

**Mary Taylor, CPA**  
Auditor of State



**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds .....	17
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Statement of Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	19
Statement of Net Assets – Proprietary Fund.....	20
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund .....	21
Statement of Cash Flows – Proprietary Fund .....	22
Statement of Fiduciary Net Assets – Fiduciary Funds .....	23
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund.....	24
Notes to the Basic Financial Statements .....	25
Federal Awards Receipts and Expenditures Schedule.....	55
Notes to the Federal Awards Receipts and Expenditures Schedule .....	56
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	59
Schedule of Findings.....	61
Schedule of Prior Audit Findings.....	63
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	65

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mapleton Local School District  
Ashland County  
2 Mountie Drive  
Ashland, Ohio 44805

To the Board of Education:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 Mapleton Local School District, Ashland County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As further described in Note 3.B. to the basic financial statements, the District restated its July 1, 2008 governmental activities net assets due to a capital assets overstatement.

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

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

January 5, 2010

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

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

**Financial Highlights**

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets of governmental activities increased \$104,855 which represents a 0.62% increase from 2008.
- General revenues accounted for \$7,978,037 in revenue or 81.16% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,851,776 or 18.84% of total revenues of \$9,829,813.
- The District had \$9,724,958 in expenses related to governmental activities; only \$1,851,776 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,978,037 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund, and the permanent improvement fund. The general fund had \$8,129,550 in revenues and \$7,680,932 in expenditures. During fiscal year 2009, the general fund's fund balance increased \$448,618 from \$777,396 to a balance of \$1,226,014.
- The debt service fund had \$390,460 in revenues and \$341,808 in expenditures. During fiscal year 2009, the debt service fund's fund balance increased \$48,652 from \$430,943 to \$479,595.
- The permanent improvement fund had \$268,292 in revenues and \$113,026 in expenditures. During fiscal year 2009, the permanent improvement fund's fund balance increased \$155,266 from a balance of \$378,372 to \$533,638.

**Using these Basic Financial Statements**

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, debt service fund and permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

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

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund, and permanent improvement fund.

***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 financial 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 basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental benefits self-insurance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 23 and 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-54 of this report.

**The District as a Whole**

Recall that the statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2009 and June 30, 2008. The net assets for the District were restated at June 30, 2008 as described in Note 3.B to the basic financial statements.

	<b>Net Assets</b>	
	Governmental Activities 2009	Restated Governmental Activities 2008
<b><u>Assets</u></b>		
Current and other assets	\$ 6,339,503	\$ 6,282,405
Capital assets, net	<u>17,013,800</u>	<u>17,849,889</u>
Total assets	<u>23,353,303</u>	<u>24,132,294</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,778,933	3,489,850
Long-term liabilities	<u>3,560,544</u>	<u>3,733,473</u>
Total liabilities	<u>6,339,477</u>	<u>7,223,323</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	13,817,491	14,469,924
Restricted	1,586,981	1,425,751
Unrestricted	<u>1,609,354</u>	<u>1,013,296</u>
Total net assets	<u>\$ 17,013,826</u>	<u>\$ 16,908,971</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$17,013,826. Of this total, \$1,609,354 is unrestricted in use.

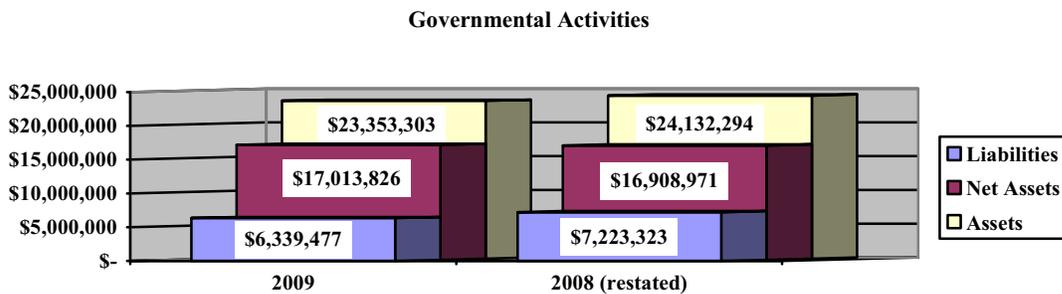
**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

At year-end, capital assets represented 72.85% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$13,817,491. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,586,981, represents resources that are subject to external restriction on how they may be used.

The table below illustrates the District's assets, liabilities and net assets at June 30, 2009 and 2008.



The table below shows the change in net assets for fiscal year 2009 and 2008. The net assets for the District were restated at June 30, 2008 as described in Note 3.B to the basic financial statements.

**Change in Net Assets**

	Governmental Activities 2009	Governmental Activities 2008
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 821,857	\$ 941,379
Operating grants and contributions	1,018,426	745,350
Capital grants and contributions	11,493	18,556
General revenues:		
Property taxes	3,129,855	2,045,162
Grants and entitlements not restricted	4,763,614	4,591,091
Investment earnings	60,203	134,232
Miscellaneous	24,365	9,731
<b>Total revenues</b>	<b>9,829,813</b>	<b>8,485,501</b>

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

**Change in Net Assets**

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,068,484	\$ 4,183,444
Special	811,338	658,308
Vocational	184,585	242,147
Other	713,315	674,072
Support services:		
Pupil	277,007	227,291
Instructional staff	412,280	381,634
Board of education	36,570	77,695
Administration	630,594	658,790
Fiscal	309,962	322,257
Business	-	100
Operations and maintenance	809,475	759,739
Pupil transportation	586,967	588,839
Central	58,486	48,818
Operation of non-instructional services:		
Food service operations	350,546	355,834
Extracurricular activities	300,287	297,109
Interest and fiscal charges	<u>175,062</u>	<u>131,435</u>
Total expenses	<u>9,724,958</u>	<u>9,607,512</u>
Change in net assets	104,855	(1,122,011)
Net assets at beginning of year (restated)	<u>16,908,971</u>	<u>18,030,982</u>
Net assets at end of year	<u>\$ 17,013,826</u>	<u>\$ 16,908,971</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$104,855. Total governmental expenses of \$9,724,958 were offset by program revenues of \$1,851,776 and general revenues of \$7,987,037. Program revenues supported 19.04% of the total governmental expenses.

