	<u>12,863,245</u>	<u>12,405,670</u>	<u>12,251,426</u>	<u>154,244</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(607,238)	(414,842)	(260,105)	154,737
Other Financing Sources (Uses):				
Advances In	0	110,261	110,261	0
Advances Out	0	(21,651)	(21,651)	0
Refund of Prior Year's Expenditures	0	126,201	126,201	0
Refund of Prior Year's Receipts	0	(375)	(375)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>214,436</u>	<u>214,436</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(607,238)	(200,406)	(45,669)	154,737
Fund Balance at Beginning of Year	1,845,434	1,845,434	1,845,434	0
Prior Year Encumbrances	150,606	150,606	150,606	0
Fund Balance at End of Year	<u>\$ 1,388,802</u>	<u>\$ 1,795,634</u>	<u>\$ 1,950,371</u>	<u>\$ 154,737</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Governmental Fund – Debt Service Fund
For the Fiscal Year Ended June 30, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 915,097	\$ 915,097	\$ 0
Intergovernmental - State	151,159	151,159	0
Total Revenues	1,066,256	1,066,256	0
Expenditures:			
Current:			
Support Services:			
Central:			
Other Expenditures	17,650	13,809	3,841
Total Support Services	17,650	13,809	3,841
Debt Service:			
Principal Retirement	217,712	217,712	0
Interest and Fiscal Charges	794,338	794,338	0
Total Expenditures	1,029,700	1,025,859	3,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,556	40,397	3,841
Fund Balance at Beginning of Year	393,884	393,884	0
Fund Balance at End of Year	\$ 430,440	\$ 434,281	\$ 3,841

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

FOOD SERVICES FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Interest	\$ 164	\$ 163	\$ (1)
Sales	445,903	445,903	0
Intergovernmental - State	5,575	5,575	0
Intergovernmental - Federal	282,252	282,252	0
Total Revenues	<u>733,894</u>	<u>733,893</u>	<u>(1)</u>
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Salaries and Wages	302	302	0
Total Support Services	<u>302</u>	<u>302</u>	<u>0</u>
Non-Instructional:			
Food Service Operations:			
Salaries and Wages	193,124	193,124	0
Fringe Benefits	51,762	51,762	0
Purchased Services	21,962	21,449	513
Supplies and Materials	372,258	370,870	1,388
Capital Outlay	15,369	9,239	6,130
Total Non-Instructional Services	<u>654,475</u>	<u>646,444</u>	<u>8,031</u>
Total Expenditures	<u>654,777</u>	<u>646,746</u>	<u>8,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	79,117	87,147	8,030
Fund Balance at Beginning of Year	257,516	257,516	0
Prior Year Encumbrances	4,779	4,779	0
Fund Balance at End of Year	<u>\$ 341,412</u>	<u>\$ 349,442</u>	<u>\$ 8,030</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

SPECIAL TRUST FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Interest	\$ 4	\$ 4	\$ 0
Total Revenues	4	4	0
Expenditures:			
Current:			
Extracurricular Activities:			
Supplies and Materials	1,526	0	1,526
Other Expenditures	7,101	300	6,801
Total Expenditures	8,627	300	8,327
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,623)	(296)	8,327
Fund Balance at Beginning of Year	8,623	8,623	0
Fund Balance at End of Year	\$ 0	\$ 8,327	\$ 8,327

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

UNIFORM SCHOOL SUPPLY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Classroom Material and Fees	\$ 52,511	\$ 52,510	\$ (1)
Total Revenues	52,511	52,510	(1)
Expenditures:			
Current:			
Instruction:			
Regular:			
Supplies and Materials	62,989	48,051	14,938
Total Expenditures	62,989	48,051	14,938
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,478)	4,459	14,937
Fund Balance at Beginning of Year	20,201	20,201	0
Prior Year Encumbrances	107	107	0
Fund Balance at End of Year	\$ 9,830	\$ 24,767	\$ 14,937

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Extracurricular Activities	\$ 36,866	\$ 37,367	\$ 501
Miscellaneous	500	500	0
Total Revenues	<u>37,366</u>	<u>37,867</u>	<u>501</u>
Expenditures:			
Current:			
Extracurricular Activities:			
Other Expenditures	<u>53,621</u>	<u>38,507</u>	<u>15,114</u>
Total Expenditures	<u>53,621</u>	<u>38,507</u>	<u>15,114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,255)	(640)	15,615
Fund Balance at Beginning of Year	22,575	22,575	0
Prior Year Encumbrances	588	588	0
Fund Balance at End of Year	<u>\$ 6,908</u>	<u>\$ 22,523</u>	<u>\$ 15,615</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

OTHER GRANTS FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Miscellaneous	\$ 44,966	\$ 45,575	\$ 609
Total Revenues	<u>44,966</u>	<u>45,575</u>	<u>609</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	8,936	8,936	0
Fringe Benefits	514	360	154
Purchased Services	1,490	1,490	0
Supplies and Materials	8,327	7,229	1,098
Capital Outlay	14,312	13,435	877
Total Regular	<u>33,579</u>	<u>31,450</u>	<u>2,129</u>
Special:			
Capital Outlay	2,000	2,000	0
Total Special	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Total Instruction	<u>35,579</u>	<u>33,450</u>	<u>2,129</u>
Support Services:			
Instructional Staff:			
Purchased Services	825	825	0
Total Instructional Staff	<u>825</u>	<u>825</u>	<u>0</u>
Operation and Maintenance of Plant:			
Supplies and Materials	1,764	1,764	0
Total Operation and Maintenance Of Plant	<u>1,764</u>	<u>1,764</u>	<u>0</u>
Pupil Transportation:			
Purchased Services	507	507	0
Total Pupil Transportation	<u>507</u>	<u>507</u>	<u>0</u>

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012***

OTHER GRANTS FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Central:			
Supplies and Materials	635	367	268
Total Central	635	367	268
Total Support Services	3,731	3,463	268
Community Services:			
Supplies and Materials	2,651	1,680	971
Total Community Services	2,651	1,680	971
Extracurricular Activities:			
Other Expenditures	7,381	5,610	1,771
Capital Outlay	65	0	65
Total Extracurricular Activities	7,446	5,610	1,836
Total Expenditures	49,407	44,203	5,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,441)	1,372	5,813
Other Financing Sources (Uses):			
Advances In	608	608	0
Advances Out	(3,830)	(3,830)	0
Total Other Financing Sources (Uses)	(3,222)	(3,222)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,663)	(1,850)	5,813
Fund Balance at Beginning of Year	3,696	3,696	0
Prior Year Encumbrances	3,966	3,966	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 5,812</u>	<u>\$ 5,813</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

SPECIAL ENTERPRISE FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Miscellaneous	\$ 32,153	\$ 32,152	\$ (1)
Total Revenues	32,153	32,152	(1)
Expenditures:			
Current:			
Operation of Non-Instructional:			
Community Services:			
Salaries and Wages	46,663	21,304	25,359
Fringe Benefits	3,257	3,257	0
Supplies and Materials	12,296	8,666	3,630
Capital Outlay	6,000	5,417	583
Total Expenditures	68,216	38,644	29,572
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,063)	(6,492)	29,571
Fund Balance at Beginning of Year	45,068	45,068	0
Fund Balance at End of Year	\$ 9,005	\$ 38,576	\$ 29,571

MADISON LOCAL SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2012

CLASSROOM FACILITIES MAINTENANCE FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 81,837	\$ 81,837	\$ 0
Intergovernmental - State	25,393	25,393	0
Total Revenues	<u>107,230</u>	<u>107,230</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Contractual Services	<u>113,168</u>	<u>14,900</u>	<u>98,268</u>
Total Expenditures	<u>113,168</u>	<u>14,900</u>	<u>98,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,938)	92,330	98,268
Fund Balance at Beginning of Year	105,602	105,602	0
Prior Year Encumbrances	<u>7,566</u>	<u>7,566</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 107,230</u>	<u>\$ 205,498</u>	<u>\$ 98,268</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012***

ATHLETIC FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Extracurricular Activities	\$ 81,733	\$ 81,731	\$ (2)
Miscellaneous	21,075	21,075	0
Total Revenues	<u>102,808</u>	<u>102,806</u>	<u>(2)</u>
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Salaries and Wages	711	711	0
Purchased Services	2,240	2,240	0
Total Support Services	<u>2,951</u>	<u>2,951</u>	<u>0</u>
Extracurricular Activities:			
Salaries and Wages	280	280	0
Purchased Services	8,288	8,029	259
Supplies and Materials	20,979	20,923	56
Other Expenditures	75,629	64,728	10,901
Capital Outlay	12,440	12,440	0
Total Extracurricular Activities	<u>117,616</u>	<u>106,400</u>	<u>11,216</u>
Total Expenditures	<u>120,567</u>	<u>109,351</u>	<u>11,216</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(17,759)	(6,545)	11,214
Fund Balance at Beginning of Year	25,043	25,043	0
Prior Year Encumbrances	315	315	0
Fund Balance at End of Year	<u>\$ 7,599</u>	<u>\$ 18,813</u>	<u>\$ 11,214</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012***

