

Dave Yost • Auditor of State



**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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 Required by OMB Circular A-133 .....	59
Schedule of Findings.....	61
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	63

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mapleton Local School District  
Ashland County  
635 County Road 801  
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 the Mapleton Local School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2011, 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 the Mapleton Local School District, Ashland County, Ohio, as of June 30, 2011, 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.

As further described in Note 3 to the basic financial statements, the District restated its July 1, 2010 governmental funds' fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the 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. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

January 13, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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, 2011. 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 2011 are as follows:

- In total, net assets of governmental activities decreased \$157,670 which represents a .93% decrease from 2010.
- General revenues accounted for \$7,410,331 in revenue or 73.47% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$2,675,567 or 26.53% of total revenues of \$10,085,898.
- The District had \$10,243,568 in expenses related to governmental activities; only \$2,675,567 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 \$7,410,331 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the debt service fund. The general fund had \$7,792,713 in revenues and \$7,793,871 in expenditures. During fiscal year 2011, the general fund's fund balance decreased \$1,158 from a restated balance of \$1,718,287 to a balance of \$1,717,129.
- The debt service fund had \$1,991,398 in revenues and other financing sources and \$1,943,154 in expenditures and other financing uses. During fiscal year 2011, the debt service fund's fund balance increased \$48,244 from \$478,242 to \$526,486.

**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 and debt service 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, 2011  
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 2011?" 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 and debt service 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, 2011  
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, 2011 and June 30, 2010.

	<b>Net Assets</b>	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 6,967,647	\$ 6,810,001
Capital assets, net	<u>16,027,715</u>	<u>16,353,014</u>
Total assets	<u>22,995,362</u>	<u>23,163,015</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,002,459	2,871,871
Long-term liabilities	<u>3,199,028</u>	<u>3,339,599</u>
Total liabilities	<u>6,201,487</u>	<u>6,211,470</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	13,183,469	13,356,495
Restricted	1,555,295	1,626,301
Unrestricted	<u>2,055,111</u>	<u>1,968,749</u>
Total net assets	<u>\$ 16,793,875</u>	<u>\$ 16,951,545</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$16,793,875. Of this total, \$2,055,111 is unrestricted in use.

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

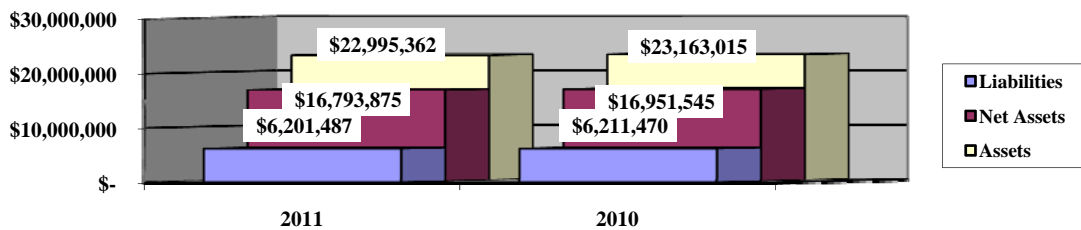
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
Unaudited

At year-end, capital assets represented 69.70% 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, 2011, were \$13,183,469. 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, \$1,555,295, 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, 2011 and 2010.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2011 and 2010.

**Change in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 956,323	\$ 901,647
Operating grants and contributions	1,677,244	1,099,408
Capital grants and contributions	42,000	-
General revenues:		
Property taxes	2,915,449	2,830,343
Grants and entitlements not restricted	4,461,173	4,896,560
Investment earnings	22,624	24,302
Miscellaneous	11,085	75,762
<b>Total revenues</b>	<b>10,085,898</b>	<b>9,828,022</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
Unaudited

**Change in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,425,810	\$ 4,310,857
Special	911,115	826,569
Vocational	94,062	76,022
Other	935,748	843,058
Support services:		
Pupil	303,688	263,191
Instructional staff	380,594	434,227
Board of education	26,860	58,023
Administration	691,558	624,287
Fiscal	314,359	271,801
Business	199	-
Operations and maintenance	749,459	803,704
Pupil transportation	521,263	468,418
Central	125,332	122,295
Operation of non-instructional services:		
Other non-instructional services	11,427	9,405
Food service operations	367,351	331,591
Extracurricular activities	271,389	284,444
Interest and fiscal charges	<u>113,354</u>	<u>162,411</u>
Total expenses	<u>10,243,568</u>	<u>9,890,303</u>
Change in net assets	(157,670)	(62,281)
Net assets at beginning of year	<u>16,951,545</u>	<u>17,013,826</u>
Net assets at end of year	<u>\$ 16,793,875</u>	<u>\$ 16,951,545</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$157,670. Total governmental expenses of \$10,243,568 were offset by program revenues of \$2,675,567 and general revenues of \$7,410,331. Program revenues supported 26.12% 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 73.14% of total governmental revenue.

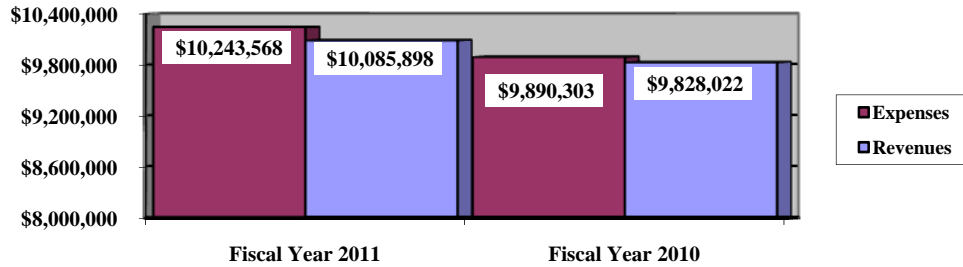
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,366,735 or 62.15% of total governmental expenses for fiscal year 2011.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
Unaudited

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.