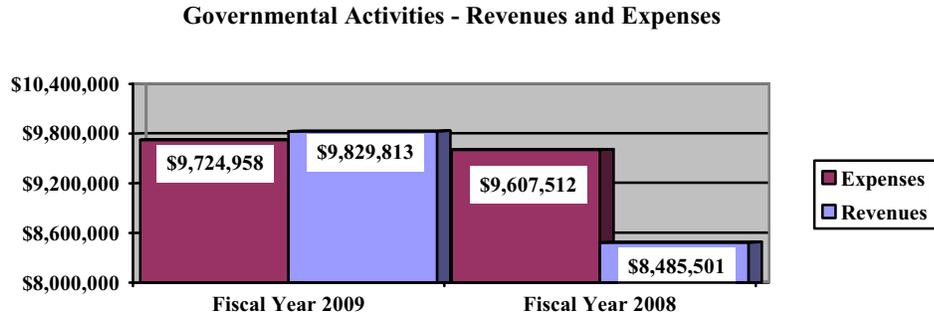
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 80.30% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,777,722 or 59.41% of total governmental expenses for fiscal year 2009.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2009 and 2008.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,068,484	\$ 3,491,890	\$ 4,183,444	\$ 3,566,266
Special	811,338	192,811	658,308	231,174
Vocational	184,585	131,465	242,147	207,480
Other	713,315	711,765	674,072	632,076
Support services:				
Pupil	277,007	272,381	227,291	226,844
Instructional staff	412,280	325,408	381,634	325,713
Board of education	36,570	36,570	77,695	77,695
Administration	630,594	620,822	658,790	657,449
Fiscal	309,962	309,962	322,257	322,257
Business	-	-	100	100
Operations and maintenance	809,475	805,976	759,739	759,739
Pupil transportation	586,967	573,795	588,839	566,766
Central	58,486	45,837	48,818	37,009
Operation of non-instructional services:				
Food service operations	350,546	7,143	355,834	10,906
Extracurricular activities	300,287	172,295	297,109	149,318
Interest and fiscal charges	175,062	175,062	131,435	131,435
<b>Total expenses</b>	<u>\$ 9,724,958</u>	<u>\$ 7,873,182</u>	<u>\$ 9,607,512</u>	<u>\$ 7,902,227</u>

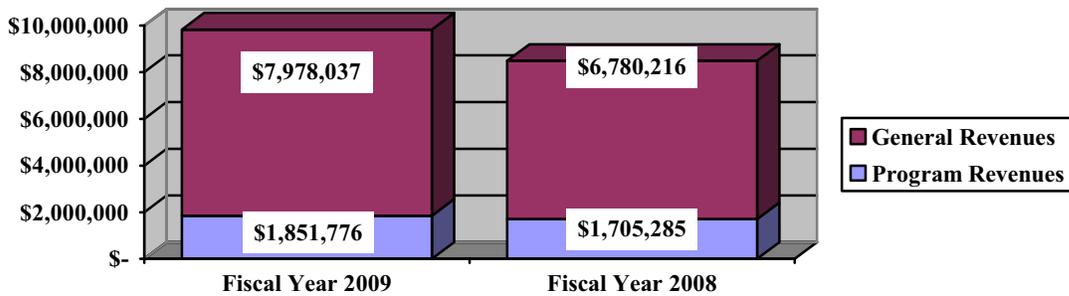
**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, as 78.37% of 2009 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.96 %. The District's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2009 and 2008.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,716,436, which is higher than last year's total of \$2,100,407. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance <u>June 30, 2009</u>	Fund Balance <u>June 30, 2008</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 1,226,014	\$ 777,396	\$ 448,618	57.71 %
Debt Service	479,595	430,943	48,652	11.29 %
Permanent Improvement	533,638	378,372	155,266	41.04 %
Other Governmental	<u>477,189</u>	<u>513,696</u>	<u>(36,507)</u>	(7.11) %
Total	<u>\$ 2,716,436</u>	<u>\$ 2,100,407</u>	<u>\$ 616,029</u>	29.33 %

**General Fund**

The District's general fund balance increased \$448,618. The increase in fund balance can be attributed to an increase in the District's property taxes.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The table that follows assists in illustrating the financial activities of the general fund.

	2009 <u>Amount</u>	2008 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,555,433	\$ 1,652,021	\$ 903,412	54.69 %
Tuition	481,964	527,724	(45,760)	(8.67) %
Earnings on investments	29,871	94,177	(64,306)	(68.28) %
Intergovernmental	4,997,462	4,766,930	230,532	4.84 %
Other revenues	<u>64,820</u>	<u>104,134</u>	<u>(39,314)</u>	<u>(37.75) %</u>
Total	<u>\$ 8,129,550</u>	<u>\$ 7,144,986</u>	<u>\$ 984,564</u>	<u>13.78 %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 4,703,205	\$ 4,682,550	\$ 20,655	0.44 %
Support services	2,780,285	2,717,238	63,047	2.32 %
Extracurricular activities	181,482	160,716	20,766	12.92 %
Debt service	<u>15,960</u>	<u>15,960</u>	<u>-</u>	<u>- %</u>
Total	<u>\$ 7,680,932</u>	<u>\$ 7,576,464</u>	<u>\$ 104,468</u>	<u>1.38 %</u>

Tax revenues increased \$903,412 or 54.69%. This increase can be attributed to the amount of taxes available for advance. This can vary depending on the timing of the tax bills. In total, expenditures increased \$104,468 or 1.38% due to the steady rising costs of the District's operations, including salaries and benefits.

***Debt Service Fund***

The debt service fund had \$390,460 in revenues and \$341,808 in expenditures. During fiscal year 2009, the debt service fund's fund balance increased \$48,652 from \$430,943 to \$479,595.

***Permanent Improvement Fund***

The permanent improvement fund had \$268,292 in revenues and \$113,026 in expenditures in 2009. The permanent improvement fund's fund balance increased \$155,266 from \$378,372 to \$533,638.

***General Fund Budgeting Highlights***

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 2009, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$7,648,606 and final budgeted revenues were \$7,848,880. The majority of the difference between the original and final estimated revenues relates to an increase in the Intergovernmental – State revenue received. Actual revenues for fiscal year 2009 were \$7,846,177. This represents a \$197,571 increase over original budgeted revenues.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

General fund original appropriations (appropriated expenditures and other financing uses) of \$8,169,899 remained the same for the final appropriations. The actual budget basis expenditures for fiscal year 2009 totaled \$7,828,675, which was \$341,224 lower than the final budget appropriations.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2009, the District had \$17,013,800 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. Capital assets at June 30, 2008 have been restated as described in Note 3.B. The following table shows June 30, 2009 balances compared to the restated balances at June 30, 2008:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>Restated 2008</u>
Land	\$ 177,800	\$ 177,800
Land improvements	1,562,579	1,681,374
Building and improvements	14,570,535	15,157,186
Furniture and equipment	342,346	380,602
Vehicles	<u>360,540</u>	<u>452,927</u>
Total	<u>\$ 17,013,800</u>	<u>\$ 17,849,889</u>

The overall decrease in capital assets of \$836,089 is due to depreciation expense in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2009, the District had \$3,196,309 in bonds and capital lease obligations outstanding. Of this total, \$199,790 is due within one year and \$2,996,519 is due within greater than one year. The following table summarizes the bonds and capital lease obligations outstanding.