MANAGEMENT INFORMATION SYSTEM FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	8,293	2,255	6,038
Capital Outlay	<u>1,000</u>	<u>464</u>	<u>536</u>
Total Expenditures	<u>9,293</u>	<u>2,719</u>	<u>6,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,293)	(2,719)	6,574
Fund Balance at Beginning of Year	<u>9,294</u>	<u>9,294</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 6,575</u>	<u>\$ 6,574</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

ENTRY YEAR PROGRAMS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 700	\$ 700	\$ 0
Total Revenues	700	700	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	700	0	700
Total Expenditures	700	0	700
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	700	700
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 700	\$ 700

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

DATA COMMUNICATIONS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 5,400	\$ 5,400	\$ 0
Total Revenues	<u>5,400</u>	<u>5,400</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Central:			
Purchased Services	<u>5,400</u>	<u>0</u>	<u>5,400</u>
Total Expenditures	<u>5,400</u>	<u>0</u>	<u>5,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	5,400	5,400
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 5,400</u>	<u>\$ 5,400</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

EDUCATION JOBS FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental - Federal	\$ 260,409	\$ 260,411	\$ 2
Total Revenues	260,409	260,411	2
Expenditures:			
Current:			
Instruction:			
Regular:			
Fringe Benefits	42,414	42,414	0
Purchased Services	118,696	118,442	254
Total Instruction	161,110	160,856	254
Support Services:			
Instructional Staff:			
Salaries and Wages	121,662	53,587	68,075
Fringe Benefits	11,638	11,638	0
Total Support Services	133,300	65,225	68,075
Total Expenditures	294,410	226,081	68,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,001)	34,330	68,331
Fund Balance at Beginning of Year	34,000	34,000	0
Fund Balance at End of Year	\$ (1)	\$ 68,330	\$ 68,331

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012***

IDEA, PART B FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental - Federal	\$ 279,012	\$ 279,013	\$ 1
Total Revenues	279,012	279,013	1
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	85,082	85,082	0
Fringe Benefits	6,933	6,307	626
Supplies and Materials	5,000	4,612	388
Capital Outlay	8,000	7,667	333
Total Instruction	105,015	103,668	1,347
Support Services:			
Instructional Staff:			
Salaries and Wages	122,290	122,290	0
Fringe Benefits	46,255	44,244	2,011
Purchased Services	15,350	12,672	2,678
Total Support Services	183,895	179,206	4,689
Total Expenditures	288,910	282,874	6,036
Excess (Deficiency) of Revenues Over (Under) Expenditures			
	(9,898)	(3,861)	6,037
Fund Balance at Beginning of Year			
	9,898	9,898	0
Fund Balance at End of Year			
	\$ 0	\$ 6,037	\$ 6,037

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012***

TITLE II-D TECHNOLOGY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 57	\$ 57	\$ 0
Total Revenues	<u>57</u>	<u>57</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	<u>364</u>	<u>364</u>	<u>0</u>
Total Expenditures	<u>364</u>	<u>364</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(307)	(307)	0
Fund Balance at Beginning of Year	79	79	0
Prior Year Encumbrances	<u>228</u>	<u>228</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

TITLE I FUND			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Intergovernmental - State	\$ 289,260	\$ 289,259	\$ (1)
Total Revenues	<u>289,260</u>	<u>289,259</u>	<u>(1)</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	138,177	138,177	0
Fringe Benefits	57,718	57,718	0
Supplies and Materials	22,233	22,115	118
Capital Outlay	5,000	5,000	0
Total Instruction	<u>223,128</u>	<u>223,010</u>	<u>118</u>
Support Services:			
Instructional Staff:			
Purchased Services	69,396	69,396	0
Total Support Services	<u>69,396</u>	<u>69,396</u>	<u>0</u>
Total Expenditures	<u>292,524</u>	<u>292,406</u>	<u>118</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(3,264)	(3,147)	117
Other Financing Sources (Uses):			
Advances In	1,245	1,245	0
Total Other Financing Sources (Uses)	<u>1,245</u>	<u>1,245</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)			
Expenditures and Other Financing Uses	(2,019)	(1,902)	117
Fund Balance at Beginning of Year	667	667	0
Prior Year Encumbrances	1,353	1,353	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 118</u>	<u>\$ 117</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
IDEA PRESCHOOL GRANT FUND			
Revenues:			
Intergovernmental - Federal	\$ 2,255	\$ 2,255	\$ 0
Total Revenues	2,255	2,255	0
Expenditures:			
Current:			
Instruction:			
Special:			
Supplies and Materials	1,225	1,164	61
Capital Outlay	1,128	1,128	0
Total Instruction	2,353	2,292	61
Support Services:			
Instructional Staff:			
Purchased Services	1,403	1,403	0
Total Support Services	1,403	1,403	0
Total Expenditures	3,756	3,695	61
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(1,501)	(1,440)	61
Fund Balance at Beginning of Year	1,500	1,500	0
Fund Balance at End of Year	\$ (1)	\$ 60	\$ 61

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
IMPROVING TEACHER QUALITY FUND			
Revenues:			
Intergovernmental - State	\$ 42,576	\$ 42,576	\$ 0
Total Revenues	<u>42,576</u>	<u>42,576</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	45,874	45,874	0
Fringe Benefits	13,733	13,733	0
Total Instruction	<u>59,607</u>	<u>59,607</u>	<u>0</u>
Support Services:			
Instructional Staff:			
Purchased Services	5,012	5,012	0
Total Support Services	<u>5,012</u>	<u>5,012</u>	<u>0</u>
Total Expenditures	<u>64,619</u>	<u>64,619</u>	<u>0</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(22,043)	(22,043)	0
Other Financing Sources (Uses):			
Advances In	17,759	17,759	0
Total Other Financing Sources (Uses)	<u>17,759</u>	<u>17,759</u>	<u>0</u>
Excess (Deficiency) of Revenues			
and Other Financing Sources Over (Under)			
Expenditures and Other Financing Uses	(4,284)	(4,284)	0
Fund Balance at Beginning of Year	4,284	4,284	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2012**

PERMANENT IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 504,172	\$ 504,172	\$ 0
Intergovernmental - State	94,157	94,157	0
Total Revenues	<u>598,329</u>	<u>598,329</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	15,850	14,528	1,322
Supplies and Materials	4,551	4,510	41
Capital Outlay	189,989	102,327	87,662
Total Regular	<u>210,390</u>	<u>121,365</u>	<u>89,025</u>
Special:			
Capital Outlay	735	735	0
Total Special	<u>735</u>	<u>735</u>	<u>0</u>
Total Instruction	<u>211,125</u>	<u>122,100</u>	<u>89,025</u>
Support Services:			
Instructional Staff:			
Supplies and Materials	5,700	5,694	6
Capital Outlay	34,398	34,398	0
Total Instructional Staff	<u>40,098</u>	<u>40,092</u>	<u>6</u>
Administration:			
Purchased Services	1,982	1,982	0
Capital Outlay	7,788	7,788	0
Total Administration	<u>9,770</u>	<u>9,770</u>	<u>0</u>
Fiscal:			
Capital Outlay	2,747	2,636	111
Total Fiscal	<u>2,747</u>	<u>2,636</u>	<u>111</u>
Operation and Maintenance of Plant:			
Purchased Services	27,900	27,850	50
Capital Outlay	9,126	9,126	0
Total Operation and Maintenance Of Plant	<u>37,026</u>	<u>36,976</u>	<u>50</u>

(Continued)

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2012***

PERMANENT IMPROVEMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Pupil Transportation:			
Purchased Services	29,160	29,160	0
Total Pupil Transportation	<u>29,160</u>	<u>29,160</u>	<u>0</u>
Central:			
Other Expenditures	7,551	7,551	0
Total Central	<u>7,551</u>	<u>7,551</u>	<u>0</u>
Total Support Services	<u>126,352</u>	<u>126,185</u>	<u>167</u>
Extracurricular Activities:			
Purchased Services	2,545	2,545	0
Supplies and Materials	24,803	24,803	0
Total Extracurricular Activities	<u>27,348</u>	<u>27,348</u>	<u>0</u>
Capital Outlay:			
Purchased Services	262,096	262,096	0
Total Capital Outlay	<u>262,096</u>	<u>262,096</u>	<u>0</u>
Total Expenditures	<u>626,921</u>	<u>537,729</u>	<u>89,192</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(28,592)	60,600	89,192
Fund Balance at Beginning of Year	15,215	15,215	0
Prior Year Encumbrances	64,706	64,706	0
Fund Balance at End of Year	<u>\$ 51,329</u>	<u>\$ 140,521</u>	<u>\$ 89,192</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2012**