**Governmental Activities - Revenues and Expenses**



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 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,425,810	\$ 3,198,131	\$ 4,310,857	\$ 3,377,566
Special	911,115	99,492	826,569	370,883
Vocational	94,062	50,814	76,022	75,290
Other	935,748	914,465	843,058	813,022
Support services:				
Pupil	303,688	301,146	263,191	260,496
Instructional staff	380,594	347,697	434,227	339,540
Board of education	26,860	26,860	58,023	58,023
Administration	691,558	685,421	624,287	604,406
Fiscal	314,359	314,359	271,801	271,801
Business	199	199	-	-
Operations and maintenance	749,459	749,459	803,704	803,635
Pupil transportation	521,263	504,622	468,418	451,294
Central	125,332	113,507	122,295	114,688
Operation of non-instructional services:				
Other non-instructional services	11,427	11,427	9,405	9,329
Food service operations	367,351	49,148	331,591	1,938
Extracurricular activities	271,389	87,900	284,444	174,926
Interest and fiscal charges	113,354	113,354	162,411	162,411
<b>Total expenses</b>	<b>\$ 10,243,568</b>	<b>\$ 7,568,001</b>	<b>\$ 9,890,303</b>	<b>\$ 7,889,248</b>

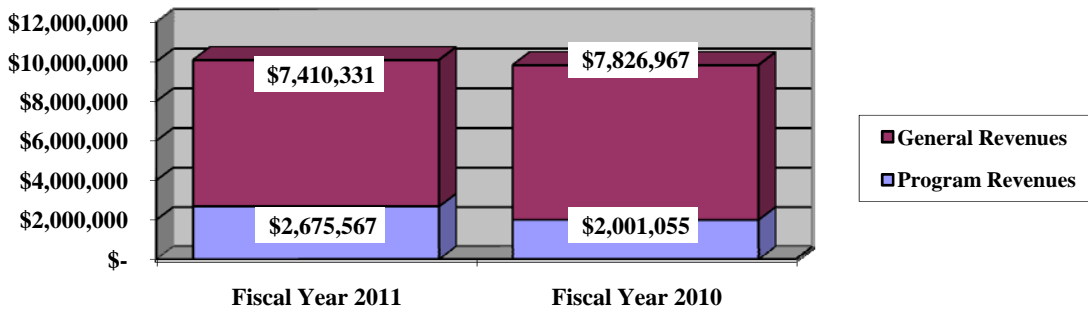
**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
Unaudited

The dependence upon tax and other general revenues for governmental activities is apparent, as 66.96% of 2011 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 73.88%. 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 2011 and 2010.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,906,792, which is lower than last year's total of \$3,171,767. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. The District restated June 30, 2010 fund balances as described in Note 3.B.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase/ (Decrease)	Percentage Change
General	\$ 1,717,129	\$ 1,718,287	\$ (1,158)	(0.07) %
Debt Service	526,486	478,242	48,244	10.09 %
Other Governmental	663,177	975,238	(312,061)	(32.00) %
<b>Total</b>	<u>\$ 2,906,792</u>	<u>\$ 3,171,767</u>	<u>\$ (264,975)</u>	<u>(8.35) %</u>

**General Fund**

The District's general fund balance remained stable with a decrease of only \$1,158. The relatively small change in fund balance can be attributed to the District's control of expenditures.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
Unaudited

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

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 2,317,209	\$ 2,295,225	\$ 21,984	0.96 %
Tuition	605,556	572,060	33,496	5.86 %
Earnings on investments	2,655	2,592	63	2.43 %
Intergovernmental	4,740,958	4,823,606	(82,648)	(1.71) %
Other revenues	<u>126,335</u>	<u>101,412</u>	<u>24,923</u>	24.58 %
Total	<u>\$ 7,792,713</u>	<u>\$ 7,794,895</u>	<u>\$ (2,182)</u>	(0.03) %
<b><u>Expenditures</u></b>				
Instruction	\$ 4,705,564	\$ 4,377,838	\$ 327,726	7.49 %
Support services	2,908,369	2,751,922	156,447	5.69 %
Extracurricular activities	171,958	180,305	(8,347)	(4.63) %
Facilities acquisition and construction	-	500	(500)	(100.00) %
Debt service	<u>7,980</u>	<u>16,110</u>	<u>(8,130)</u>	(50.47) %
Total	<u>\$ 7,793,871</u>	<u>\$ 7,326,675</u>	<u>\$ 467,196</u>	6.38 %

The increase in tuition of 33,496 or 5.86% was a result of the District's increased participation in the open enrollment program. The most significant decrease was in the area of intergovernmental revenue of \$82,648. This decrease is primarily the result of a decrease in State foundation revenues recorded in the general fund. The increase in instruction expenditures was due, in part, to an increase in wage and benefit costs, primarily due to the rising cost of health insurance.

***Debt Service Fund***

The debt service fund had \$1,991,398 in revenues and other financing sources and \$1,943,154 in expenditures and other financing uses. During fiscal year 2011, the debt service fund's fund balance increased \$48,244 from \$478,242 to \$526,486.

***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.

For the general fund, original budgeted revenues and other financing sources were \$7,565,008, and final budgeted revenues and other financing sources were \$7,753,282. Actual revenues and other financing sources for fiscal year 2011 were \$7,753,125. This represents a \$157 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures and other financing uses) of \$7,755,994 remained the same for the final appropriations. The actual budget basis expenditures for fiscal year 2011 totaled \$7,754,375, which was \$1,619 lower than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
Unaudited

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2011, the District had \$16,027,715 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2011 balances compared to June 30, 2010:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 177,800	\$ 177,800
Land improvements	1,490,387	1,452,979
Building and improvements	13,739,086	14,118,310
Furniture and equipment	290,272	311,099
Vehicles	<u>330,170</u>	<u>292,826</u>
Total	<u>\$ 16,027,715</u>	<u>\$ 16,353,014</u>

The overall decrease in capital assets of \$325,299 is due to depreciation expense of \$834,578 and disposals (net of accumulated depreciation) of \$18,862 exceeding capital outlay of \$528,141 in the fiscal year.