	Governmental	Governmental
	Activities	Activities
	<u>2009</u>	<u>2008</u>
Classroom facilities improvement bonds	\$ 3,175,000	\$ 3,345,000
Capital lease obligation	<u>21,309</u>	<u>34,965</u>
Total	<u>\$ 3,196,309</u>	<u>\$ 3,379,965</u>

At June 30, 2009, the District's overall legal debt margin was \$8,462,345, and an unvoted debt margin of \$123,975.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

**Current Financial Related Activities**

The District, in cooperation with the Ohio School Facilities Commission (OSFC), received bids and contracted to make corrections to the in-wall flashing and other roof repairs. As of the end of the fiscal year, the project is in process. Upon completion of the repairs, it is anticipated that the OSFC will close out the original construction project by the end of fiscal year 2010.

The District has continued to meet its current financial obligations; however, the Board's five-year forecast indicates that cash-flow problems will persist throughout the forecast period and by fiscal year 2012 will have a deficit balance at year end. The District's expenditures will outpace the revenue without an additional revenue stream. Additional cost cutting measures will have to be addressed if revenue does not increase in the near future.

The Board continues to purchase equipment, textbooks and major improvements through the Permanent Improvement Fund. The Permanent Improvement tax levy and a Current Expense levy will expire at the end of calendar year 2011; renewal of these levies can be placed on the ballot in November, 2010. Management needs to be mindful of the possible loss of this revenue. The Board of Education has had numerous levy failures and has not passed a new operating levy since 1991. The District is currently at the 20 mill floor, the lowest millage amount a District can legally collect. The District will continue looking at options to increase revenue in fiscal year 2010.

Taking into consideration the current economic status of the area, the Board of Education reduced the pay-to-participate fees used to offset the cost of extra-curricular activities for fiscal year 2009, thus reducing other revenue. Additionally, revenue was reduced by the loss of interest on investments.

The Board of Education has negotiated 3 year contracts with both certified and non-certified collective bargaining units effective July 1, 2008. Increases in base salaries will have an impact in the salaries and benefits paid over the next two fiscal years.

The State of Ohio recently passed the Ohio Evidence Based Model for funding of Ohio's schools and at the end of the current fiscal year has not established spending guidelines. Current models do not indicate that there will be an increase in state funding to the Mapleton Local School District in fiscal year 2010 and only a slight increase in fiscal year 2011. The Federal Government has passed legislation to provide additional money to states. The Mapleton Local School District will receive additional Federal Funds in the areas of special education and Title I. None of these funds can be spent for repairs or maintenance. As the State looks to balance its budget, decreases in educational funding could follow. This could substantially affect the District's ability to operate as a quality educational institution.

**Contacting the District's Financial Management**

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 Susan K. Smith, Treasurer, Mapleton Local School District, 635 County Road 801, Ashland, Ohio 44805.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 2,702,004
Cash with fiscal agent . . . . .	791,661
Cash with escrow agent . . . . .	18,008
Receivables:	
Taxes . . . . .	2,665,275
Intergovernmental . . . . .	92,967
Prepayments . . . . .	63,545
Materials and supplies inventory . . . . .	6,043
Capital assets:	
Land . . . . .	177,800
Depreciable capital assets, net . . . . .	16,836,000
Capital assets, net. . . . .	17,013,800
 Total assets. . . . .	 23,353,303
<b>Liabilities:</b>	
Accounts payable. . . . .	13,326
Contracts payable. . . . .	24,642
Accrued wages and benefits . . . . .	641,488
Pension obligation payable. . . . .	180,734
Intergovernmental payable . . . . .	30,694
Unearned revenue . . . . .	1,731,025
Accrued interest payable . . . . .	30,890
Claims payable . . . . .	126,134
Long-term liabilities:	
Due within one year. . . . .	240,775
Due within more than one year . . . . .	3,319,769
 Total liabilities . . . . .	 6,339,477
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	13,817,491
Restricted for:	
Capital projects . . . . .	998,133
Debt service. . . . .	465,019
Classroom facilities maintenance . . . . .	67,006
Locally funded programs . . . . .	832
State funded programs . . . . .	2,682
Federally funded programs . . . . .	819
Student activities . . . . .	20,051
Other purposes . . . . .	32,439
Unrestricted . . . . .	1,609,354
 Total net assets . . . . .	 \$ 17,013,826