BUILDING FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Interest	\$ 479	\$ 479	\$ 0
Total Revenues	479	479	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Capital Outlay	132,290	13,619	118,671
Total Instruction	132,290	13,619	118,671
Capital Outlay:			
Capital Outlay	180,369	167,276	13,093
Total Capital Outlay	180,369	167,276	13,093
Total Expenditures	312,659	180,895	131,764
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(312,180)	(180,416)	131,764
Fund Balance at Beginning of Year			
Fund Balance at Beginning of Year	260,055	260,055	0
Prior Year Encumbrances			
Prior Year Encumbrances	52,517	52,517	0
Fund Balance at End of Year	\$ 392	\$ 132,156	\$ 131,764

MADISON LOCAL SCHOOL DISTRICT, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2012***

CLASSROOM FACILITIES FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 69	\$ 68	\$ (1)
Miscellaneous	76,807	76,807	0
Total Revenues	76,876	76,875	(1)
Expenditures:			
Current:			
Support Services:			
Central:			
Purchased Services	8,355	0	8,355
Total Support Services	8,355	0	8,355
Capital Outlay:			
Purchased Services	1,512,401	104,206	1,408,195
Total Capital Outlay	1,512,401	104,206	1,408,195
Total Expenditures	1,520,756	104,206	1,416,550
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,443,880)	(27,331)	1,416,549
Other Financing Sources (Uses):			
Advances Out	(106,272)	(106,272)	0
Other Miscellaneous Use of Funds	(18,489)	(18,489)	0
Total Other Financing Sources (Uses)	(124,761)	(124,761)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,568,641)	(152,092)	1,416,549
Fund Balance at Beginning of Year	98,295	98,295	0
Prior Year Encumbrances	63,518	63,518	0
Fund Balance at End of Year	\$ (1,406,828)	\$ 9,721	\$ 1,416,549

MADISON LOCAL SCHOOL DISTRICT, OHIO

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Student Managed Activity Fund

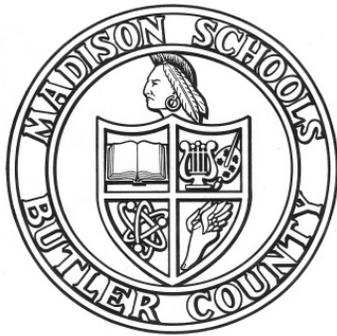
To account for resources that belong to the student bodies of the various schools for sales and other revenue generating activities.

MADISON LOCAL SCHOOL DISTRICT, OHIO

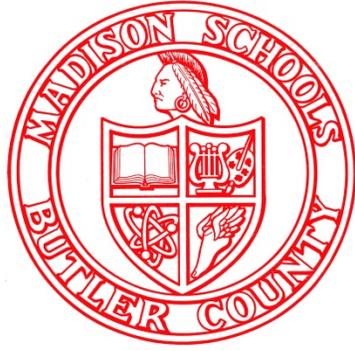
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<i><u>Student Managed Activity Fund</u></i>				
Assets:				
Cash and Cash Equivalents	\$48,722	\$29,989	(\$51,287)	\$27,424
Total Assets	<u>\$48,722</u>	<u>\$29,989</u>	<u>(\$51,287)</u>	<u>\$27,424</u>
Liabilities:				
Due to Students	\$48,722	\$29,989	(\$51,287)	\$27,424
Total Liabilities	<u>\$48,722</u>	<u>\$29,989</u>	<u>(\$51,287)</u>	<u>\$27,424</u>

MADISON LOCAL SCHOOL DISTRICT, OHIO



STATISTICAL SECTION



STATISTICAL TABLES

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
Revenue Capacity	S 14 – S 21
These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue sources, the property tax.	
Debt Capacity	S 22 – S 29
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Economic and Demographic Information	S 30 – S 35
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 36 – S 45
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

Madison Local School District

*Net Assets by Component
Last Nine Years
(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$1,143,794	\$1,075,051	\$916,673	\$521,743
Restricted for:				
Capital Projects	725,954	94,322	108,533	256,243
Debt Service	20,290	93,691	115,956	261,549
Other Purposes	217,175	159,140	127,062	107,979
Unrestricted	776,747	821,540	799,808	2,012,134
Total Governmental Activities Net Assets	<u>\$2,883,960</u>	<u>\$2,243,744</u>	<u>\$2,068,032</u>	<u>\$3,159,648</u>

Source: District Treasurer's Office

Madison Local School District

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$165,652	\$2,533,325	\$14,098,173	\$17,707,514	\$16,752,271
17,522,646	14,958,669	4,683,737	412,206	310,010
569,900	327,827	275,198	364,910	405,647
357,848	421,798	683,951	445,139	780,406
<u>2,354,826</u>	<u>2,837,890</u>	<u>2,459,092</u>	<u>1,578,093</u>	<u>1,206,526</u>
<u>\$20,970,872</u>	<u>\$21,079,509</u>	<u>\$22,200,151</u>	<u>\$20,507,862</u>	<u>\$19,454,860</u>

Madison Local School District

*Changes in Net Assets
Last Nine Years
(accrual basis of accounting)*

	2004	2005	2006	2007
Expenses				
Governmental Activities				
Instruction				
Regular	\$5,688,021	\$6,127,123	\$6,141,323	\$6,306,625
Special	746,284	776,457	778,170	794,473
Vocational	0	0	0	12,441
Other Instruction	0	0	0	291,716
Support Services				
Pupils	649,949	582,839	584,600	543,365
Instructional Staff	751,680	652,532	664,775	722,751
Board of Education	53,595	43,010	57,503	61,133
Administration	1,042,275	1,036,876	958,133	1,108,077
Fiscal Services	298,568	318,707	256,200	275,368
Business	54,980	62,336	141,774	51,819
Operation and Maintenance of Plant	1,382,213	1,260,486	1,341,187	1,485,279
Pupil Transportation	694,356	705,198	729,056	817,794
Central	248,381	233,006	312,118	338,217
Operation of Non-Instructional:				
Food Service Operations	552,891	573,775	594,120	692,263
Community Services	18,965	21,326	21,801	28,787
Extracurricular Activities	343,712	328,341	325,555	368,909
Interest and Fiscal Charges	695,572	690,485	676,055	521,580
<i>Total Primary Government Expenses</i>	<u>\$13,221,442</u>	<u>\$13,412,497</u>	<u>\$13,582,370</u>	<u>\$14,420,597</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Instruction				
Regular	\$112,572	\$140,959	\$200,640	\$433,991
Special	0	0	0	0
Support Services				
Instructional Staff	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional:				
Food Service Operations	421,704	436,085	455,545	466,236
Community Services	21,172	28,303	32,135	35,970
Extracurricular Activities	136,760	155,028	272,272	235,933
Operating Grants and Contributions	621,334	716,572	775,865	711,799
Capital Grants and Contributions	0	0	0	0
<i>Total Primary Government Program Revenues</i>	<u>1,313,670</u>	<u>1,476,947</u>	<u>1,736,457</u>	<u>1,883,929</u>

Madison Local School District

2008	2009	2010	2011	2012
\$6,073,136	\$6,160,438	\$6,180,750	\$6,992,679	\$6,798,476
960,398	943,813	1,077,070	1,166,601	1,077,499
1,275	1,275	2,797	2,351	2,788
318,253	419,026	534,703	509,849	440,626
670,149	703,818	658,327	691,662	693,221
820,782	777,391	892,530	970,110	864,174
45,506	115,608	83,741	89,245	73,861
1,187,213	1,217,630	1,343,915	1,180,677	1,219,524
302,472	360,928	314,637	316,007	241,534
2,485	1,267	4,796	2,147	838
1,665,428	1,456,957	1,715,213	1,734,124	1,675,885
1,196,774	1,132,259	911,670	952,993	1,092,829
281,041	348,879	411,556	480,398	460,263
687,671	671,806	708,774	684,419	683,369
30,838	45,775	42,662	31,703	40,322
390,004	411,853	422,981	469,744	480,234
699,486	679,062	651,444	639,766	1,091,625
<u>\$15,332,911</u>	<u>\$15,447,785</u>	<u>\$15,957,566</u>	<u>\$16,914,475</u>	<u>\$16,937,068</u>

