

**MAPLETON LOCAL SCHOOL DISTRICT**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Education  
Mapleton Local School District  
635 County Rd. 801, Route 3  
Ashland, OH 44805

We have reviewed the independent auditor's report of the Mapleton Local School District, Ashland County, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO  
Auditor of State

January 9, 2002

**This Page is Intentionally Left Blank.**

**MAPLETON LOCAL SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**TABLE OF CONTENTS**

<i>INDEPENDENT AUDITOR'S REPORT</i> .....	1
<i>GENERAL PURPOSE FINANCIAL STATEMENTS</i>	
Combined Balance Sheet – All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) - All Governmental Fund Types .....	8
Combined Statement of Revenues, Expenses and Changes in Fund Equity – Proprietary Fund Types .....	12
Combined Statement of Cash Flows – Proprietary Fund Types .....	13
Notes to the General Purpose Financial Statements .....	14
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	38
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .....	40
Schedule of Expenditures of Federal Awards .....	42
Notes to the Schedule of Expenditures of Federal Awards .....	43
Schedule of Findings and Questioned Costs .....	44

**This Page is Intentionally Left Blank.**

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Mapleton Local School District  
635 County Road 801, Route 3  
Ashland, OH 44805

We have audited the accompanying general purpose financial statements of the Mapleton Local School District (the District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Mapleton Local School District, as of June 30, 2001 and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the general purpose financial statements, the District adopted Governmental Accounting Standards Board Statement No. 33 as of and for the year ended June 30, 2001. This results in a change to the District's accounting for certain nonexchange revenues.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**INDEPENDENT AUDITOR'S REPORT** (continued)

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

December 11, 2001



*GENERAL PURPOSE FINANCIAL STATEMENTS*

**Mapleton Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash, Cash Equivalents and Investments	\$250,419	\$78,452	\$258,746	\$9,554,308
Cash and Cash Equivalents:				
With Fiscal Agent	0	0	0	0
Receivables:				
Taxes	1,656,533	36,668	436,684	96,932
Accounts	6,695	142	0	0
Intergovernmental	719	24,348	0	0
Prepaid Items	6,997	0	0	0
Materials and Supplies Inventory	44,002	218	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	78,950	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$2,044,315</u>	<u>\$139,828</u>	<u>\$695,430</u>	<u>\$9,651,240</u>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$2,355	\$8,152	\$0	\$0
Accrued Wages	461,706	44,239	0	0
Compensated Absences Payable	11,773	0	0	0
Intergovernmental Payable	106,447	2,902	0	0
Deferred Revenue	1,342,166	55,481	385,426	65,608
Due to Students	0	0	0	0
Notes Payable	0	0	0	0
Claims Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>1,924,447</u>	<u>110,774</u>	<u>385,426</u>	<u>65,608</u>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	68,122	1,767	0	1,014,350
Reserved for Inventory	44,002	218	0	0
Reserved for Debt Service	0	0	258,746	0
Reserved for Property Taxes	314,367	5,535	51,258	31,324
Reserved for Budget Stabilization	78,950	0	0	0
Unreserved:				
Undesignated	(385,573)	21,534	0	8,539,958
Total Fund Equity and Other Credits	<u>119,868</u>	<u>29,054</u>	<u>310,004</u>	<u>9,585,632</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,044,315</u>	<u>\$139,828</u>	<u>\$695,430</u>	<u>\$9,651,240</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$38,250	\$0	\$54,061	\$0	\$0	\$10,234,236
0	440,552	0	0	0	440,552
0	0	0	0	0	2,226,817
0	0	14	0	0	6,851
0	0	0	0	0	25,067
0	0	0	0	0	6,997
10,280	0	0	0	0	54,500
0	0	0	0	0	78,950
56,347	0	0	5,430,962	0	5,487,309
0	0	0	0	310,004	310,004
0	0	0	0	8,626,626	8,626,626
<u>\$104,877</u>	<u>\$440,552</u>	<u>\$54,075</u>	<u>\$5,430,962</u>	<u>\$8,936,630</u>	<u>\$27,497,909</u>
\$401	\$0	\$666	\$0	\$0	\$11,574
15,703	0	0	0	0	521,648
5,947	0	0	0	390,300	408,020
11,957	0	0	0	42,330	163,636
2,391	0	0	0	0	1,851,072
0	0	53,409	0	0	53,409
0	0	0	0	4,254,000	4,254,000
0	76,702	0	0	0	76,702
0	0	0	0	4,250,000	4,250,000
<u>36,399</u>	<u>76,702</u>	<u>54,075</u>	<u>0</u>	<u>8,936,630</u>	<u>11,590,061</u>
0	0	0	5,430,962	0	5,430,962
68,478	363,850	0	0	0	432,328
0	0	0	0	0	1,084,239
0	0	0	0	0	44,220
0	0	0	0	0	258,746
0	0	0	0	0	402,484
0	0	0	0	0	78,950
0	0	0	0	0	8,175,919
<u>68,478</u>	<u>363,850</u>	<u>0</u>	<u>5,430,962</u>	<u>0</u>	<u>15,907,848</u>
<u>\$104,877</u>	<u>\$440,552</u>	<u>\$54,075</u>	<u>\$5,430,962</u>	<u>\$8,936,630</u>	<u>\$27,497,909</u>