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

***Debt Administration***

The following table summarizes the bonds outstanding.

	Governmental	Governmental
	Activities	Activities
	<u>2011</u>	<u>2010</u>
Classroom facilities improvement bonds	\$ 1,305,000	\$ 2,990,000
2011 series refunding bonds	1,495,587	-
Capital lease obligation	<u>-</u>	<u>6,519</u>
Total	<u>\$ 2,800,587</u>	<u>\$ 2,996,519</u>

At June 30, 2011, the District's overall legal debt margin was \$9,114,339, and an unvoted debt margin of \$126,421.

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, 2011  
Unaudited**

**Current Financial Related Activities**

The District has continued to meet its current financial obligations; however, the Board's five-year forecast indicates that the District will be deficit-spending in Fiscal Year 2012 and will have a deficit cash balance sometime during Fiscal Year 2014. The District will be looking at alternative health care plans and potential staff reductions in an effort to reduce costs.

The Board continues to purchase equipment, textbooks and major improvements through the Permanent Improvement Fund. 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. Currently the Board of Education does not have plans to levy any new taxes.

The Board of Education has negotiated a 2 year contract with the certified collective bargaining unit effective July 1, 2011. There is no change to the base salary for the duration of the contract but step increases remain in place. The employee contribution towards health care premiums has increased from 10% to 15%. The Board of Education has negotiated a 3 year contract with the classified collective bargaining unit effective July 1, 2011. There is no change to the base salary for the duration of the contract and step increases will be given in the first year only. The employee contribution towards health care premiums has increased from 8% to 10%.

**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 Daniel Russomanno, Jr., 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, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,964,309
Cash with fiscal agent . . . . .	727,912
Cash with escrow agent . . . . .	5,149
Receivables:	
Taxes . . . . .	2,820,616
Intergovernmental . . . . .	303,484
Prepayments . . . . .	78,721
Materials and supplies inventory. . . . .	13,209
Unamortized bond issuance costs . . . . .	54,247
Capital assets:	
Land. . . . .	177,800
Depreciable capital assets, net. . . . .	15,849,915
Capital assets, net. . . . .	16,027,715
 Total assets. . . . .	 22,995,362
 <b>Liabilities:</b>	
Accounts payable. . . . .	5,167
Contracts payable. . . . .	16,382
Accrued wages and benefits . . . . .	699,935
Pension obligation payable. . . . .	169,720
Intergovernmental payable . . . . .	24,497
Unearned revenue . . . . .	1,867,178
Accrued interest payable . . . . .	20,873
Claims payable. . . . .	198,707
Long-term liabilities:	
Due within one year. . . . .	316,253
Due in more than one year. . . . .	2,882,775
 Total liabilities . . . . .	 6,201,487
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	13,183,469
Restricted for:	
Capital projects . . . . .	648,999
Classroom facilities maintenance . . . . .	107,377
Debt service. . . . .	527,832
Locally funded programs . . . . .	8,461
State funded programs. . . . .	235,071
Student activities . . . . .	27,555
Unrestricted . . . . .	2,055,111
 Total net assets . . . . .	 \$ 16,793,875

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, 2011

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>		
<b>Governmental activities:</b>						
Instruction:						
Regular . . . . .	\$ 4,425,810	\$ 595,671	\$ 632,008	\$ -	\$ (3,198,131)	
Special . . . . .	911,115	41,921	769,702	-	(99,492)	
Vocational . . . . .	94,062	-	43,248	-	(50,814)	
Other . . . . .	935,748	-	21,283	-	(914,465)	
Support services:						
Pupil . . . . .	303,688	-	2,542	-	(301,146)	
Instructional staff . . . . .	380,594	-	32,897	-	(347,697)	
Board of education . . . . .	26,860	-	-	-	(26,860)	
Administration . . . . .	691,558	-	6,137	-	(685,421)	
Fiscal . . . . .	314,359	-	-	-	(314,359)	
Business . . . . .	199	-	-	-	(199)	
Operations and maintenance . . . . .	749,459	-	-	-	(749,459)	
Pupil transportation . . . . .	521,263	16,641	-	-	(504,622)	
Central . . . . .	125,332	-	11,825	-	(113,507)	
Operation of non-instructional services:						
Other non-instructional services . . . . .	11,427	-	-	-	(11,427)	
Food service operations . . . . .	367,351	162,722	155,481	-	(49,148)	
Extracurricular activities . . . . .	271,389	139,368	2,121	42,000	(87,900)	
Interest and fiscal charges . . . . .	113,354	-	-	-	(113,354)	
<b>Total governmental activities . . . . .</b>	<b>\$ 10,243,568</b>	<b>\$ 956,323</b>	<b>\$ 1,677,244</b>	<b>\$ 42,000</b>	<b>(7,568,001)</b>	