\$636,562	\$665,055	\$999,466	\$991,421	\$1,043,701
0	0	0	0	1,663
0	0	0	0	687
0	0	40,360	1,565	59,329
0	0	0	759	422
792	1,166	744	1,157	305
516,862	543,932	502,290	462,168	446,896
47,680	38,317	35,842	0	793
227,776	189,402	205,957	167,430	167,299
900,245	755,088	1,674,165	1,357,741	1,194,873
17,224,566	0	0	0	0
<u>19,554,483</u>	<u>2,192,960</u>	<u>3,458,824</u>	<u>2,982,241</u>	<u>2,915,968</u>

(continued)

Madison Local School District

*Changes in Net Assets
Last Nine Years
(accrual basis of accounting)*

	2004	2005	2006	2007
Net (Expense)/Revenue				
Governmental Activities	(11,907,772)	(11,935,550)	(11,845,913)	(12,536,668)
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	<u>(\$11,907,772)</u>	<u>(\$11,935,550)</u>	<u>(\$11,845,913)</u>	<u>(\$12,536,668)</u>
 General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property	\$4,296,489	\$4,107,527	\$4,193,287	\$5,886,523
Income	704,304	777,873	820,821	852,750
Grants and Entitlements not Restricted to Specific Programs	6,583,432	6,378,428	6,631,316	6,819,302
Investment Earnings	4,537	31,506	24,957	69,709
Miscellaneous	0	0	0	0
<i>Total Primary Government</i>	<u>\$11,588,762</u>	<u>\$11,295,334</u>	<u>\$11,670,381</u>	<u>\$13,628,284</u>
 Change in Net Assets				
<i>Total Primary Government</i>				
<i>Change in Net Assets</i>	<u>(\$319,010)</u>	<u>(\$640,216)</u>	<u>(\$175,532)</u>	<u>\$1,091,616</u>

Source: District Treasurer's Office

Madison Local School District

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>4,221,572</u>	<u>(13,254,825)</u>	<u>(12,498,742)</u>	<u>(13,932,234)</u>	<u>(14,021,100)</u>
<u>\$4,221,572</u>	<u>(\$13,254,825)</u>	<u>(\$12,498,742)</u>	<u>(\$13,932,234)</u>	<u>(\$14,021,100)</u>
\$5,424,737	\$5,294,613	\$5,094,402	\$4,363,693	\$5,372,251
921,767	844,829	759,498	853,291	879,511
7,019,001	7,102,137	6,626,608	6,518,941	6,541,178
212,867	114,383	71,029	13,409	2,494
11,280	7,500	105,534	490,611	172,664
<u>\$13,589,652</u>	<u>\$13,363,462</u>	<u>\$12,657,071</u>	<u>\$12,239,945</u>	<u>\$12,968,098</u>
<u>\$17,811,224</u>	<u>\$108,637</u>	<u>\$158,329</u>	<u>(\$1,692,289)</u>	<u>(\$1,053,002)</u>

Madison Local School District

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2003	2004	2005	2006
General Fund				
Restricted	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	321,529	919,186	1,087,904	581,134
Unreserved	378,048	(207,221)	(285,953)	128,318
<i>Total General Fund</i>	<u>699,577</u>	<u>711,965</u>	<u>801,951</u>	<u>709,452</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	303,776	348,236	370,385	427,091
Unreserved, Undesignated in:				
Special Revenue Funds	46,658	242,009	198,732	150,286
Capital Projects Funds	418,107	512,889	(163,390)	(171,905)
<i>Total All Other Governmental Funds</i>	<u>768,541</u>	<u>1,103,134</u>	<u>405,727</u>	<u>405,472</u>
<i>Total Governmental Funds</i>	<u>\$1,468,118</u>	<u>\$1,815,099</u>	<u>\$1,207,678</u>	<u>\$1,114,924</u>

Source: District Treasurer's Office

Madison Local School District

2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$0	\$18,980
0	0	0	0	209,270	129,467
0	0	0	0	1,321,487	1,051,649
1,056,758	685,000	1,440,311	1,225,000	0	0
832,467	1,560,542	1,263,772	1,435,368	0	0
<u>1,889,225</u>	<u>2,245,542</u>	<u>2,704,083</u>	<u>2,660,368</u>	<u>1,530,757</u>	<u>1,200,096</u>
0	0	0	0	15,305	7,824
0	0	0	0	1,179,016	1,413,759
0	0	0	0	(41,559)	(709)
490,645	778,159	501,518	2,182,789	0	0
105,306	327,982	412,350	264,784	0	0
78,459	3,224,112	8,414,878	3,801,109	0	0
<u>674,410</u>	<u>4,330,253</u>	<u>9,328,746</u>	<u>6,248,682</u>	<u>1,152,762</u>	<u>1,420,874</u>
<u>\$2,563,635</u>	<u>\$6,575,795</u>	<u>\$12,032,829</u>	<u>\$8,909,050</u>	<u>\$2,683,519</u>	<u>\$2,620,970</u>

Madison Local School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2003	2004	2005	2006
Revenues:				
Taxes	\$3,702,402	\$4,992,466	\$4,850,534	\$5,001,503
Tuition	64,925	38,282	57,602	73,179
Investment Earnings	21,320	4,537	31,506	24,957
Food Services	0	421,613	435,577	455,158
Extracurricular Activities	119,444	130,001	148,532	266,822
Class Materials and Fees	0	60,219	54,313	67,140
Receipts from Intermediate Sources	0	0	0	0
Intergovernmental - State	6,846,472	6,690,911	6,451,022	6,693,694
Intergovernmental - Federal	0	516,243	643,978	713,307
All Other Revenue	96,901	39,833	64,351	98,293
Total Revenue	10,851,464	12,894,105	12,737,415	13,394,053
Expenditures:				
Current:				
Instruction				
Regular	5,060,786	5,319,534	5,749,829	5,802,366
Special	694,910	750,421	778,311	797,896
Vocational	0	0	0	0
Other Instruction	0	0	0	0
Supporting Services:				
Pupils	612,604	648,489	592,552	602,887
Instructional Staff	522,786	747,726	662,393	670,490
Board of Education	51,647	54,073	43,291	58,011
Administration	950,302	1,006,102	1,002,205	943,723
Fiscal Services	279,085	284,640	314,118	259,777
Business	125,823	32,347	44,227	125,505
Operation and Maintenance of Plant	1,313,091	1,363,036	1,245,533	1,337,274
Pupil Transportation	608,535	611,465	636,970	684,851
Central	185,381	250,595	234,526	314,877
Operation of Non-Instructional:				
Food Services Operations	0	541,691	555,733	587,672
Community Services	0	19,036	21,349	21,870
Extracurricular Activities	325,479	337,036	320,011	303,323
Capital Outlay	838,511	61,878	167,374	0
Debt Service:				
Principal Retirement	149,564	233,144	282,449	300,693
Interest and Fiscal Charges	681,498	696,458	691,461	677,361
Total Expenditures	12,400,002	12,957,671	13,342,332	13,488,576

Madison Local School District

2007	2008	2009	2010	2011	2012
\$6,931,174	\$6,119,988	\$6,377,518	\$5,944,087	\$4,981,570	\$6,215,876
319,505	532,606	561,658	864,591	914,740	966,215
69,709	212,867	114,383	71,029	13,409	2,494
465,626	516,641	543,932	502,290	462,168	445,903
228,200	221,233	163,057	171,690	147,536	141,558
62,510	67,889	72,892	62,160	53,693	51,412
0	0	0	16,405	27,618	0
6,865,675	7,786,108	14,875,924	15,382,194	6,568,196	6,532,980
665,426	848,125	729,476	1,392,286	1,554,569	1,243,914
96,289	102,583	103,832	273,057	509,358	288,670
<u>15,704,114</u>	<u>16,408,040</u>	<u>23,542,672</u>	<u>24,679,789</u>	<u>15,232,857</u>	<u>15,889,022</u>
5,943,197	5,586,194	5,803,957	5,779,445	6,203,179	5,904,124
798,490	910,242	954,000	1,064,501	1,164,254	1,068,446
12,175	0	0	1,522	0	0
292,558	308,413	419,026	534,703	509,849	432,704
532,599	636,773	716,471	669,690	683,170	667,892
719,504	788,684	750,448	903,756	954,400	828,218
61,309	44,099	115,608	83,741	89,245	72,533
1,066,678	1,086,362	1,192,440	1,259,591	1,084,097	1,109,798
288,633	290,748	359,784	310,688	316,702	234,734
33,551	2,408	1,267	4,796	2,147	823
1,468,316	1,568,375	1,416,975	1,669,667	1,562,888	1,429,896
766,265	1,106,232	1,070,769	850,180	950,706	1,074,098
339,193	272,351	348,879	411,556	474,694	436,280
674,624	656,595	652,432	703,903	641,383	633,715
28,552	29,402	44,179	41,066	31,703	39,597
375,836	367,128	400,685	410,679	431,558	445,179
27,150	741,098	2,648,294	11,995,639	5,107,660	263,236
285,275	569,564	623,598	621,494	713,796	354,081
697,291	659,165	596,063	496,506	540,963	948,736
<u>14,411,196</u>	<u>15,623,833</u>	<u>18,114,875</u>	<u>27,813,123</u>	<u>21,462,394</u>	<u>15,944,090</u>