**Mapleton Local School District  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues</u>				
Taxes	\$1,736,089	\$24,869	\$275,528	\$217,619
Intergovernmental	3,596,161	311,070	25,279	867,109
Interest	73,746	0	0	113,563
Tuition and Fees	25,528	0	0	0
Rent	200	0	0	0
Extracurricular Activities	0	107,471	0	0
Gifts and Donations	10,609	12,305	0	0
Miscellaneous	13,792	860	0	0
Total Revenues	<u>5,456,125</u>	<u>456,575</u>	<u>300,807</u>	<u>1,198,291</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular	2,954,505	69,011	0	75,303
Special	469,614	258,533	0	0
Vocational	222,637	30	0	0
Other	56,352	0	0	0
Support Services:				
Pupils	130,302	0	0	1,879
Instructional Staff	167,965	16,642	0	0
Board of Education	14,415	0	0	0
Administration	560,474	2,266	0	247
Fiscal	182,355	430	4,985	4,271
Operation and Maintenance of Plant	543,890	0	0	36,206
Pupil Transportation	374,875	632	0	126,852
Central	32,939	10,000	0	390
Extracurricular Activities	224,526	121,362	0	0
Capital Outlay	0	0	0	65,145
Debt Service:				
Principal Retirement	0	0	18,789	0
Interest and Fiscal Charges	0	0	636	0
Total Expenditures	<u>5,934,849</u>	<u>478,906</u>	<u>24,410</u>	<u>310,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(478,724)</u>	<u>(22,331)</u>	<u>276,397</u>	<u>887,998</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Fixed Assets	148	0	0	0
Proceeds from Sale of Bonds	0	0	14,182	4,260,089
Proceeds from Sale of Notes	0	0	0	4,254,260
Operating Transfers In	0	0	19,425	0
Operating Transfers Out	0	0	0	(19,425)
Total Other Financing Sources (Uses)	<u>148</u>	<u>0</u>	<u>33,607</u>	<u>8,494,924</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(478,576)</u>	<u>(22,331)</u>	<u>310,004</u>	<u>9,382,922</u>
Fund Balances at Beginning of Fiscal Year	618,399	51,359	0	202,710
Increase (Decrease) in Reserve for Inventory	<u>(19,955)</u>	<u>26</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Fiscal Year	<u>\$119,868</u>	<u>\$29,054</u>	<u>\$310,004</u>	<u>\$9,585,632</u>

See accompanying notes to the general purpose financial statements.

---

Totals  
(Memorandum  
Only)

---

\$2,254,105  
4,799,619  
187,309  
25,528  
200  
107,471  
22,914  
14,652

---

7,411,798

3,098,819  
728,147  
222,667  
56,352

132,181  
184,607  
14,415  
562,987  
192,041  
580,096  
502,359  
43,329  
345,888  
65,145

18,789  
636

---

6,748,458

---

663,340

148  
4,274,271  
4,254,260  
19,425  
(19,425)

---

8,528,679

9,192,019

872,468

---

(19,929)