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	2,344,278
Special revenue . . . . .	41,754
Debt service . . . . .	319,595
Capital outlay . . . . .	209,822
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	22,624
Miscellaneous . . . . .	11,085
<b>Total general revenues . . . . .</b>	<b>7,410,331</b>
Change in net assets . . . . .	(157,670)
<b>Net assets at beginning of year . . . . .</b>	<b>16,951,545</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 16,793,875</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,799,966	\$ 435,885	\$ 728,458	\$ 2,964,309
Cash with escrow agent . . . . .	5,149	-	-	5,149
Receivables:				
Taxes . . . . .	2,247,455	333,774	239,387	2,820,616
Interfund loans . . . . .	41,500	-	-	41,500
Intergovernmental. . . . .	5,418	-	298,066	303,484
Prepayments. . . . .	73,541	-	5,180	78,721
Materials and supplies inventory. . . . .	-	-	13,209	13,209
Due from other funds . . . . .	3,100	-	-	3,100
Total assets . . . . .	<u>\$ 4,176,129</u>	<u>\$ 769,659</u>	<u>\$ 1,284,300</u>	<u>\$ 6,230,088</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 2,493	\$ -	\$ 2,674	\$ 5,167
Contracts payable. . . . .	-	-	16,382	16,382
Accrued wages and benefits. . . . .	617,134	-	82,801	699,935
Compensated absences payable . . . . .	22,855	-	-	22,855
Interfund loans payable. . . . .	-	-	41,500	41,500
Intergovernmental payable . . . . .	21,828	-	2,669	24,497
Unearned revenue. . . . .	1,487,754	220,954	158,470	1,867,178
Deferred revenue . . . . .	155,031	22,219	295,712	472,962
Pension obligation payable . . . . .	151,905	-	17,815	169,720
Due to other funds . . . . .	-	-	3,100	3,100
Total liabilities. . . . .	<u>2,459,000</u>	<u>243,173</u>	<u>621,123</u>	<u>3,323,296</u>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	-	13,209	13,209
Prepays. . . . .	73,541	-	5,180	78,721
Restricted:				
Debt service . . . . .	-	526,486	-	526,486
Capital improvements . . . . .	-	-	635,790	635,790
Classroom facilities maintenance . . . . .	-	-	99,470	99,470
Other purposes. . . . .	-	-	9,568	9,568
Extracurricular. . . . .	-	-	27,555	27,555
Committed:				
Student and staff support . . . . .	25,604	-	-	25,604
Assigned:				
Student instruction . . . . .	850	-	-	850
Student and staff support. . . . .	5,303	-	-	5,303
School supplies . . . . .	6,633	-	-	6,633
Public school support . . . . .	8,890	-	-	8,890
Unassigned (deficit) . . . . .	1,596,308	-	(127,595)	1,468,713
Total fund balances . . . . .	<u>1,717,129</u>	<u>526,486</u>	<u>663,177</u>	<u>2,906,792</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,176,129</u>	<u>\$ 769,659</u>	<u>\$ 1,284,300</u>	<u>\$ 6,230,088</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, 2011

<b>Total governmental fund balances</b>		\$	2,906,792
<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.			16,027,715
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	187,768	
Intergovernmental receivable		<u>285,194</u>	
Total			472,962
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 on the statement of net assets.			529,205
Unamortized deferred charges are not recognized in the funds			84,764
Unamortized premiums on bond issuance costs are not recognized in the funds.			(139,013)
Unamortized bond issuance costs are not recognized in the funds			54,247
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(20,873)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Classroom facilities improvement bonds payable		(1,305,000)	
Compensated absences		(321,337)	
General obligation current interest bonds		(1,285,000)	
General obligation capital appreciation bonds		(199,997)	
Accreted interest on capital appreciation bonds		<u>(10,590)</u>	
Total			<u>(3,121,924)</u>
<b>Net assets of governmental activities</b>		<b>\$</b>	<b><u>16,793,875</u></b>

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, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,317,209	\$ 314,093	\$ 248,512	\$ 2,879,814
Tuition . . . . .	605,556	-	-	605,556
Transportation fees . . . . .	16,641	-	-	16,641
Earnings on investments . . . . .	2,655	502	1,111	4,268
Charges for services . . . . .	-	-	162,722	162,722
Extracurricular . . . . .	66,573	-	72,760	139,333
Classroom materials and fees . . . . .	32,036	-	-	32,036
Contributions and donations . . . . .	2,409	-	42,081	44,490
Other local revenues . . . . .	8,676	-	2,040	10,716
Intergovernmental - intermediate . . . . .	-	-	13,560	13,560
Intergovernmental - state . . . . .	4,740,958	50,040	85,886	4,876,884
Intergovernmental - federal . . . . .	-	-	1,005,819	1,005,819
Total revenues . . . . .	<u>7,792,713</u>	<u>364,635</u>	<u>1,634,491</u>	<u>9,791,839</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,223,860	-	459,920	3,683,780
Special . . . . .	473,448	-	425,848	899,296
Vocational . . . . .	91,805	-	-	91,805
Other . . . . .	916,451	-	18,821	935,272
Support services:				
Pupil . . . . .	299,555	-	2,248	301,803
Instructional staff . . . . .	316,456	-	58,020	374,476
Board of education . . . . .	26,939	-	-	26,939
Administration . . . . .	668,770	-	6,031	674,801
Fiscal . . . . .	302,069	5,863	4,763	312,695
Business . . . . .	199	-	-	199
Operations and maintenance . . . . .	624,650	-	84,060	708,710
Pupil transportation . . . . .	566,167	-	7,996	574,163
Central . . . . .	103,564	-	29,915	133,479
Operation of non-instructional services:				
Other non-instructional services . . . . .	-	-	6,935	6,935
Food service operations . . . . .	-	-	357,932	357,932
Extracurricular activities . . . . .	171,958	-	77,916	249,874
Facilities acquisition and construction . . . . .	-	-	406,147	406,147
Debt service:				
Principal retirement . . . . .	6,519	200,000	-	206,519
Interest and fiscal charges . . . . .	1,461	110,528	-	111,989
Bond issuance costs . . . . .	-	55,321	-	55,321
Total expenditures . . . . .	<u>7,793,871</u>	<u>371,712</u>	<u>1,946,552</u>	<u>10,112,135</u>
Excess/deficiency of revenues over/under expenditures . . . . .	<u>(1,158)</u>	<u>(7,077)</u>	<u>(312,061)</u>	<u>(320,296)</u>
<b>Other financing sources (uses):</b>				
Premium on bonds and notes sold . . . . .	-	141,766	-	141,766
Sale of bonds . . . . .	-	1,484,997	-	1,484,997
Payment to refunded bond escrow agent . . . . .	-	(1,571,442)	-	(1,571,442)
Total other financing sources (uses) . . . . .	<u>-</u>	<u>55,321</u>	<u>-</u>	<u>55,321</u>
Net change in fund balances . . . . .	(1,158)	48,244	(312,061)	(264,975)
<b>Fund balances at beginning of year (restated).</b>	<u>1,718,287</u>	<u>478,242</u>	<u>975,238</u>	<u>3,171,767</u>
<b>Fund balances at end of year.</b>	<u>\$ 1,717,129</u>	<u>\$ 526,486</u>	<u>\$ 663,177</u>	<u>\$ 2,906,792</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, 2011