(Continued)

Madison Local School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2003	2004	2005	2006
Excess (Deficiency) of Revenues Over Expenditures	(1,548,538)	(63,566)	(604,917)	(94,523)
Other Financing Sources (Uses):				
Issuance of Refunding Bonds	0	0	0	0
Premium on Issuance of Refunding Bonds	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
New Capital Leases	0	194,630	0	0
Transfers In	78,000	0	409,143	50,000
Transfers Out	(78,000)	0	(409,143)	(50,000)
Sale of Capital Assets	235,000	0	0	0
Total Other Financing Sources (Uses)	<u>235,000</u>	<u>194,630</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u><u>(\$1,313,538)</u></u>	<u><u>\$131,064</u></u>	<u><u>(\$604,917)</u></u>	<u><u>(\$94,523)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	6.80%	7.28%	7.43%	7.31%

(1) Food Service Operations were reclassified from Business-Type Activity to Governmental Activity in 2004 when the District implemented GASB 34.

(2) Intergovernmental Revenues were not split into State and Federal categories until 2004. Classroom Materials were included with Tuition until 2004.

Source: District Treasurer's Office

Madison Local School District

2007	2008	2009	2010	2011	2012
1,292,918	784,207	5,427,797	(3,133,334)	(6,229,537)	(55,068)
10,254,991	0	0	0	0	0
764,118	0	0	0	0	0
(10,862,377)	0	0	0	0	0
0	3,229,000	28,449	0	0	0
0	1,000	2,593	162	0	0
0	(1,000)	(2,593)	(162)	0	0
0	0	0	0	0	0
<u>156,732</u>	<u>3,229,000</u>	<u>28,449</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$1,449,650</u>	<u>\$4,013,207</u>	<u>\$5,456,246</u>	<u>(\$3,133,334)</u>	<u>(\$6,229,537)</u>	<u>(\$55,068)</u>
6.85%	8.02%	7.87%	7.04%	7.67%	8.17%

Madison Local School District

Assessed Valuations and Estimated True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Calendar Years

Tax year	2002	2003	2004	2005
Real Property				
Assessed	132,682,570	135,727,270	138,782,920	156,476,660
Actual	379,093,057	387,792,200	396,522,629	447,076,171
Public Utility				
Assessed	4,029,500	4,005,930	4,015,530	3,897,370
Actual	4,029,500	4,005,930	4,015,530	3,897,370
Tangible Personal Property				
Assessed	4,809,494	4,753,953	3,470,054	3,203,868
Actual	19,237,976	19,015,812	13,880,216	12,815,472
Total				
Assessed	141,521,564	144,487,153	146,268,504	163,577,898
Actual	402,360,533	410,813,942	414,418,375	463,789,013
Assessed Value as a Percentage of Actual Value	35.17%	35.17%	35.29%	35.27%
Total Direct Tax Rate	\$29.30	\$29.15	\$29.10	\$29.00

Source: Butler County Auditor

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Madison Local School District

2006	2007	2008	2009	2010	2011
160,894,650	159,200,760	163,827,970	155,618,130	155,365,960	152,971,520
459,699,000	454,859,314	468,079,914	444,623,229	443,902,743	437,061,486
3,790,760	3,353,120	3,464,173	3,318,090	3,464,660	3,666,390
3,790,760	3,353,120	3,464,173	3,318,090	3,464,660	3,666,390
2,563,101	1,833,998	0	0	0	0
13,854,600	14,671,984	0	0	0	0
167,248,511	164,387,878	167,292,143	158,936,220	158,830,620	156,637,910
477,344,360	472,884,418	471,544,087	447,941,319	447,367,403	440,727,876
35.04%	34.76%	35.48%	35.48%	35.50%	35.54%
\$36.54	\$36.04	\$36.35	\$37.85	\$38.14	\$38.93

Madison Local School District

*Property Tax Rates of Direct and Overlapping Governments
(per \$1,000 of assessed value)
Last Ten Calendar Years*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Direct District Rates				
General Fund	20.00	20.00	20.00	20.00
Permanent Improvement Fund	3.70	3.70	3.70	3.70
Bond Retirement Fund	5.60	5.45	5.40	5.30
Total	<u>29.30</u>	<u>29.15</u>	<u>29.10</u>	<u>29.00</u>
Overlapping Rates				
Madison Township	2.26	2.26	2.26	2.26
Butler Career & Technical School	1.93	1.93	1.93	1.93
Butler County	8.75	8.74	8.74	8.74
Total	<u><u>42.24</u></u>	<u><u>42.08</u></u>	<u><u>42.03</u></u>	<u><u>41.93</u></u>

Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

Source:

Butler County Auditor
Butler County Treasurer's Office

Madison Local School District

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
27.54	26.88	26.85	28.00	28.04	28.23
3.70	3.70	3.70	3.70	3.70	3.70
<u>5.30</u>	<u>5.46</u>	<u>5.80</u>	<u>6.15</u>	<u>6.40</u>	<u>7.00</u>
36.54	36.04	36.35	37.85	38.14	38.93
2.26	2.26	2.26	2.26	2.26	2.26
1.93	1.93	1.93	1.93	1.93	1.93
<u>9.44</u>	<u>10.45</u>	<u>9.75</u>	<u>8.88</u>	<u>8.95</u>	<u>8.95</u>
<u>50.17</u>	<u>50.68</u>	<u>50.29</u>	<u>50.92</u>	<u>51.28</u>	<u>52.07</u>



Madison Local School District

*Principal Taxpayers
Property Taxes
Current Year and Five Years Ago*

		Calendar Year 2011		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Sun Pool 12 LLC	Pool Servicing	\$2,780,180	1	1.77%
Duke Energy Ohio Inc.	Utility	2,458,760	2	1.57%
Browns Run Country Club	Golf Course	597,530	3	0.38%
Butler Rural Electric	Utility	518,170	4	0.33%
Safe Haven Farms Inc	Agricultural	436,390	5	0.28%
Lewis Consolidated Agencies Inc	Real Estate Investments	428,230	6	0.27%
Trinity Investments	Real Estate Investments	311,410	7	0.20%
Robert D Pelfrey	Resident	299,830	8	0.19%
Lisa A Cobb Tr	Resident	279,040	9	0.18%
Carl Miller	Resident	278,470	10	0.18%
Subtotal		<u>8,388,010</u>		<u>5.35%</u>
All Others		<u>148,249,900</u>		<u>94.65%</u>
Total		<u><u>\$156,637,910</u></u>		<u><u>100.00%</u></u>
		Calendar Year 2006		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Sun Pool 12 LLC	Pool Servicing	\$2,596,820	1	1.55%
Cincinnati Gas & Electric	Utility	2,394,040	2	1.43%
Browns Run Country Club	Golf Course	849,770	3	0.51%
BOA Properties LLC	Real Estate	797,300	4	0.48%
Ohio Bell Telephone Co.	Communications	519,880	5	0.31%
Butler Rural Electric	Utility	449,680	6	0.27%
Miller, Carl	Resident	332,950	7	0.20%
Smith, Cheryl A TR	Resident	315,680	8	0.19%
CSX Transportation Inc.	Rail Transport	307,980	9	0.18%
Cobb, Gary A MD	Resident	291,040	10	0.17%
Subtotal		<u>8,855,140</u>		<u>5.29%</u>
All Others		<u>158,393,371</u>		<u>94.71%</u>
Total		<u><u>\$167,248,511</u></u>		<u><u>100.00%</u></u>

NOTE: Data not available in this format prior to 2006.