---

\$10,044,558

**Mapleton Local School District**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$3,612,539	\$3,572,231	(\$40,308)
Interest	74,573	73,741	(832)
Tuition and Fees	25,857	25,568	(289)
Rent	202	200	(2)
Gifts and Donations	10,729	10,609	(120)
Extracurricular Activities	0	0	0
Property and Other Local Taxes	1,760,335	1,740,693	(19,642)
Miscellaneous	5,957	5,891	(66)
Total Revenues	5,490,192	5,428,933	(61,259)
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	3,101,031	2,980,857	120,174
Special	543,017	496,254	46,763
Vocational	236,881	221,825	15,056
Other	72,846	59,212	13,634
Support Services:			
Pupils	138,743	130,386	8,357
Instructional Staff	177,397	167,424	9,973
Board of Education	23,408	14,570	8,838
Administration	593,354	588,008	5,346
Fiscal	195,563	184,292	11,271
Operation and Maintenance of Plant	562,298	544,668	17,630
Pupil Transportation	388,434	374,810	13,624
Central	39,017	32,946	6,071
Extracurricular Activities	262,083	223,764	38,319
Capital Outlay	113	0	113
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	6,334,185	6,019,016	315,169
Excess (Deficiency) of Revenues Over (Under) Expenditures	(843,993)	(590,083)	253,910
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Long-Term Notes	0	0	0
Proceeds from Sale of Fixed Assets	147	147	0
Refund of Prior Fiscal Year Expenditures	24,617	24,617	0
Other Financing Sources	0	0	0
Refund of Prior Fiscal Year Receipts	(1,000)	(628)	372
Operating Transfers Out	(6,802)	0	6,802
Total Other Financing Sources (Uses)	16,962	24,136	7,174
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(827,031)	(565,947)	261,084
Fund Balances at Beginning of Fiscal Year	688,242	688,242	0
Prior Fiscal Year Encumbrances Appropriated	138,789	138,789	0
Fund Balances at End of Fiscal Year	\$0	\$261,084	\$261,084

See accompanying notes to the general purpose financial statements.

Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$326,681	\$311,518	(\$15,163)	\$25,279	\$25,279	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
12,305	12,305	0	0	0	0
106,521	107,471	950	0	0	0
19,334	19,334	0	224,271	224,271	0
0	0	0	0	0	0
<u>464,841</u>	<u>450,628</u>	<u>(14,213)</u>	<u>249,550</u>	<u>249,550</u>	<u>0</u>
73,026	66,166	6,860	0	0	0
228,810	225,020	3,790	0	0	0
0	30	(30)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
10,891	10,891	0	0	0	0
0	0	0	0	0	0
2,271	2,271	0	0	0	0
21,512	430	21,082	4,985	4,985	0
0	0	0	0	0	0
630	630	0	0	0	0
10,000	10,000	0	0	0	0
151,320	123,165	28,155	0	0	0
0	0	0	0	0	0
0	0	0	124,729	0	124,729
0	0	0	119,836	0	119,836
<u>498,460</u>	<u>438,603</u>	<u>59,857</u>	<u>249,550</u>	<u>4,985</u>	<u>244,565</u>
<u>(33,619)</u>	<u>12,025</u>	<u>45,644</u>	<u>0</u>	<u>244,565</u>	<u>244,565</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
788	788	0	0	14,181	14,181
0	(448)	(448)	0	0	0
0	0	0	0	0	0
<u>788</u>	<u>340</u>	<u>(448)</u>	<u>0</u>	<u>14,181</u>	<u>14,181</u>
(32,831)	12,365	45,196	0	258,746	258,746
58,898	58,898	0	0	0	0
5,121	5,121	0	0	0	0
<u>\$31,188</u>	<u>\$76,384</u>	<u>\$45,196</u>	<u>\$0</u>	<u>\$258,746</u>	<u>\$258,746</u>

(continued)

**Mapleton Local School District**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis) (Continued)**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2001**