<b>Net change in fund balances - total governmental funds</b>	\$	(264,975)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 528,141	
Current year depreciation	(834,578)	
Total		(306,437)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(18,862)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	32,408	
Intergovernmental	245,444	
Total		277,852
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		206,519
Issuance of bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net assets.		
		(1,484,997)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net assets. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	1,485,000	
Deferred charges on refundings	86,442	
Total		1,571,442
Premiums on bonds and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the year:		
Premiums on bonds	(141,766)	
Bond issuance costs	55,321	
Total		(86,445)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	9,224	
Accreted interest on capital appreciation bonds	(10,590)	
Amortization of bond issuance costs	(1,074)	
Amortization of bond premiums	2,753	
Amortization of deferred charges	(1,678)	
Total		(1,365)
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.		
		(11,955)
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 (expense) of the internal service fund is allocated among the governmental activities.		
		(38,447)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(157,670)</b>

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, 2011

	<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 . . . . .	\$ 2,271,493	\$ 2,328,025	\$ 2,327,978	\$ (47)
Tuition. . . . .	590,863	605,568	605,556	(12)
Transportation fees. . . . .	16,237	16,641	16,641	-
Earnings on investments . . . . .	2,563	2,627	2,627	-
Extracurricular. . . . .	24,859	25,478	25,477	(1)
Contributions and donations . . . . .	1,043	1,069	1,069	-
Other local revenues . . . . .	1,702	1,744	1,744	-
Intergovernmental - state . . . . .	4,625,926	4,741,054	4,740,958	(96)
Total revenues . . . . .	<u>7,534,686</u>	<u>7,722,206</u>	<u>7,722,050</u>	<u>(156)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,131,294	3,131,294	3,130,640	654
Special. . . . .	475,780	475,780	475,681	99
Vocational. . . . .	82,987	82,987	82,970	17
Other. . . . .	914,702	914,702	914,511	191
Support services:				
Pupil. . . . .	280,804	280,804	280,745	59
Instructional staff . . . . .	318,788	318,788	318,721	67
Board of education . . . . .	41,530	41,530	41,521	9
Administration. . . . .	638,489	638,489	638,356	133
Fiscal . . . . .	313,373	313,373	313,308	65
Business . . . . .	199	199	199	-
Operations and maintenance. . . . .	641,373	641,373	641,239	134
Pupil transportation . . . . .	596,642	596,642	596,517	125
Central. . . . .	100,250	100,250	100,229	21
Extracurricular activities. . . . .	174,768	174,768	174,732	36
Total expenditures . . . . .	<u>7,710,979</u>	<u>7,710,979</u>	<u>7,709,369</u>	<u>1,610</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(176,293)</u>	<u>11,227</u>	<u>12,681</u>	<u>1,454</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	28,816	29,533	29,532	(1)
Refund of prior year's receipts. . . . .	(4,757)	(4,757)	(4,756)	1
Transfers in . . . . .	1,506	1,543	1,543	-
Transfers (out). . . . .	(1,250)	(1,250)	(1,250)	-
Advances (out) . . . . .	(39,008)	(39,008)	(39,000)	8
Total other financing sources (uses) . . . . .	<u>(14,693)</u>	<u>(13,939)</u>	<u>(13,931)</u>	<u>8</u>
Net change in fund balance . . . . .	(190,986)	(2,712)	(1,250)	1,462
<b>Fund balance at beginning of year . . . . .</b>	1,737,797	1,737,797	1,737,797	-
<b>Prior year encumbrances appropriated . .</b>	17,132	17,132	17,132	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,563,943</u>	<u>\$ 1,752,217</u>	<u>\$ 1,753,679</u>	<u>\$ 1,462</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2011

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Cash with fiscal agent . . . . .	\$ 727,912
Total assets . . . . .	<u>727,912</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>198,707</u>
Total liabilities . . . . .	<u>198,707</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>529,205</u>
Total net assets . . . . .	<u>\$ 529,205</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, 2011

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Sales/charges for services . . . . .	\$ 1,902,373
Total operating revenues . . . . .	<u>1,902,373</u>
<b>Operating expenses:</b>	
Claims expense . . . . .	1,864,912
Purchased services . . . . .	93,934
Materials and supplies . . . . .	372
Total operating expenses . . . . .	<u>1,959,218</u>
Operating loss . . . . .	<u>(56,845)</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>18,398</u>
Total nonoperating revenues . . . . .	<u>18,398</u>
Change in net assets . . . . .	(38,447)
<b>Net assets at beginning of year . . . . .</b>	<u>567,652</u>
<b>Net assets at end of year . . . . .</b>	<u><u>\$ 529,205</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, 2011