Source: Butler County Auditor - Land and Buildings
Based on valuation of property in 2011 and 2006

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Madison Local School District

*Property Tax Levies and Collections
Last Calendar Ten Years*

Collection Year	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total Tax Levy (1)	\$3,413,314	\$4,171,685	\$4,239,759
Collections within the Fiscal Year of the Levy			
Current Tax Collections (2)	3,376,296	3,879,515	3,925,563
Percent of Levy Collected	98.92%	93.00%	92.59%
Delinquent Tax Collections	<u>39,091</u>	<u>142,566</u>	<u>231,019</u>
Total Tax Collections	3,415,387	4,022,081	4,156,582
Percent of Total Tax Collections To Tax Levy	100.06%	96.41%	98.04%
Accumulated Outstanding Delinquent Taxes (3)	N/A	N/A	375,347
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	N/A	N/A	8.85%

(1) Taxes levied and collected are presented on a cash basis.

(2) State reimbursements of rollback and homestead exemptions are included;

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Source: Butler County Auditor's Office

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Madison Local School District

2005	2006	2007	2008	2009	2010	2011
\$4,400,325	\$5,997,696	\$6,011,108	\$5,944,248	\$6,011,521	\$6,084,139	\$6,056,803
3,965,240	5,612,034	5,569,605	5,570,253	5,704,107	5,712,783	5,733,732
90.11%	93.57%	92.66%	93.71%	94.89%	93.90%	94.67%
218,120	310,340	285,955	331,695	329,255	329,255	322,290
4,183,360	5,922,374	5,855,560	5,901,948	6,033,362	6,042,038	6,056,022
95.07%	98.74%	97.41%	99.29%	100.36%	99.31%	99.99%
592,312	667,634	823,182	865,482	885,941	928,042	928,823
13.46%	11.13%	13.69%	14.56%	14.74%	15.25%	15.34%

Madison Local School District

Ratio of Outstanding Debt By Type Last Ten Years

	2003	2004	2005	2006
Governmental Activities (1)				
General Obligation Bonds Payable	\$12,684,937	\$12,574,937	\$12,454,937	\$12,324,937
Installment Loan	271,647	188,045	100,201	7,900
Capital Leases	412,593	567,681	493,076	414,684
Total Primary Government	<u>\$13,369,177</u>	<u>\$13,330,663</u>	<u>\$13,048,214</u>	<u>\$12,747,521</u>
Population (2)				
Madison Township	9,391	9,609	9,561	9,842
Outstanding Debt Per Capita	\$1,424	\$1,387	\$1,365	\$1,295
Income (3)				
Personal (in thousands)	281,861	301,069	305,187	322,001
Percentage of Personal Income	4.74%	4.43%	4.28%	3.96%

Sources:

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population
- (3) US Department of Commerce, Bureau of Economic Analysis

Madison Local School District

2007	2008	2009	2010	2011	2012
\$12,303,786	\$11,935,756	\$11,547,723	\$11,092,436	\$10,618,403	\$10,527,383
0	0	0	0	0	0
332,309	3,426,745	3,296,596	3,220,102	3,086,306	2,949,937
<u>\$12,636,095</u>	<u>\$15,362,501</u>	<u>\$14,844,319</u>	<u>\$14,312,538</u>	<u>\$13,704,709</u>	<u>\$13,477,320</u>

10,025	10,025	10,025	8,448	8,448	8,448
\$1,260	\$1,532	\$1,481	\$1,694	\$1,622	\$1,595

339,326	339,326	299,997	292,757	223,002	N/A
3.72%	4.53%	4.95%	4.89%	6.15%	N/A

Madison Local School District

*Ratios of General Bonded Debt Outstanding
Last Ten Calendar Years*

Year	2002	2003	2004	2005
Population (1)	9,076	9,391	9,609	9,561
Assessed Value (2)	\$141,521,564	\$144,487,153	\$146,268,504	\$163,577,898
General Bonded Debt (3)				
General Obligation Bonds	\$12,754,937	\$12,684,937	\$12,574,937	\$12,454,937
Resources Available to Pay Principal (4)	\$82,614	\$193,112	\$129,700	\$146,771
Net General Bonded Debt	12,672,323	12,491,825	12,445,237	12,308,166
Ratio of Net Bonded Debt to Estimated Actual Value	8.95%	8.65%	8.51%	7.52%
Net Bonded Debt per Capita	1,396	1,330	1,295	1,287

Source:

- (1) U.S. Bureau of Census of Population
- (2) Butler County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Madison Local School District

2006	2007	2008	2009	2010	2011
9,842	10,025	10,025	10,025	8,448	8,448
\$167,248,511	\$164,387,878	\$167,292,143	\$158,936,220	\$158,830,620	\$156,637,910
\$12,324,937	\$12,303,786	\$11,935,756	\$11,547,723	\$11,092,436	\$10,618,403
\$173,307	\$303,583	\$549,061	\$358,842	\$393,884	\$434,281
12,151,630	12,000,203	11,386,695	11,188,881	10,698,552	10,184,122
7.27%	7.30%	6.81%	7.04%	6.74%	6.50%
1,235	1,197	1,136	1,116	1,266	1,206



Madison Local School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2012*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Madison Local School District (1)</u>	<u>Amount Applicable to Madison Local School District</u>
Direct:			
Madison Local School District	\$10,527,383	100.00%	\$10,527,383
Overlapping:			
Butler County	78,968,581	2.10%	<u>1,658,340</u>
		Subtotal	<u>1,658,340</u>
		Total	<u><u>\$12,185,723</u></u>

Source: Butler County Auditor

(1) Overlapping percentage was calculated by dividing each overlapping subdivision's assessed valuation

Madison Local School District

*Debt Limitations
Last Ten Years*

	2002	2003	2004	2005
Net Assessed Valuation	\$118,961,075	\$141,521,564	\$144,487,153	\$146,268,504
Overall Direct Debt Limitation				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	10,706,497	12,736,941	13,003,844	13,164,165
Applicable District Debt Outstanding	12,754,937	12,684,937	12,574,937	12,454,937
Less: Applicable Debt Service Fund Amounts (2)	(82,614)	(193,112)	(129,700)	(146,771)
Net Indebtedness Subject to Limitation	12,672,323	12,491,825	12,445,237	12,308,166
Overall Legal Debt Margin	<u>(\$1,965,826)</u>	<u>\$245,116</u>	<u>\$558,607</u>	<u>\$855,999</u>
Unvoted Direct Debt Limitation				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	118,961	141,522	144,487	146,269
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$118,961</u>	<u>\$141,522</u>	<u>\$144,487</u>	<u>\$146,269</u>
Energy Conservation Bond Limitation				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	1,070,650	1,273,694	1,300,384	1,316,417
Authorized by the Board	(351,211)	(271,647)	(188,045)	(100,201)
Unvoted Energy Conservation Bond Legal Debt Margin	<u>\$719,439</u>	<u>\$1,002,047</u>	<u>\$1,112,339</u>	<u>\$1,216,216</u>

(1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt, and 9/10 of 1% for energy conservation debt.

(2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Madison Local School District

2006	2007	2008	2009	2010	2011
\$163,577,898	\$167,248,511	\$164,387,878	\$167,292,143	\$158,936,220	\$158,830,620
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
14,722,011	15,052,366	14,794,909	15,056,293	14,304,260	14,294,756
12,324,937	12,303,786	11,935,756	11,547,723	11,092,436	10,618,403
(173,307)	(303,583)	(549,061)	(358,842)	(393,884)	(434,281)
12,151,630	12,000,203	11,386,695	11,188,881	10,698,552	10,184,122
<u>\$2,570,381</u>	<u>\$3,052,163</u>	<u>\$3,408,214</u>	<u>\$3,867,412</u>	<u>\$3,605,708</u>	<u>\$4,110,634</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
163,578	167,249	164,388	167,292	158,936	158,831
0	0	0	0	0	0
<u>\$163,578</u>	<u>\$167,249</u>	<u>\$164,388</u>	<u>\$167,292</u>	<u>\$158,936</u>	<u>\$158,831</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
1,472,201	1,505,237	1,479,491	1,505,629	1,430,426	1,429,476
(7,900)	0	0	0	0	0
<u>\$1,464,301</u>	<u>\$1,505,237</u>	<u>\$1,479,491</u>	<u>\$1,505,629</u>	<u>\$1,430,426</u>	<u>\$1,429,476</u>

Madison Local School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2002	2003	2004	2005
Population (1)				
Madison Township	9,076	9,391	9,609	9,561
Butler County	338,891	341,667	344,784	348,243
Income (2) (a)				
Total Personal (in thousands)	\$265,682	\$281,861	\$301,069	\$305,187
Per Capita	\$29,273	\$30,014	\$31,332	\$31,920
Unemployment Rate (3)				
Federal	5.8%	5.5%	5.5%	5.0%
State	5.5%	5.5%	6.0%	5.9%
Butler County	4.3%	4.0%	4.3%	5.4%
Fiscal Year	2003	2004	2005	2006
School Enrollment (4)				
Pre-K	4	1	8	10
Grades K - 5	692	717	690	684
Grades 6 - 8	376	374	386	364
Grades 9 - 12	502	492	491	504
Non-Grade	2	6	4	2
Total	<u>1,576</u>	<u>1,590</u>	<u>1,579</u>	<u>1,564</u>

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office (enrollment based on October headcount, including JVS, OE, etc.)