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 4,068,484	\$ 514,820	\$ 61,774	\$ -	\$ (3,491,890)
Special . . . . .	811,338	4,932	613,595	-	(192,811)
Vocational . . . . .	184,585	-	53,120	-	(131,465)
Other . . . . .	713,315	911	639	-	(711,765)
Support services:					
Pupil . . . . .	277,007	-	4,626	-	(272,381)
Instructional staff . . . . .	412,280	3,959	82,913	-	(325,408)
Board of education . . . . .	36,570	-	-	-	(36,570)
Administration . . . . .	630,594	2,946	6,826	-	(620,822)
Fiscal . . . . .	309,962	-	-	-	(309,962)
Operations and maintenance . . . . .	809,475	-	3,499	-	(805,976)
Pupil transportation . . . . .	586,967	619	1,060	11,493	(573,795)
Central . . . . .	58,486	-	12,649	-	(45,837)
Operation of non-instructional services:					
Food service operations . . . . .	350,546	188,723	154,680	-	(7,143)
Extracurricular activities . . . . .	300,287	104,947	23,045	-	(172,295)
Interest and fiscal charges . . . . .	175,062	-	-	-	(175,062)
Total governmental activities . . . . .	<u>\$ 9,724,958</u>	<u>\$ 821,857</u>	<u>\$ 1,018,426</u>	<u>\$ 11,493</u>	<u>(7,873,182)</u>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					2,528,247
Special revenue . . . . .					44,881
Debt service . . . . .					328,694
Capital projects . . . . .					228,033
Grants and entitlements not restricted					
to specific programs . . . . .					4,763,614
Investment earnings . . . . .					60,203
Miscellaneous . . . . .					24,365
Total general revenues . . . . .					<u>7,978,037</u>
Change in net assets . . . . .					104,855
<b>Net assets at beginning of year (restated) . . . . .</b>					<u>16,908,971</u>
<b>Net assets at end of year . . . . .</b>					<u>\$ 17,013,826</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 1,192,533	\$ 400,014	\$ 478,388	\$ 598,630	\$ 2,669,565
Cash with escrow agent . . . . .	18,008	-	-	-	18,008
Receivables:					
Taxes. . . . .	2,115,487	298,665	209,378	41,745	2,665,275
Intergovernmental . . . . .	3,229	-	394	89,344	92,967
Interfund loan . . . . .	68,819	-	-	-	68,819
Prepayments . . . . .	62,036	-	-	1,509	63,545
Materials and supplies inventory . . . . .	-	-	-	6,043	6,043
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	32,439	-	-	-	32,439
Total assets . . . . .	<u>\$ 3,492,551</u>	<u>\$ 698,679</u>	<u>\$ 688,160</u>	<u>\$ 737,271</u>	<u>\$ 5,616,661</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 10,411	\$ -	\$ 709	\$ 2,206	\$ 13,326
Contracts payable . . . . .	-	-	-	24,642	24,642
Accrued wages and benefits . . . . .	569,105	-	-	72,383	641,488
Compensated absences payable . . . . .	14,317	-	-	-	14,317
Interfund loan payable . . . . .	-	-	-	68,819	68,819
Pension obligation payable. . . . .	155,581	-	-	25,153	180,734
Intergovernmental payable. . . . .	28,611	-	-	2,083	30,694
Deferred revenue. . . . .	130,750	16,314	11,662	36,454	195,180
Unearned revenue . . . . .	1,357,762	202,770	142,151	28,342	1,731,025
Total liabilities . . . . .	<u>2,266,537</u>	<u>219,084</u>	<u>154,522</u>	<u>260,082</u>	<u>2,900,225</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	14,298	-	-	119,475	133,773
Reserved for materials and supplies inventory. . . . .	-	-	-	6,043	6,043
Reserved for prepayments . . . . .	62,036	-	-	1,509	63,545
Reserved for property tax unavailable for appropriation . . . . .	628,820	79,581	55,790	11,123	775,314
Reserved for debt service. . . . .	-	400,014	-	-	400,014
Reserved for BWC refunds. . . . .	32,439	-	-	-	32,439
Unreserved (deficit), undesignated, reported in:					
General fund . . . . .	488,421	-	-	-	488,421
Special revenue funds . . . . .	-	-	-	(17,147)	(17,147)
Capital projects funds . . . . .	-	-	477,848	356,186	834,034
Total fund balances . . . . .	<u>1,226,014</u>	<u>479,595</u>	<u>533,638</u>	<u>477,189</u>	<u>2,716,436</u>
Total liabilities and fund balances . . . . .	<u>\$ 3,492,551</u>	<u>\$ 698,679</u>	<u>\$ 688,160</u>	<u>\$ 737,271</u>	<u>\$ 5,616,661</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009

<b>Total governmental fund balances</b>		\$	2,716,436
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			17,013,800
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	158,936	
Intergovernmental receivable		<u>36,244</u>	
Total			195,180
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			665,527
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(30,890)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(349,918)	
Capital lease obligation payable		(21,309)	
Classroom facilities improvement bonds payable		<u>(3,175,000)</u>	
Total			<u>(3,546,227)</u>
<b>Net assets of governmental activities</b>		\$	<u><u>17,013,826</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 2,555,433	\$ 335,638	\$ 231,181	\$ 45,492	\$ 3,167,744
Tuition. . . . .	481,964	-	-	-	481,964
Charges for services. . . . .	-	-	-	188,711	188,711
Earnings on investments. . . . .	29,871	546	685	5,970	37,072
Extracurricular. . . . .	25,406	-	-	83,610	109,016
Transportation fees . . . . .	619	-	-	-	619
Classroom materials and fees. . . . .	35,670	-	-	500	36,170
Contributions and donations. . . . .	1,023	-	-	24,620	25,643
Other local revenues. . . . .	2,102	-	-	26,617	28,719
Intergovernmental - intermediate. . . . .	-	-	-	39,379	39,379
Intergovernmental - state. . . . .	4,997,462	54,276	36,426	48,861	5,137,025
Intergovernmental - federal . . . . .	-	-	-	558,543	558,543
Total revenues . . . . .	<u>8,129,550</u>	<u>390,460</u>	<u>268,292</u>	<u>1,022,303</u>	<u>9,810,605</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	3,293,244	-	47,841	60,154	3,401,239
Special. . . . .	526,823	-	-	298,011	824,834
Vocational. . . . .	172,853	-	-	11,619	184,472
Other. . . . .	710,285	-	-	3,081	713,366
Support services:					
Pupil. . . . .	267,474	-	-	10,696	278,170
Instructional staff . . . . .	324,113	-	-	96,031	420,144
Board of education . . . . .	36,570	-	-	-	36,570
Administration. . . . .	623,024	-	1,198	9,746	633,968
Fiscal . . . . .	289,649	7,588	7,681	961	305,879
Operations and maintenance. . . . .	700,997	-	42,094	57,742	800,833
Pupil transportation . . . . .	506,271	-	-	-	506,271
Central. . . . .	32,187	-	-	27,141	59,328
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	351,439	351,439
Extracurricular activities. . . . .	181,482	-	-	99,089	280,571
Facilities acquisition and construction . . . . .	-	-	14,212	33,100	47,312
Debt service:					
Principal retirement . . . . .	13,656	170,000	-	-	183,656
Interest and fiscal charges . . . . .	2,304	164,220	-	-	166,524
Total expenditures . . . . .	<u>7,680,932</u>	<u>341,808</u>	<u>113,026</u>	<u>1,058,810</u>	<u>9,194,576</u>
Net change in fund balances . . . . .	448,618	48,652	155,266	(36,507)	616,029
<b>Fund balances at beginning of year. . . . .</b>	<u>777,396</u>	<u>430,943</u>	<u>378,372</u>	<u>513,696</u>	<u>2,100,407</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 1,226,014</u>	<u>\$ 479,595</u>	<u>\$ 533,638</u>	<u>\$ 477,189</u>	<u>\$ 2,716,436</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, 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, 2009