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from sales/charges for services . . . . .	\$ 1,902,373
Cash payments for claims expense . . . . .	(1,790,485)
Cash payments for purchased services. . . . .	(93,934)
Cash payments for materials and supplies . . . . .	<u>(372)</u>
Net cash provided by operating activities . . . . .	<u>17,582</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>18,398</u>
Net cash provided by investing activities . . . . .	<u>18,398</u>
Net increase in cash with fiscal agent. . . . .	35,980
<b>Cash with fiscal agent at beginning of year . . . . .</b>	<u>691,932</u>
<b>Cash with fiscal agent at end of year . . . . .</b>	<u><u>\$ 727,912</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss . . . . .	\$ (56,845)
Changes in liabilities: Increase in claims payable . . . . .	<u>74,427</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 17,582</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2011

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 2,632	\$ 43,417
Total assets . . . . .	<u>2,632</u>	<u>\$ 43,417</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,234
Due to students. . . . .	-	42,183
Total liabilities . . . . .	<u>-</u>	<u>\$ 43,417</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>2,632</u>	
Total net assets . . . . .	<u>\$ 2,632</u>	

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, 2011

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 3
Gifts and contributions. . . . .	650
Total additions. . . . .	653
<b>Deductions:</b>	
Scholarships awarded . . . . .	1,874
Change in net assets. . . . .	(1,221)
<b>Net assets at beginning of year . . . . .</b>	<b>3,853</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 2,632</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, 2011**

**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 484<sup>th</sup> largest in the State of Ohio (out of 918 public and community school districts) in terms of enrollment. It is staffed by 47 non-certified employees and 72 certified full-time teaching personnel who provide services to 978 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) guidance issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided it does 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, 2011**

**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 comprised of 6 representatives elected by the membership; 2 Treasurers elected by the membership and a representative of the Fiscal Agent. 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, 2011**

**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 and report all financial resources not accounted for and reported 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.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*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, 2011

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

**C. Budget Stabilization Arrangement**

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2011, the balance in the budget stabilization reserve was \$32,439. This amount is included in unassigned fund balance of the general fund and in unrestricted net assets on the statement of net assets.

**D. 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 other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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.

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.

**E. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

*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, 2011, but which were levied to finance fiscal year 2012 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, 2011, are recorded as deferred revenue.

*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.

**F. 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 2011 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 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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.
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, 2011, 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.

**G. 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 2011, investments were limited to investments in the State Treasury Asset Reserve Ohio (STAR Ohio). 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 2011. 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, 2011.

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 2011 amounted to \$2,655, which includes \$263 assigned from other District funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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 investment account at year end is provided in Note 4.

**H. 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.

**I. 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

**J. 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, 2011

**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, 2011, 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, 2011 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.

**K. 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.

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**M. 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.

**N. 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.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**O. 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.

**P. 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.

**Q. Unamortized Bond Issuance Cost/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**R. 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, 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**S. 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 2011.

**T. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." Interfund loans that are used to cover negative cash balances are classified as "due to/from other funds". 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 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 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, 2011

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

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 1,691,913	\$ 478,242	\$ 1,001,612	\$ 3,171,767
Fund reclassifications:				
Uniform school supplies fund	8,297	-	(8,297)	-
Public school support fund	<u>18,077</u>	<u>-</u>	<u>(18,077)</u>	<u>-</u>
Total fund reclassifications	<u>26,374</u>	<u>-</u>	<u>(26,374)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 1,718,287</u>	<u>\$ 478,242</u>	<u>\$ 975,238</u>	<u>\$ 3,171,767</u>

The fund reclassifications did not have an effect on net assets as previously reported.

**C. Deficit Fund Balances**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 62,217
IDEA Part-B	32,304
Title I	12,189
Improving teacher quality	7,676

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the food service fund and the IDEA Part-B fund resulted from adjustments for accrued liabilities. The deficit fund balances in the Title I and improving teacher quality funds were a result of negative cash fund balances at fiscal year-end and adjustments for accrued liabilities.

**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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

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

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, 2011

**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, 2011, was \$727,912.

**B. Cash with Escrow Agent**

At fiscal year end, \$5,149 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, 2011, the carrying amount of all District deposits was \$(55,291). Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, the District's entire bank balance of \$165,933 was covered by the FDIC.

**D. Investments**

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>
STAR Ohio	<u>\$ 3,065,649</u>	6 months or <u>less</u> <u>\$ 3,065,649</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*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, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	<u>\$ 3,065,649</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, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (55,291)
Investments	3,065,649
Cash with escrow agent	5,149
Cash with fiscal agent	<u>727,912</u>
Total	<u>\$ 3,743,419</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 3,697,370
Private purpose fund	2,632
Agency funds	<u>43,417</u>
Total	<u>\$ 3,743,419</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund balances at June 30, 2011 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	<u>\$ 41,500</u>

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 3,100</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**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 certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, 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.

The District receives property taxes from Ashland and Lorain Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2011 was \$610,088 in the general fund, \$90,601 in the debt service fund, \$53,860 in the permanent improvement fund (a nonmajor governmental fund) and \$11,121 in the classroom facilities fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$620,857 in the general fund, \$84,692 in the debt service fund, \$54,033 in the permanent improvement fund (a nonmajor governmental fund) and \$11,182 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 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.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 118,897,450	95.86	\$ 119,688,810	94.68
Public utility personal	4,920,240	3.97	6,731,750	5.32
Tangible personal property	<u>211,965</u>	<u>0.17</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 124,029,655</u></b>	<b><u>100.00</u></b>	<b><u>\$ 126,420,560</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$41.10		\$41.10	
Debt retirement	2.70		2.90	
Permanent improvement	4.50		4.50	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2011 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	\$ 2,820,616
Intergovernmental	<u>303,484</u>
<b>Total</b>	<b><u>\$ 3,124,100</u></b>