	Capital Projects		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$576,777	\$867,109	\$290,332
Interest	82,192	116,494	34,302
Tuition and Fees	0	0	0
Rent	0	0	0
Gifts and Donations	0	0	0
Extracurricular Activities	0	0	0
Property and Other Local Taxes	186,636	186,636	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>845,605</b>	<b>1,170,239</b>	<b>324,634</b>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	86,840	76,133	10,707
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	2,104	2,104	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	247	247	0
Fiscal	4,271	4,271	0
Operation and Maintenance of Plant	38,556	38,556	0
Pupil Transportation	126,852	126,852	0
Central	390	390	0
Extracurricular Activities	0	0	0
Capital Outlay	9,150,241	1,076,314	8,073,927
Debt Service:			
Principal Retirement	18,789	18,789	0
Interest and Fiscal Charges	636	636	0
<b>Total Expenditures</b>	<b>9,428,926</b>	<b>1,344,292</b>	<b>8,084,634</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(8,583,321)</b>	<b>(174,053)</b>	<b>8,409,268</b>
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Bonds	4,260,089	4,260,089	0
Proceeds from Sale of Long-Term Notes	4,254,261	4,254,261	0
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Fiscal Year Expenditures	0	0	0
Other Financing Sources	0	0	0
Refund of Prior Fiscal Year Receipts	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>8,514,350</b>	<b>8,514,350</b>	<b>0</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<b>(68,971)</b>	<b>8,340,297</b>	<b>8,409,268</b>
Fund Balances at Beginning of Fiscal Year	74,840	74,840	0
Prior Fiscal Year Encumbrances Appropriated	127,753	127,753	0
<b>Fund Balances at End of Fiscal Year</b>	<b>\$133,622</b>	<b>\$8,542,890</b>	<b>\$8,409,268</b>

See accompanying notes to the general purpose financial statements.



Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,541,276	\$4,776,137	\$234,861
156,765	190,235	33,470
25,857	25,568	(289)
202	200	(2)
23,034	22,914	(120)
106,521	107,471	950
2,190,576	2,170,934	(19,642)
5,957	5,891	(66)
<u>7,050,188</u>	<u>7,299,350</u>	<u>249,162</u>
3,260,897	3,123,156	137,741
771,827	721,274	50,553
236,881	221,855	15,026
72,846	59,212	13,634
140,847	132,490	8,357
188,288	178,315	9,973
23,408	14,570	8,838
595,872	590,526	5,346
226,331	193,978	32,353
600,854	583,224	17,630
515,916	502,292	13,624
49,407	43,336	6,071
413,403	346,929	66,474
9,150,354	1,076,314	8,074,040
143,518	18,789	124,729
120,472	636	119,836
<u>16,511,121</u>	<u>7,806,896</u>	<u>8,704,225</u>
<u>(9,460,933)</u>	<u>(507,546)</u>	<u>8,953,387</u>
4,260,089	4,260,089	0
4,254,261	4,254,261	0
147	147	0
24,617	24,617	0
788	14,969	14,181
(1,000)	(1,076)	(76)
(6,802)	0	6,802
<u>8,532,100</u>	<u>8,553,007</u>	<u>20,907</u>
(928,833)	8,045,461	8,974,294
821,980	821,980	0
<u>271,663</u>	<u>271,663</u>	<u>0</u>
<u>\$164,810</u>	<u>\$9,139,104</u>	<u>\$8,974,294</u>

**Mapleton Local School District  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<u>Operating Revenues</u>			
Sales	\$200,750	\$0	\$200,750
Charges for Services	0	608,500	608,500
Other Operating Revenues	0	921	921
Total Operating Revenues	200,750	609,421	810,171
<u>Operating Expenses</u>			
Salaries	118,094	0	118,094
Fringe Benefits	46,202	0	46,202
Purchased Services	16,409	120,287	136,696
Materials and Supplies	7,836	0	7,836
Cost of Sales	135,698	0	135,698
Depreciation	4,339	0	4,339
Claims	0	696,247	696,247
Capital Outlay	160	0	160
Total Operating Expenses	328,738	816,534	1,145,272
Operating (Loss)	(127,988)	(207,113)	(335,101)
<u>Non-Operating Revenues</u>			
Federal Donated Commodities	24,163	0	24,163
Interest	2,156	25,446	27,602
Federal and State Subsidies	86,211	0	86,211
Total Non-Operating Revenues	112,530	25,446	137,976
Net (Loss)	(15,458)	(181,667)	(197,125)
Retained Earnings at Beginning of Fiscal Year	83,936	545,517	629,453
Retained Earnings at End of Fiscal Year	<u>\$68,478</u>	<u>\$363,850</u>	<u>\$432,328</u>

See accompanying notes to the general purpose financial statements.