<b>Net change in fund balances - total governmental funds</b>	\$	616,029
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in the current period.		(836,089)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	\$ (37,889)	
Intergovernmental	<u>33,763</u>	
Total		(4,126)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		183,656
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(8,538)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		3,590
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		<u>150,333</u>
<b>Change in net assets of governmental activities</b>	<u>\$</u>	<u>104,855</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, 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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,212,212	\$ 2,270,138	\$ 2,269,356	\$ (782)
Tuition . . . . .	469,828	482,130	481,964	(166)
Earnings on investments . . . . .	29,119	29,881	29,871	(10)
Extracurricular . . . . .	25,073	25,730	25,721	(9)
Transportation . . . . .	638	654	654	-
Classroom materials and fees . . . . .	34,772	35,682	35,670	(12)
Contributions and donations . . . . .	997	1,023	1,023	-
Other local revenues . . . . .	2,049	2,103	2,102	(1)
Intergovernmental - state . . . . .	4,873,918	5,001,539	4,999,816	(1,723)
Total revenues . . . . .	<u>7,648,606</u>	<u>7,848,880</u>	<u>7,846,177</u>	<u>(2,703)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,461,021	3,461,021	3,316,470	144,551
Special . . . . .	542,421	542,421	519,766	22,655
Vocational . . . . .	187,586	187,586	179,751	7,835
Other . . . . .	741,256	741,256	710,297	30,959
Support services:				
Pupil . . . . .	272,646	272,646	261,259	11,387
Instructional staff . . . . .	349,872	349,872	335,259	14,613
Board of education . . . . .	61,575	61,575	59,003	2,572
Administration . . . . .	658,244	658,244	630,752	27,492
Fiscal . . . . .	303,830	303,830	291,140	12,690
Operations and maintenance . . . . .	737,049	737,049	706,265	30,784
Pupil transportation . . . . .	562,457	562,457	538,965	23,492
Central . . . . .	30,936	30,936	29,644	1,292
Extracurricular activities . . . . .	189,187	189,187	181,285	7,902
Total expenditures . . . . .	<u>8,098,080</u>	<u>8,098,080</u>	<u>7,759,856</u>	<u>338,224</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(449,474)</u>	<u>(249,200)</u>	<u>86,321</u>	<u>335,521</u>
<b>Other financing uses:</b>				
Advances (out) . . . . .	<u>(71,819)</u>	<u>(71,819)</u>	<u>(68,819)</u>	<u>3,000</u>
Total other financing uses . . . . .	<u>(71,819)</u>	<u>(71,819)</u>	<u>(68,819)</u>	<u>3,000</u>
Net change in fund balance . . . . .	(521,293)	(321,019)	17,502	338,521
<b>Fund balance at beginning of year . . . . .</b>	1,163,178	1,163,178	1,163,178	-
<b>Prior year encumbrances appropriated . . . . .</b>	23,596	23,596	23,596	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 665,481</u>	<u>\$ 865,755</u>	<u>\$ 1,204,276</u>	<u>\$ 338,521</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2009

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Current assets:	
Cash with fiscal agent . . . . .	\$ 791,661
Total assets . . . . .	<u>791,661</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>126,134</u>
Total liabilities . . . . .	<u>126,134</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>665,527</u>
Total net assets . . . . .	<u><u>\$ 665,527</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Sales/charges for services . . . . .	\$ 1,530,328
Total operating revenues . . . . .	<u>1,530,328</u>
<b>Operating expenses:</b>	
Claims expense . . . . .	1,244,755
Purchased services. . . . .	158,119
Materials and supplies . . . . .	455
Total operating expenses . . . . .	<u>1,403,329</u>
Operating income . . . . .	<u>126,999</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>23,334</u>
Total nonoperating revenues. . . . .	<u>23,334</u>
Change in net assets. . . . .	150,333
<b>Net assets at beginning of year . . . . .</b>	<u>515,194</u>
<b>Net assets at end of year . . . . .</b>	<u><u>\$ 665,527</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from sales/charges for services . . . . .	\$ 1,530,328
Cash payments for claims expense. . . . .	(1,313,360)
Cash payments for purchased services. . . . .	(158,119)
Cash payments for materials and supplies. . . . .	<u>(455)</u>
Net cash provided by operating activities . . . . .	<u>58,394</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>23,334</u>
Net cash provided by investing activities . . . . .	<u>23,334</u>
Net increase in cash with fiscal agent . . . . .	81,728
<b>Cash with fiscal agent at beginning of year . . . . .</b>	<u>709,933</u>
<b>Cash with fiscal agent at end of year . . . . .</b>	<u><u>\$ 791,661</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 126,999
Changes in liabilities: Decrease in claims payable . . . . .	<u>(68,605)</u>
Net cash provided by operating activities. . . . .	<u><u>\$ 58,394</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 4,376	\$ 39,655
Total assets. . . . .	4,376	\$ 39,655
<b>Liabilities:</b>		
Accounts payable. . . . .	25	\$ 3,559
Due to students . . . . .	-	36,096
Total liabilities . . . . .	25	\$ 39,655
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	4,351	
Total net assets . . . . .	\$ 4,351	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 6
Gifts and contributions. . . . .	3,746
	3,752
Total additions. . . . .	3,752
<b>Deductions:</b>	
Scholarships awarded . . . . .	2,801
	951
Change in net assets . . . . .	951
<b>Net assets at beginning of year. . . . .</b>	<b>3,400</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 4,351</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Mapleton Local School District (the “District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District is the 485<sup>th</sup> largest in the State of Ohio (out of 922 public and community school districts) in terms of enrollment. It is staffed by 44 non-certified employees and 71 certified full-time teaching personnel who provide services to 993 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Midland Council of Governments

The District is a member of the Midland Council of Governments (COG), which was organized as a council-of-governments entity in accordance with Ohio statute. While the District and the other 21 members are assessed annual user fees for data services, none of the members retain an ongoing financial interest in the COG.

Ashland County - West Holmes Career Center (the "Career Center")

The Career Center is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Career Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District.

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three-member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Ohio Mid-Eastern Regional Educational Services Agency

The District is a participant with several other school districts in an insurance purchasing pool to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing medical and dental insurance. OME-RESA is governed by a Board of Directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

Schools of Ohio Risk Sharing Authority

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

**B. Fund Accounting**

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

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*GOVERNMENTAL FUNDS*

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

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

*Debt service fund* - The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds used for the construction of school facilities.