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, 2011

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance			Balance
	<u>July 1, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2011</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	2,472,093	159,569	-	2,631,662
Buildings and improvements	18,841,750	212,433	-	19,054,183
Furniture and equipment	625,470	34,901	(69,716)	590,655
Vehicles	<u>953,731</u>	<u>121,238</u>	<u>(56,275)</u>	<u>1,018,694</u>
Total capital assets, being depreciated	<u>22,893,044</u>	<u>528,141</u>	<u>(125,991)</u>	<u>23,295,194</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,019,114)	(122,161)	-	(1,141,275)
Buildings and improvements	(4,723,440)	(591,657)	-	(5,315,097)
Furniture and equipment	(314,371)	(36,866)	50,854	(300,383)
Vehicles	<u>(660,905)</u>	<u>(83,894)</u>	<u>56,275</u>	<u>(688,524)</u>
Total accumulated depreciation	<u>(6,717,830)</u>	<u>(834,578)</u>	<u>107,129</u>	<u>(7,445,279)</u>
Governmental activities capital assets, net	<u>\$ 16,353,014</u>	<u>\$ (306,437)</u>	<u>\$ (18,862)</u>	<u>\$ 16,027,715</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 764,468
Special	593
Vocational	1,410
<u>Support services:</u>	
Administration	4,077
Operations and maintenance	9,563
Pupil transportation	16,254
Central	973
Extracurricular activities	28,129
Food service operations	<u>9,111</u>
Total depreciation expense	<u>\$ 834,578</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**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 2011 totaled \$6,519 paid by the general fund. Accumulated depreciation as of June 30, 2011 was \$65,336 leaving the capital lease fully depreciated. The lease was retired in 2011. There are no future capital lease obligations.

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2011</u>	Amounts Due in <u>One Year</u>
<b><u>Governmental activities:</u></b>					
Classroom facilities improvements bonds	\$ 2,990,000	\$ -	\$ (1,685,000)	\$ 1,305,000	\$ 220,000
Current interest refunding bonds-series 2011	-	1,285,000	-	1,285,000	45,000
Current appreciation refunding bonds-series 2011	-	199,997	-	199,997	-
Accreted interest-series 2011	-	10,590	-	10,590	-
Capital lease obligation	6,519	-	(6,519)	-	-
Compensated absences	<u>343,080</u>	<u>65,027</u>	<u>(63,915)</u>	<u>344,192</u>	<u>51,253</u>
Total long-term obligations, governmental activities	<u>\$ 3,339,599</u>	<u>\$ 1,560,614</u>	<u>\$ (1,755,434)</u>	3,144,779	<u>\$ 316,253</u>
Add: Unamortized premium on bonds				139,013	
Less: Unamortized deferred charges				<u>(84,764)</u>	
Total reported on statement of net assets				<u>\$ 3,199,028</u>	

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

Capital Lease Obligation: The capital lease obligation was retired from the general fund. See Note 9 for details.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*Classroom Facilities Improvements Bonds:* On April 1, 2004, the District 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. The interest rates on the bonds range from 3.4 to 5.7 percent. The bonds mature on December 1, 2019. The District refunded \$1,485,000 of these bonds during fiscal year 2011. 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, 2011 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2012	\$ 220,000	\$ 71,525	\$ 291,525
2013	240,000	61,845	301,845
2014	260,000	48,165	308,165
2015	280,000	33,345	313,345
2016 - 2020	<u>305,000</u>	<u>17,385</u>	<u>322,385</u>
Total	<u>\$ 1,305,000</u>	<u>\$ 232,265</u>	<u>\$ 1,537,265</u>

- C.** Series 2011 Refunding General Obligation Bonds: On May 14, 2011, the District issued general obligation bonds (Series 2011 Refunding Bonds) to currently refund the callable portion of the Series 2001 classroom facilities improvement \$1,485,000.

The refunding issue is comprised of both current interest bonds, par value \$1,285,000, and capital appreciation bonds par value \$199,997. The interest rates on the current interest bonds range from 1.40% - 4.10%. The capital appreciation bonds mature on December 1, 2019 (interest rate 9.129%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$430,000. Total accreted interest of \$10,590 has been included in the statement of net assets at June 30, 2011.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2019.

The reacquisition price exceeded the net carrying amount of the old debt by \$86,442. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 10 years by \$56,662 and resulted in an economic gain of \$63,387.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

	Interest Rate	Balance Outstanding June 30, 2010	Additions	Reductions	Balance Outstanding June 30, 2011	Amounts Due in One Year
Current interest refunding bonds	1.40-4.10%	\$ -	\$ 1,285,000	\$ -	\$ 1,285,000	\$ 45,000
Capital appreciation refunding bonds		-	199,997	-	199,997	-
Accreted interest		-	10,590	-	10,590	-
<b>Total</b>		<u>\$ -</u>	<u>\$ 1,495,587</u>	<u>\$ -</u>	<u>\$ 1,495,587</u>	<u>\$ 45,000</u>

**E.** Principal and interest requirements to retire the refunding bonds outstanding at June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Refunding 2011			Capital Appreciation Bonds - Refunding 2011		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 45,000	\$ 42,738	\$ 87,738	\$ -	\$ -	\$ -
2013	25,000	39,025	64,025	-	-	-
2014	25,000	38,600	63,600	-	-	-
2015	25,000	38,175	63,175	-	-	-
2016	25,000	37,613	62,613	-	-	-
2017 - 2019	1,140,000	62,050	1,202,050	199,997	230,003	430,000
<b>Total</b>	<u>\$ 1,285,000</u>	<u>\$ 258,201</u>	<u>\$ 1,543,201</u>	<u>\$ 199,997</u>	<u>\$ 230,003</u>	<u>\$ 430,000</u>

**D. 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, 2011, are a voted debt margin of \$9,114,339 (including available funds of \$526,486) and an unvoted debt margin of \$126,421.