**Mapleton Local School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2001**

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$200,750	\$608,500	\$809,250
Cash Payments to Suppliers for Goods and Services	(137,674)	(120,287)	(257,961)
Cash Payments to Employees for Services	(117,856)	0	(117,856)
Cash Payments for Employee Benefits	(47,477)	0	(47,477)
Cash Payments for Claims	0	(709,733)	(709,733)
Other Operating Revenues	0	921	921
Net Cash (Used for) Operating Activities	<u>(102,257)</u>	<u>(220,599)</u>	<u>(322,856)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating Grants Received	96,871	0	96,871
Net Cash Provided by Noncapital Financing Activities	<u>96,871</u>	<u>0</u>	<u>96,871</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition of Capital Assets	(4,460)	0	(4,460)
Net Cash (Used for) Capital and Related Financing Activities	<u>(4,460)</u>	<u>0</u>	<u>(4,460)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	2,156	25,446	27,602
Net Cash Provided by Investing Activities	<u>2,156</u>	<u>25,446</u>	<u>27,602</u>
Net (Decrease) in Cash and Cash Equivalents	(7,690)	(195,153)	(202,843)
Cash and Cash Equivalents at Beginning of Fiscal Year	<u>45,940</u>	<u>635,705</u>	<u>681,645</u>
Cash and Cash Equivalents at End of Fiscal Year	<u>\$38,250</u>	<u>\$440,552</u>	<u>\$478,802</u>
<u>Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities</u>			
Operating (Loss)	<u>(\$127,988)</u>	<u>(\$207,113)</u>	<u>(\$335,101)</u>
<u>Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities</u>			
Depreciation	4,339	0	4,339
Donated Commodities Used During Fiscal Year	24,163	0	24,163
Changes in Assets and Liabilities:			
(Increase)/Decrease in Materials and Supplies Inventory	(1,350)	0	(1,350)
Increase/(Decrease) in Accounts Payable	(383)	0	(383)
Increase/(Decrease) in Accrued Wages	(185)	0	(185)
Increase/(Decrease) in Compensated Absences Payable	422	0	422
Increase/(Decrease) in Intergovernmental Payable	(1,275)	0	(1,275)
Increase/(Decrease) in Claims Payable	0	(13,486)	(13,486)
Total Adjustments	<u>25,731</u>	<u>(13,486)</u>	<u>12,245</u>
Net Cash (Used for) Operating Activities	<u>(\$102,257)</u>	<u>(\$220,599)</u>	<u>(\$322,856)</u>

See accompanying notes to the general purpose financial statements.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

The District operates under a locally-elected, five-member Board of Education and provides educational services as mandated by state and/or federal agencies. This Board controls the District's four instructional/support facilities staffed by 46 noncertificated employees and 82 certificated employees who provide services to 1,041 students and other community members.

The District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations will be included as part of the reporting entity.

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", under which the general purpose financial statements include all the organizations, activities, functions and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District.

On this basis, the combined general purpose financial statements include all of the funds and account groups of the District over which the Board of Education exercises operating control. Management has determined the District has no component units.

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

The general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**BASIS OF PRESENTATION - FUND ACCOUNTING**

The District uses funds and account groups to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

For general purpose financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the District:

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities, except those accounted for in proprietary and fiduciary funds, are accounted for through governmental funds. The measurement focus is based upon determination of financial position and changes in financial position. The following are the District's governmental fund types:

**General Fund**

The general fund is the operating fund of the District and is used to account for all financial resources except those required by law or contract to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

Special revenue funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Capital Projects Funds**

Capital projects funds are used to account for financial resources to be expended for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**PROPRIETARY FUNDS**

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 applies all applicable pronouncements from the Financial Accounting Standards Board (FASB) in accounting and reporting issued on or before November 30, 1989 for its proprietary operations. The following are the District's proprietary fund types:

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

Enterprise Fund

The enterprise fund is used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund

This 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 on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. The following is the District's fiduciary fund:

Agency Fund

This fund is purely custodial in nature and thus does not involve measurement of results of operations.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District, except those accounted for in the proprietary funds.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 are generally included on the Combined Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Combined Balance Sheet. The proprietary fund type operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used for reporting purposes by all governmental fund types and agency funds. Under this basis of accounting, the District recognizes revenues in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the District considers to be sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis of accounting, the following revenue sources are deemed both measurable and available: amounts available as an advance on property taxes, investment earnings, tuition, extracurricular activities, grants and entitlements, and student fees.