*Permanent improvement fund* - The permanent improvement capital projects fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705 of the Ohio Revised Code.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary, trust, and permanent improvement funds, (b) food service operations; and (c) for grants and other resources whose use is restricted to a particular purpose.

*PROPRIETARY FUND*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

*Internal service fund* - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical and dental benefits to employees.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Basis of Presentation and Measurement Focus**

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. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

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, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund are charges for sales and services. Operating expenses for internal service funds include the claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange 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 (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

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

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, are recorded as deferred revenue.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2009 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Ashland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2009.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2009, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District, other than with fiscal and escrow agent, is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2009, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and shares of preferred stock (see below). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Investment earnings are assigned to the general fund, public school fund, classroom construction fund, and self insurance fund. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$29,871, which includes \$16,732 assigned from other District funds.

While preferred stock is not an allowable investment according to Ohio statute, the District received a donation of stock to its general fund. No public funds were used to acquire the stock. At June 30, 2009, the preferred stock value was \$100.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investments at year end is provided in Note 4.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District's capitalization threshold is \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 years

**I. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2009, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

**J. Accrued Liabilities and Long-Term Obligations**

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

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

**K. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax revenue unavailable for appropriation, debt service and BWC (Bureau of Workers’ Compensation) refunds. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The reserve for BWC refunds reserve represents BWC refunds received prior to April 10, 2002 and are restricted by State statute.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the employee self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include monies restricted by State statute for BWC refunds.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalent set-asides to establish a BWC refund reserve. This reserve is required by State statute. A schedule of the statutory reserve is presented in Note 17.

**Q. Interfund Activity**

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 after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. There are no outstanding interfund transactions at June 30, 2009.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Extraordinary and Special Items**

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

**S. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental activities column on the statement of net assets.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Restatement of Net Assets**

The District's net assets have been restated to reflect reappraisal adjustments of the District's capital assets. The restatement of the District's capital assets had the following effect on net assets as previously reported by the governmental activities:

	Governmental Activities
Net assets, June 30, 2008	\$ 17,871,836
Adjustment for capital assets reappraisal	(962,865)
Restated net assets, July 1, 2008	\$ 16,908,971

See Note 8 for the effect of the change on capital asset balances as previously reported by the District at June 30, 2008.

**C. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service operations	\$ 30,251
Entry year teacher grant	19
Title VI-B	26,872
Title I	22,693
Improving teacher quality	8,125

The deficit fund balances in the food service operations and the entry year teacher grants funds result from adjustments for accrued liabilities. The deficit fund balances in the Title VI-B, Title I, and improving teacher quality funds result from both adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than an other financing source. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**A. Cash with Fiscal Agent**

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposits, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2009, was \$791,661.

**B. Cash with Escrow Agent**

At fiscal year end, \$18,008 was on deposit in the District's escrow account with Tri-County Educational Service Center. The ESC retains a portion of the District's Foundation settlements from which ESC services are paid. These amounts are included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the financial statements as "equity in pooled cash and cash equivalents".

**C. Deposits with Financial Institutions**

At June 30, 2009, the carrying amount of all District deposits was \$158,711. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$118,451 of the District's bank balance of \$368,451 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Investments**

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
STAR Ohio	\$ 2,587,224	\$ 2,587,224
Preferred stock	100	-
Total	<u>\$ 2,587,324</u>	<u>\$ 2,587,224</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 2,587,224	99.99
Preferred stock	100	0.01
Total	<u>2,587,324</u>	<u>100.00</u>

**E. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 158,711
Investments	2,587,324
Cash with escrow agent	18,008
Cash with fiscal agent	<u>791,661</u>
Total	<u>\$ 3,555,704</u>

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 3,511,673
Private-purpose trust funds	4,376
Agency funds	<u>39,655</u>
Total	<u>\$ 3,555,704</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2009 as reported on the fund statements consist of the following individual interfund loan receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 68,819

This interfund balance will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net assets.

**NOTE 6 - PROPERTY TAXES**

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 property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

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

The District received property taxes from Ashland County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$628,820 in the general fund, \$79,581 in the bond retirement debt service fund, \$55,790 in the permanent improvement fund and \$11,123 in the classroom facilities fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$342,743 in the general fund, \$51,087 in the debt service fund, \$32,024 in the permanent improvement fund and \$6,350 in the classroom facilities fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

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

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 109,159,750	92.78	\$ 118,161,340	94.77
Public utility personal	6,005,410	5.10	6,073,940	4.87
Tangible personal property	<u>2,493,436</u>	<u>2.12</u>	<u>441,133</u>	<u>0.36</u>
Total	<u>\$ 117,658,596</u>	<u>100.00</u>	<u>\$ 124,676,413</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$41.10		\$41.10	
Debt retirement	3.20		2.70	
Permanent improvement	4.00		4.50	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 2,665,275
Intergovernmental	<u>92,967</u>
Total	<u>\$ 2,758,242</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 8 - CAPITAL ASSETS**

Capital assets of the governmental activities have been restated due to reappraisal adjustments of the District's capital assets. The adjustments had the following effect on the governmental activities capital asset balances as previously reported:

	Balance		Restated
	<u>June 30, 2008</u>	<u>Adjustment</u>	<u>Balance</u>
			<u>July 1, 2008</u>
<b>Governmental activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 177,800	\$ -	\$ 177,800
Total capital assets, not being depreciated	<u>177,800</u>	<u>-</u>	<u>177,800</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	2,463,731	-	2,463,731
Buildings and improvements	18,705,967	-	18,705,967
Furniture and equipment	619,777	-	619,777
Vehicles	979,245	-	979,245
Total capital assets, being depreciated	<u>22,768,720</u>	<u>-</u>	<u>22,768,720</u>
<i>Less: accumulated depreciation:</i>			
Land improvements	(782,825)	468	(782,357)
Buildings and improvements	(2,594,313)	(954,468)	(3,548,781)
Furniture and equipment	(226,108)	(13,067)	(239,175)
Vehicles	(530,520)	4,202	(526,318)
Total accumulated depreciation	<u>(4,133,766)</u>	<u>(962,865)</u>	<u>(5,096,631)</u>
Governmental activities capital assets, net	<u>\$ 18,812,754</u>	<u>\$ (962,865)</u>	<u>\$ 17,849,889</u>

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 8 - CAPITAL ASSETS - (Continued)**