Madison Local School District

2006	2007	2008	2009	2010	2011
9,842	10,025	10,025	8,448	8,448	8,448
353,486	357,908	360,765	363,184	368,130	369,999
\$322,001	\$339,326	\$339,326	\$299,997	\$292,757	\$223,002
\$32,717	\$33,848	\$33,848	\$35,511	\$34,654	\$26,397
4.6%	4.6%	5.8%	9.3%	9.6%	8.9%
5.4%	5.6%	6.6%	10.2%	10.1%	8.6%
5.6%	5.1%	5.9%	9.4%	9.6%	8.6%
2007	2008	2009	2010	2011	2012
8	59	80	72	64	38
681	696	668	655	665	655
375	352	367	400	379	366
489	519	501	503	514	511
4	3	5	0	0	3
1,557	1,629	1,621	1,630	1,622	1,573



Madison Local School District

Principal Employers In Butler County Ohio Current Year and Three Years Ago

Employer	Nature of Business	2011	
		Number of Employees	Rank
Miami University	Education	3,400	1
AK Steel	Manufacturing	3,100	2
Cincinnati Financial Corp.	Financial	2,900	3
Butler County Government	Government	2,000	4
Lakota School District	Education	1,969	5
General Electric Aviation	Aerospace	1,675	6
Ft. Hamilton Hospital	Healthcare	1,250	7
Hamilton City Schools	Education	1,250	8
Mercy Regional Hospital	Healthcare	1,200	9
Fairfield City Schools	Education	1,100	10

Employer	Nature of Business	2008	
		Number of Employees	Rank
Miami University	Post Secondary Education	4,250	1
AK Steel	Steel Manufacturer	3,100	2
Cincinnati Financial Corp.	Insurance	2,900	3
Butler County Government	County Government	2,000	4
Lakota School District	PK-12 Public Education	1,969	5
Middletown Regional Hospital	Healthcare	1,800	6
BEA Systems	Software	1,726	7
GE Aviation	Aircraft & Marine Engines	1,400	8
Ohio Casualty Insurance Co.	Insurance	1,340	9
Ft. Hamilton Hospital	Healthcare Facilities	1,250	10

Source: Butler County

Note: Total employment within the School District is not available.

Data for years prior to 2008 is not available.

Madison Local School District

*School District Employees by Type
Last Ten Years*

	2003	2004	2005	2006	2007
Supervisory					
Noninstructional Administrators	4.00	4.00	4.00	4.00	4.00
Consultants/Supervisors of Instruction	1.00	1.00	1.00	1.00	1.00
Principals	1.00	2.00	2.00	2.00	2.00
Assistant Principals	2.00	1.00	1.00	2.00	2.00
Instruction					
Classroom Teachers					
Elementary	42.50	47.00	49.75	46.83	45.50
Junior/Senior High	44.50	43.50	49.17	44.17	42.50
Student Services					
Guidance Counselors	4.00	5.00	5.00	5.00	4.00
Psychologists	1.00	1.00	1.00	1.00	1.00
Librarians	1.00	1.00	1.00	1.00	1.00
Therapists	1.00	1.00	1.00	1.00	1.00
Other Professionals (noninstructional)	0.00	1.00	1.00	1.00	1.00
Support Services					
Clerical/Secretaries	11.50	12.50	12.00	11.50	12.50
Tutors/Aides	14.00	16.33	14.83	14.50	14.50
Food Service	15.50	15.50	13.00	10.50	10.50
Maintenance/Grounds	11.00	14.00	11.00	13.00	13.00
Transportation	10.00	14.00	7.50	0.00	0.00
<i>Total Employees</i>	<u>164.00</u>	<u>179.83</u>	<u>174.25</u>	<u>158.50</u>	<u>155.50</u>

Method: 1.00 for each contracted, regular employee working 6 or more hours per day (hours vary by position).

Source: District Treasurer's Office - EMIS Reporting System

Madison Local School District

2008	2009	2010	2011	2012
4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
3.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00
40.50	43.10	45.10	47.00	47.00
47.30	48.00	48.00	46.00	43.50
4.00	4.00	4.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
1.00	0.00	0.00	0.00	0.00
1.00	1.00	1.00	0.00	0.00
11.00	12.00	12.00	8.00	8.00
16.50	18.00	18.00	21.00	21.00
9.75	9.00	9.00	13.00	13.00
12.00	12.00	12.00	10.00	10.00
0.00	0.00	0.00	0.00	0.00
155.05	158.10	160.10	159.00	156.50

Madison Local School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2003	2004	2005	2006	2007
Enrollment	1,576	1,590	1,579	1,564	1,557
Modified Accrual Basis					
Operating Expenditures	12,400,002	\$12,957,671	\$13,342,332	\$13,488,576	\$14,411,196
Cost per Pupil	7,868	8,149	8,450	8,624	9,256
Percentage of Change	(0.8%)	3.6%	3.7%	2.1%	7.3%
Accrual Basis					
Expenses	N/A	\$12,525,870	\$12,722,012	\$12,906,315	\$13,899,017
Cost per Pupil	N/A	N/A	8,057	8,252	8,927
Percentage of Change	N/A	N/A	N/A	2.4%	8.2%
Teaching Staff	87.0	90.5	98.9	91.0	88.0

Source: District Treasurer's Office and Ohio Department of Education

Madison Local School District

2008	2009	2010	2011	2012
1,629	1,621	1,630	1,622	1,573
\$15,623,833	\$18,114,875	\$27,813,123	\$21,462,394	\$15,944,090
9,591	11,175	17,063	13,232	10,136
3.6%	16.5%	52.7%	(22.5%)	(23.4%)
\$14,633,425	\$14,768,723	\$15,306,122	\$16,274,709	\$15,845,443
8,983	9,111	9,390	10,034	10,073
0.6%	1.4%	3.1%	6.9%	0.4%
87.8	91.1	93.1	93.0	90.5

Madison Local School District

Operating Indicators by Function Last Ten Years

	2003	2004	2005	2006
Governmental Activities				
Pupils				
Enrollment (Headcount)	1,576	1,590	1,579	1,564
Graduates	108	104	88	120
Administration				
School Attendance Rate	1	1	1	1
Fiscal Services				
Purchase Orders Processed	3,128	3,087	2,779	2,797
Checks Issued (non payroll)	3,072	3,129	2,851	2,610
Operation and Maintenance of Plant				
District Square Footage Maintained	229,293	229,293	229,293	229,293
District Square Acreage Maintained	63	63	63	63
Pupil Transportation				
Average Daily Students Transported	1,340	1,529	1,471	1,130
Average Daily Bus Fleet Miles	922	1,085	1,323	956
Number of Assigned Buses	15	14	14	13
Operation of Noninstructional Services				
Food Service				
Students Meals Served Daily	109,731	113,849	111,505	104,837
Free/Reduced Price Meals Daily	40,233	48,632	50,237	52,916
Extracurricular Activities				
High School Varsity Teams	16	16	16	16

Sources: Ohio Dept. of Education, District Treasurer's Office

Notes: Headcount represents all resident students, plus open enrollment, students attending JVS and community schools.