**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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 11 - COMPENSATED ABSENCES - (Continued)**

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	31,950,319	0
Fleet:			
Comprehensive	SORSA	Included in property	1,000
Collision		Included in property	1,000
Umbrella liability	SORSA	5,000,000	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.

**C. Workers' Compensation**

For fiscal year 2011, 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 CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**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 \$1,415.39 per month for each employee with family coverage and \$640.97 per month for each employee with individual coverage. The premium for dental coverage is \$60.04 monthly for each employee with family or individual coverage. The premium for life insurance is \$3.40 monthly for each \$20,000 in coverage. The premium for vision coverage is \$15.42 per month for each employee with family coverage and \$6.92 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 \$198,707 reported in the internal service fund at June 30, 2011 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.

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>
2011	\$ 124,280	\$ 1,864,912	\$ (1,790,485)	\$ 198,707
2010	126,134	1,186,781	(1,188,635)	124,280

**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, disability, survivor 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 "*Media/Financial Reports*".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$110,389, \$115,840 and \$85,073, respectively; 52.41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**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), under "Publications".

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Funding Policy - For fiscal year 2011, 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, 2011, 2010 and 2009 were \$474,187, \$460,746 and \$460,407, respectively; 84.15 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$24,463 made by the District and \$17,474 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, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Media/Financial Reports".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, 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, 2011, 2010, and 2009 were \$27,040, \$22,856 and \$56,251, respectively; 52.41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$7,104, \$6,889 and \$7,019, respectively; 52.41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**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), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, 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, 2011, 2010 and 2009 were \$36,476, \$35,442 and \$35,416, respectively; 84.15 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, 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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget 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	\$ (1,250)
Net adjustment for revenue accruals	(9,769)
Net adjustment for expenditure accruals	(27,067)
Net adjustment for other sources/uses	13,915
Funds budgeted elsewhere	(10,851)
Adjustment for encumbrances	33,864
GAAP basis	\$ (1,158)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and the public school support fund.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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 - SET-ASIDES**

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 fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	147,545	147,545
Current year qualifying expenditures	(58,918)	(56,962)
Excess qualified expenditures from prior years	(116,993)	-
Current year offsets	<u>-</u>	<u>(207,451)</u>
Total	<u>\$ (28,366)</u>	<u>\$ (116,868)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 17 - SET-ASIDES - (Continued)**

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 31,757
Other governmental	<u>45,204</u>
Total	<u>\$ 76,961</u>

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/ Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
National School Lunch Program	10.555	\$ 127,343	\$ 127,343
Non-cash Assistance	10.555	26,494	23,755
Total Child Nutrition Cluster		153,837	151,098
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b>153,837</b>	<b>151,098</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Title I, Part A Cluster:</u>			
Title I Grants to Local Educational Agencies (Disadvantaged Youth)	84.010	(228)	577
		100,503	101,422
Title I Grants to Local Educational Agencies (School Improvement)		1,207	1,207
		3,000	3,000
Total Title I Grants to Local Educational Agencies		104,482	106,206
ARRA - Title I Grants to Local Educational Agencies	84.389	(2,285)	-
		35,160	36,416
Total ARRA - Title I Grants to Local Educational Agencies		32,875	36,416
Total Title I, Part A Cluster		137,357	142,622
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	2,093	21,548
		167,940	168,240
ARRA - Special Education Grants to States	84.391	2,780	3,427
		114,841	113,979
Total Special Education Cluster		287,654	307,194
Safe and Drug-Free Schools and Communities-State Grants	84.186	528	-
		895	895
Total Safe and Drug-Free Schools and Communities - State Grants		1,423	895
Education Technology State Grants	84.318	459	459
Improving Teacher Quality State Grants	84.367	(441)	(691)
		51,152	52,076
Total Improving Teacher Quality State Grants		50,711	51,385
School Improvement Grants	84.377	3,260	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	-	1,967
		355,192	355,192
Total ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants		355,192	357,159
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b>836,056</b>	<b>859,714</b>
<b>TOTAL</b>		<b>\$ 989,893</b>	<b>\$ 1,010,812</b>

*The accompanying notes 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, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Mapleton Local School District, Ashland County, Ohio, (the District's) federal award programs' receipts and disbursements. 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**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**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 amounts from 2010 to 2011 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
Title I Grants to Local Educational Agencies (Disadvantaged Youth)	84.010	\$ 228
Improving Teacher Quality State Grants	84.367	441
ARRA - Title I Grants to Local Educational Agencies	84.389	2,285



# Dave Yost • 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  
635 County Road 801  
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 the Mapleton Local School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 13, 2012, wherein we noted the District restated its governmental funds' fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **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 matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 13, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

January 13, 2012



# Dave Yost • Auditor of State

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

Mapleton Local School District  
Ashland County  
635 County Road 801  
Ashland, Ohio 44805

To the Board of Education:

### Compliance

We have audited the compliance of the 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 could directly and materially affect each of Mapleton Local School District's major federal programs for the year ended June 30, 2011. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 Mapleton Local School District, Ashland County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### 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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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 over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 13, 2012.

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



**Dave Yost**  
Auditor of State

January 13, 2012



**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	ARRA – State Fiscal Stabilization Fund, CFDA 84.394; Special Education Cluster, CFDA 84.027 and 84.391.
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None

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

None

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Mapleton Local School District  
Ashland County  
635 County Road 801  
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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Mapleton Local School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on May 9, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

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

**Dave Yost**  
Auditor of State

January 13, 2012

**This page intentionally left blank.**



# Dave Yost • 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  
FEBRUARY 9, 2012