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

	Restated Balance			Balance
	<u>June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2009</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 177,800	\$ -	\$ -	\$ 177,800
Total capital assets, not being depreciated	<u>177,800</u>	<u>-</u>	<u>-</u>	<u>177,800</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,463,731	-	-	2,463,731
Buildings and improvements	18,705,967	-	-	18,705,967
Furniture and equipment	619,777	-	-	619,777
Vehicles	979,245	-	-	979,245
Total capital assets, being depreciated	<u>22,768,720</u>	<u>-</u>	<u>-</u>	<u>22,768,720</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(782,357)	(118,795)	-	(901,152)
Buildings and improvements	(3,548,781)	(586,651)	-	(4,135,432)
Furniture and equipment	(239,175)	(38,256)	-	(277,431)
Vehicles	(526,318)	(92,387)	-	(618,705)
Total accumulated depreciation	<u>(5,096,631)</u>	<u>(836,089)</u>	<u>-</u>	<u>(5,932,720)</u>
Governmental activities capital assets, net	<u>\$ 17,849,889</u>	<u>\$ (836,089)</u>	<u>\$ -</u>	<u>\$ 17,013,800</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 699,464
Special	593
Vocational	1,410
<u>Support services:</u>	
Administration	5,518
Operations and maintenance	8,946
Pupil transportation	92,387
Extracurricular activities	18,660
Food service operations	<u>9,111</u>
Total depreciation expense	<u>\$ 836,089</u>

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

During a prior year, the District entered into a capitalized lease for the acquisition of copiers. The lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reflected as function expenditures on the budgetary statements. Capital assets consisting of copier equipment have been capitalized in the amount of \$65,336. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide financial statements. Principal payments in fiscal year 2009 totaled \$13,656 paid by the general fund. Accumulated depreciation as of June 30, 2009 was \$45,737 leaving a current book value of \$19,599.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2009:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Payments</u>
2010	\$ 15,960
2011	<u>6,650</u>
Total minimum lease payment	22,610
Less: amount representing interest	<u>(1,301)</u>
Present value of minimum lease payments	<u>\$ 21,309</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u> <u>Outstanding</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Outstanding</u> <u>June 30, 2009</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental activities:</b>					
Classroom facilities improvements bonds, 3.4%-5.7%, 4/1/04-12/1/19	\$ 3,345,000	\$ -	\$ (170,000)	\$ 3,175,000	\$ 185,000
Capital lease obligation	34,965	-	(13,656)	21,309	14,790
Compensated absences	<u>353,508</u>	<u>63,049</u>	<u>(52,322)</u>	<u>364,235</u>	<u>40,985</u>
Total long-term obligations, governmental activities	<u>\$ 3,733,473</u>	<u>\$ 63,049</u>	<u>\$ (235,978)</u>	<u>\$ 3,560,544</u>	<u>\$ 240,775</u>

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

*Compensated Absences:* Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the District, is the general fund and the food service fund (a nonmajor governmental fund).

*Capital Lease Obligation:* The capital lease obligation will be paid from the general fund. See Note 9 for details.

*Classroom Facilities Improvements Bonds:* The District has issued general obligation bonds to provide for the construction of school facilities. The general obligation bonds are direct obligations of the District for which its full faith, credit and resources are pledged and payable from taxes levied on all taxable property in the District. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

- B.** Principal and interest requirements to retire the classroom facilities improvements bonds outstanding at June 30, 2009 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal on</u> <u>Bonds</u>	<u>Interest on</u> <u>Bonds</u>	<u>Total</u>
2010	\$ 185,000	\$ 156,626	\$ 341,626
2011	200,000	148,302	348,302
2012	220,000	139,162	359,162
2013	240,000	127,482	367,482
2014	260,000	113,232	373,232
2015 - 2019	1,655,000	321,807	1,976,807
2020	415,000	10,168	425,168
Total	<u>\$ 3,175,000</u>	<u>\$ 1,016,779</u>	<u>\$ 4,191,779</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$8,462,345 (including available funds of \$479,595) and an unvoted debt margin of \$123,975.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 11 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the unused balance to a maximum of 46 days.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, boiler/machinery and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	SORSA		
Each occurrence		\$ 5,000,000	\$ 0
Aggregate		7,000,000	0
Property/building and contents	SORSA	31,936,285	0
Fleet:			
Comprehensive	SORSA	Included in property	1,000
Collision		Included in property	1,000
Umbrella liability	SORSA	2,000,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance from the prior year.

**B. Fidelity Bond**

The Board President and Superintendent have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000. All other school employees who are responsible for handling funds are covered on the SORSA policy up to \$100,000.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

For fiscal year 2009, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**D. Employee Group Medical/Surgical, Dental and Vision Insurance**

The District has elected to provide employee medical, prescription, and dental benefits through a self-insurance program. The District maintains a self-insurance fund through their fiscal agent, Ohio Mid Eastern Regional Service Agency (OME-RESA), to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$200 family and \$100 single deductible and a dental plan with a \$50 family and \$25 single deductible. A third party administrator, Self-Funded Plans, Inc., reviews all medical and dental claims which are then paid by the District. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$250,000. A stop-loss internal pooling contract with OME-RESA covers specific liability claims between \$35,000 and \$250,000.

Employees are responsible for a portion of this premium based on job classification and length of workday as outlined in their negotiated agreement. Premiums for medical coverage are \$1,092.27 per month for each employee with family coverage and \$495.69 per month for each employee with individual coverage. The premium for dental coverage is \$55.78 monthly for each employee with family or individual coverage. The premium for life insurance is \$2.90 monthly for each \$20,000 in coverage. The premium for vision coverage is \$14.00 per month for each employee with family coverage and \$6.28 per month for each employee with individual coverage. All premiums are paid by the fund that pays the salary for the employee. The claims liability of \$126,134 reported in the internal service fund at June 30, 2009 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 12 - RISK MANAGEMENT - (Continued)**

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2009	\$ 194,739	\$ 1,244,755	\$ (1,313,360)	\$ 126,134
2008	129,533	1,365,391	(1,300,185)	194,739

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$85,073, \$79,760 and \$75,673, respectively; 44.68 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

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 website at [www.strsoh.org](http://www.strsoh.org).