Madison Local School District

2007	2008	2009	2010	2011	2012
1,557	1,629	1,621	1,630	1,622	1,573
108	101	113	90	104	117
1	1	1	1	1	1
2,983	2,537	2,415	2,562	2,538	3,141
2,988	2,756	2,799	2,768	2,712	2,317
229,293	229,293	229,293	229,293	225,232	225,232
63	63	63	63	63	63
906	897	932	966	946	947
890	1,102	1,121	995	848	966
13	13	15	13	13	13
102,621	132,228	131,672	171,827	172,736	170,634
67,057	61,410	68,038	61,134	65,762	68,281
16	16	16	16	16	16

Madison Local School District

*Operating Indicators - Teacher Base Salaries
Last Ten Years*

Fiscal Year	2003	2004	2005	2006	2007
Minimum Salary	26,842	27,916	29,033	29,614	30,206
Maximum Salary	53,912	56,069	58,312	59,479	60,669
District Average Salary	38,908	40,953	38,889	42,653	44,347
Comparable District Average Salary	42,679	43,731	45,452	45,631	47,516
State Average Salary	45,515	47,495	49,342	51,346	52,596

Source: District Treasurer's Office and Ohio Department of Education

*Operating Indicators - Teacher by Education
Last Ten Years*

Fiscal Year	2003	2004	2005	2006	2007
Bachelor's Degree	46.5	51.5	51.2	43.0	39.5
Master's Degree	40.5	39.0	47.8	48.0	48.5
Total	87.0	90.5	98.9	91.0	88.0

Source: District Treasurer's Office

Madison Local School District

2008	2009	2010	2011	2012
30,810	31,426	32,055	32,055	32,055
61,882	63,120	64,383	64,383	64,383
46,714	47,606	50,245	50,765	50,695
48,492	NA	NA	NA	NA
54,210	54,656	55,958	56,715	57,904

2008	2009	2010	2011	2012
42.0	42.2	44.0	47.5	48.2
45.8	49.6	46.1	45.6	45.1
87.8	91.8	90.1	93.1	93.3

Madison Local School District

Capital Asset Statistics by Building Last Ten Years

	2003	2004	2005	2006
Secondary				
Madison Junior & Senior High School				
Square Footage	120,974	120,974	120,974	120,974
Capacity (students)	795	795	795	795
Enrollment (Headcount)	746	759	739	762
Elementary				
Madison Intermediate Elementary School				
Square Footage	62,970	62,970	62,970	62,970
Capacity (students)	525	525	525	525
Enrollment (headcount)	479	480	437	440
Madison Primary Elementary School				
Square Footage	42,349	42,349	42,349	42,349
Capacity (students)	400	400	400	400
Enrollment (headcount-incl. Pre-K)	351	351	379	362
All Other				
Central Administration Building				
Square Footage	3,000	3,000	3,000	3,000

Source: District Treasurer's Office

Note: Capacity = classrooms (homerooms) x 25

* The Intermediate School was closed upon completion of the new Junior & Senior High School.

Madison Local School District

2007	2008	2009	2010	2011	2012
120,974	120,974	120,974	120,974	120,974	120,974
795	795	795	795	795	795
747	770	777	761	737	779
62,970	62,970	62,970	62,970	0 *	0
525	525	525	525	0 *	0
455	467	475	493	0 *	0
42,349	42,349	42,349	42,349	101,258	101,258
400	400	400	400	848	848
364	392	409	376	845	794
3,000	3,000	3,000	3,000	3,000	3,000

Madison Local School District

Educational and Operating Statistics Last Ten Years

	2003	2004	2005	2006	2007
ACT Scores (Average)					
Madison	20.0	21.1	20.7	20.3	21.0
Ohio	21.4	21.4	21.1	21.5	21.6
National	20.8	20.9	20.6	21.1	21.2
Cost per Student (ODE) ⁽¹⁾					
Madison	7,015	7,568	7,755	8,087	8,328
Ohio (Average)	8,441	8,768	9,028	9,356	9,586
Attendance Rate					
Madison	94.60%	94.50%	94.30%	94.50%	94.30%
Ohio (Average)	94.90%	95.30%	95.20%	94.10%	94.10%
Graduation Rate					
Madison	93.30%	95.10%	93.50%	93.10%	95.10%
Ohio (Average) ⁽²⁾	83.90%	84.30%	85.90%	86.20%	86.90%

Source:

District's Student Records and Ohio Department of Education

(1) ODE calculation is not based on GAAP financial reports.

(2) ODE reports the previous year's graduation rate in their current year State Report Card.

Madison Local School District

2008	2009	2010	2011	2012
21.6	20.3	20.9	20.6	21.6
21.7	21.7	21.8	21.8	21.8
21.1	21.3	21.0	21.1	21.1
8,379	8,755	8,870	9,161	N/A
9,939	10,254	10,512	10,538	10,571
94.90%	94.80%	94.80%	95.00%	94.60%
94.20%	94.30%	94.30%	94.50%	94.20%
94.20%	94.20%	95.00%	89.10%	93.60%
86.90%	84.60%	83.00%	84.30%	80.00%



**MADISON LOCAL SCHOOL DISTRICT
BUTLER COUNTY, OHIO**

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**MADISON LOCAL SCHOOL DISTRICT
BUTLER COUNTY, OHIO**

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**MADISON LOCAL SCHOOL DISTRICT
BUTLER COUNTY, OHIO
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Federal Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U. S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Lunch Program - Food Distribution	3L70	10.555	\$ -	\$ 38,434	\$ -	\$ 39,254
National School Lunch Program	3L60	10.555	228,834	-	228,834	-
School Breakfast Program	3L70	10.553	53,418	-	53,418	-
Total Nutrition Cluster			<u>282,252</u>	<u>38,434</u>	<u>282,252</u>	<u>39,254</u>
Total U.S. Department of Agriculture			<u>282,252</u>	<u>38,434</u>	<u>282,252</u>	<u>39,254</u>
U. S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Title I Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	289,260	-	291,619	-
Total Title I Cluster			<u>289,260</u>	<u>-</u>	<u>291,619</u>	<u>-</u>
Special Education Cluster:						
Special Education - Grants to States	3M20	84.027	279,012	-	282,798	-
Special Education - Preschool	3C50	84.173	2,255	-	2,195	-
Special Education - Preschool - ARRA	3DL0	84.392	-	-	1,500	-
Total Special Education Cluster			<u>281,267</u>	<u>-</u>	<u>286,493</u>	<u>-</u>
Education Technology State Grants	3S20	84.318	57	-	364	-
Total Education Technology State Grants			<u>57</u>	<u>-</u>	<u>364</u>	<u>-</u>
Improving Teacher Quality State Grants	3Y60	84.367	42,576	-	63,168	-
Total Improving Teacher Quality State Grants			<u>42,576</u>	<u>-</u>	<u>63,168</u>	<u>-</u>
Education Jobs Fund	3ET0	84.410	260,409	-	226,080	-
Total Education Jobs Fund			<u>260,409</u>	<u>-</u>	<u>226,080</u>	<u>-</u>
State Fiscal Stabilization Fund - Race-To-The-Top Incentive Grants - ARRA	3FD0	84.395	700	-	-	-
Total State Fiscal Stabilization Fund - Race-To- The-Top Incentive Grants - ARRA			<u>700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Education			<u>874,269</u>	<u>-</u>	<u>867,724</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,156,521</u>	<u>\$ 38,434</u>	<u>\$ 1,149,976</u>	<u>\$ 39,254</u>

The accompanying notes are an integral part of this schedule.

**MADISON LOCAL SCHOOL DISTRICT
BUTLER COUNTY, OHIO
NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES
OF FEDERAL AWARDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION PROGRAM

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

NOTE C – CHILD NUTRITION CLUSTER

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

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' 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 Local School District
Middletown, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison Local School District, Butler County, Ohio, (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2012. 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

Management of the District is responsible for establishing and maintaining effective 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 deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Education, others within the District, 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.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
December 21, 2012

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

To the Board of Education
Madison Local School District
Middletown, Ohio

Compliance

We have audited Madison Local School District, Butler County, Ohio's (the District) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2012.

Internal Control over Compliance

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

compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Receipts and Expenditures of Federal Awards

We have audited the financial statements of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 21, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of receipts and expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of receipts and expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Education, others within the District, 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.

Bastin & Company, L L C

Cincinnati, Ohio
December 21, 2012

**MADISON LOCAL SCHOOL DISTRICT
 BUTLER COUNTY, OHIO
 SCHEDULE OF FINDINGS
 OMB Circular A-133 § .505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITORS' RESULTS

Type of financial statement opinion	Unqualified
Were there any material control weaknesses reported at the financial statement level?	No
Were there any other significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance reported at the financial statement level?	No
Were there any material internal control weakness reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of major programs' compliance opinion	Unqualified
Are there any reportable findings?	No
Major programs:	Nutrition Cluster: CFDA's 10.553 & 10.555
	Education Jobs Fund: CFDA's 84.410
	Improving Teacher Quality State Grants: CFDA 84.367
Dollar threshold to distinguish between Type A/B programs	Type A: > \$300,000 Type B: all other
Low risk auditee?	No

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**MADISON LOCAL SCHOOL DISTRICT
 BUTLER COUNTY, OHIO
 SCHEDULE OF PRIOR YEAR FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation
2011-1	Financial statement adjustments	Yes	Condition not applicable to current audit period.



Dave Yost • Auditor of State

MADISON LOCAL SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 19, 2013**