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 13 - PENSION PLANS - (Continued)**

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. 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 fiscal year 2009, 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. 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 required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$460,407, \$456,703 and \$431,670, respectively; 82.45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$398 made by the District and \$7,598 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit 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 System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board 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 2009, 4.16 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 2009, the actuarially determined 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 (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$56,251, \$51,829 and \$40,248, respectively; 44.68 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, 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, 2009, 2008, and 2007 were \$7,019, \$5,747 and \$5,146, respectively; 44.68 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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](http://www.strsoh.org) or by calling (888) 227-7877.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$35,416, \$35,131 and \$33,205, respectively; 82.45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 17,502
Net adjustment for revenue accruals	283,373
Net adjustment for expenditure accruals	58,328
Net adjustment for other sources/uses	68,819
Adjustment for encumbrances	20,596
GAAP basis	\$ 448,618

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 17 - 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 purchase of textbooks and other instructional materials and an equal amount 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. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	Textbooks/ Instructional Materials	Capital Acquisition	BWC Refunds
Set-aside balance as of June 30, 2008	\$ (311,717)	\$ (3,832,811)	\$ 32,439
Current year set-aside requirement	156,856	156,856	-
Current year offset	-	(207,415)	-
Qualifying disbursements	<u>(75,050)</u>	<u>(33,788)</u>	<u>-</u>
Total	<u>\$ (229,911)</u>	<u>\$ (3,917,158)</u>	<u>\$ 32,439</u>
Balance carried forward to fiscal year 2010	<u>\$ (229,911)</u>	<u>\$ (3,832,811)</u>	<u>\$ 32,439</u>

Monies representing BWC refunds that were received prior to April 10, 2002, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. The amount is reported as BWC refunds.

The District had qualifying disbursements during the year and prior years that reduced the set-aside amounts below zero for the textbook reserve. This extra amount may be used to reduce the set-aside requirement for future years. The District issued bonds to finance construction of new school facilities in a prior year and this amount may be used to reduce the capital acquisition set-aside requirement. The excess qualifying disbursements and offsets in the capital acquisition reserve in the current year may not be carried forward to future years.

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

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

**NOTE 17 - STATUTORY RESERVES - (Continued)**

A schedule of the restricted assets at June 30, 2009 follows:

Amounts restricted for BWC refunds \$ 32,439

**NOTE 18 - CONTRACTUAL COMMITMENTS**

The District had contracts outstanding due to repairs on a roof. The following outstanding contractual commitments at fiscal year end for construction are below:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Edifice Restoration Contractors, Inc.	\$ 122,975	\$ -	\$ 122,975

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Passed Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>						
<i>(Passed through the Ohio Department of Education)</i>						
Child Nutrition Cluster:						
National School Lunch Program	10.555	N/A	\$130,810	\$18,950	\$130,810	\$18,950
<b>Total Child Nutrition Cluster/U.S. Department of Agriculture</b>			130,810	18,950	130,810	18,950
<b><u>U.S. Department of Education</u></b>						
<i>(Passed through the Ohio Department of Education)</i>						
Title I Grants to Local Educational Agencies	84.010	2008	(1,093)			
		2009	123,017		147,578	
Total Title I Grants to Local Educational Agencies			121,924		147,578	
Special Education Cluster:						
Special Education_Grants to States	84.027	2008	1,162		569	
		2009	174,277		195,781	
Total Special Education Cluster			175,439		196,350	
Safe and Drug-Free Schools and Communities_State Grants	84.186	2008	2,701		2,734	
		2009	299		638	
Total Safe and Drug-Free and Communities State Grants			3,000		3,372	
State Grants for Innovative Programs	84.298	2009	979		1,017	
Education Technology State Grants	84.318	2008	926		1,030	
		2009	779		779	
Total Education Technology State Grants			1,705		1,809	
Improving Teacher Quality State Grants	84.367	2008	1,250		29	
		2009	47,943		52,857	
Total Improving Teacher Quality State Grants			49,193		52,886	
<b>Total U.S. Department of Education</b>			352,240		403,012	
<b>Totals</b>			<u>\$483,050</u>	<u>\$18,950</u>	<u>\$533,822</u>	<u>\$18,950</u>

*The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this schedule.*

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Mapleton Local School District's, Ashland County, Ohio, (the District's) federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.

**NOTE D - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amount from 2008 to 2009 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2008 to 2009</u>
Title I Grants to Local Educational Agencies	84.010	\$ 1,093



# Mary Taylor, CPA

Auditor of State

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

Mapleton Local School District  
Ashland County  
2 Mountie Drive  
Ashland, Ohio 44805

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mapleton Local School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 5, 2010 wherein we noted the July 1, 2008 governmental activities' net assets were restated. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

We consider finding 2009-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

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

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted a certain matter that we reported to the District's management in a separate letter dated January 5, 2010.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated January 5, 2010.

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 5, 2010



# Mary Taylor, CPA

## Auditor of State

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

Mapleton Local School District  
Ashland County  
2 Mountie Drive  
Ashland, Ohio 44805

To the Board of Education:

#### Compliance

We have audited the compliance of Mapleton Local School District, Ashland County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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



**Mary Taylor, CPA**  
Auditor of State

January 5, 2010

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Title I Grants to Local Educational Agencies – CFDA 84.010; National School Lunch Program – CFDA 10.555.
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2009-001**

**Significant Deficiency**

**Financial Statement Errors**

The following items were noted during the testing of the financial statements:

- General Fund's taxes receivable was understated \$244,464 due to not including the prior year audit adjustment as part of the current year reversing entries. This amount was not significant and therefore was reported to management as an unadjusted difference.
- Governmental Activities' capital assets were understated \$33,980 due to including a \$67,233 bus addition and \$101,213 for two disposed buses which were recorded in the prior year. These amounts were adjusted on the financial statements.

Management should review the draft GAAP journal entries and financial statements to help ensure they are supported by sufficient and accurate documentation, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors and help ensure more accurate financial reporting.

**Officials' Response:** Management will discuss the adjustment from prior year with the audit firm contracted to perform the GAAP conversion. Management will insure that prior year adjustments are corrected in the next fiscal year.

Management has made the necessary corrections to the capital assets. Management has made corrective measures to internal controls to eliminate future inventory control errors.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	<b>Material Weakness - Property Taxes Receivable</b> – Property taxes receivable and unearned revenue were overstated in certain funds due to the improper inclusion of homestead and rollback revenue in the estimate calculation.	No	A similar comment was repeated at Finding 2009-001.
2008-002	<b>Significant Deficiency – Capital Assets</b> – Certain errors were included in the District’s capital asset reports which lead to financial statement adjustments being made by management.	No	A similar comment was repeated at Finding 2009-001.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mapleton Local School District  
Ashland County  
2 Mountie Drive  
Ashland, Ohio 44805

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 12, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



**Mary Taylor, CPA**  
Auditor of State

January 5, 2010



Mary Taylor, CPA  
Auditor of State

MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND 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  
MARCH 4, 2010