The District reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue. In the proprietary fund types, unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on general long-term debt which is reported only when due, and the costs of accumulated unpaid vacation and sick leave which are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense with a like amount reported as federal donated commodities non-operating revenue.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

**BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds other than agency funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

**Tax Budget**

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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates. No later than January 20, the Board-adopted budget is filed with the Ashland County Budget Commission for rate determination.

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the Appropriation Resolution. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding fiscal year. The Certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary operating statement reflect the amounts set forth in the final amended Certificate issued for fiscal 2001.

**Appropriations**

By October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education which becomes the legal level of budgetary control. Prior to the passage of the annual Appropriation Resolution, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources.



**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted or as amended by the Board of Education throughout the fiscal year by supplemental appropriations which either decrease or increase the original appropriated amounts. During the fiscal year, several supplemental appropriation measures were legally enacted; however none of these amendments were significant. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balances for subsequent fiscal year expenditures for governmental funds.

Lapsing of Appropriations

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

CASH, CASH EQUIVALENTS AND INVESTMENTS

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents and Investments" on the Combined Balance Sheet. During fiscal year 2001, the District's investments were limited to STAR Ohio and Federal government agency securities.

The District's Federal government agency securities 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 2001. 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 share price which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest credited to the general fund during fiscal year 2001 amounted to \$73,746, which includes \$54,710 assigned from other District funds.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

The District has monies held by a fiscal agent which are held separate from the District's cash management pool. The District participates in the OME-RESA trust for employee benefits. All benefit deposits are made to OME-RESA's depository account and are handled by OME-RESA's fiscal agent. This account is presented on the Combined Balance Sheet as "Cash and Cash Equivalents with Fiscal Agent".

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, 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.

**RESTRICTED ASSETS**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve may be used by the District to offset any budget deficit the District may experience in future fiscal years. A fund balance reserve has also been established.

**INVENTORY**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items are recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund types when used. Reported material and supplies inventory is equally offset by a fund balances reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food and non-food supplies, and they are expensed when used.

**PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purpose and an expenditure is reported in the fiscal year in which the services are consumed.

**FIXED ASSETS AND DEPRECIATION**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical cost records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District does not possess any infrastructure.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In proprietary funds, improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten to twenty years.

**REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS**

Exchange transactions are those in which each party to a transaction gives and receives essentially something of equal value. Proprietary funds, where the full accrual basis of accounting is used, record revenue when the exchange takes place. Governmental funds, where the modified accrual basis of accounting is used, record revenue in the fiscal year in which the resources are both measurable and available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes available as an advance at June 30, are recognized as revenue. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenues are both measurable and available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

**COMPENSATED ABSENCES**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 “Accounting for Compensated Absences”. Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees’ rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the termination method when the following criterion is met. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the District's past experience of making termination payments for sick leave.

For governmental funds, that portion of the liability which is non-current is reported in the general long-term obligations account group. Liabilities that use current expendable resources are recorded in the fund from which the employees are paid. In proprietary funds, compensated absences are expensed when earned and the entire amount is reported as a fund liability.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after fiscal year end are considered not to have been made with current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due. Bond anticipation notes are reported in the general long-term obligations account group if all legal steps have been taken to refinance them and the intent is supported by an ability to consummate refinancing the short-term notes on a long-term basis.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

**FUND BALANCES RESERVES**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, debt service, property tax advances and budget stabilization.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

**INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. Interfund transfers are reported as operating transfers.

**ESTIMATES**

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

**TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS**

Total columns on the general purpose financial statements are captioned (memorandum only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”. At June 30, 2000, there was no effect on fund balances as a result of implementing GASB Statement No. 33.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)**

3. Outstanding fiscal year-end encumbrances are treated as expenditures for governmental funds (budget basis) rather than as a reservation of fund balances for governmental fund types (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the fiscal year on the budget basis to the GAAP basis are as follows:

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)  
Expenditures and Other Financing (Uses)  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$478,576)	(\$22,331)	\$310,004	\$9,382,922
Net Adjustment for Revenue Accruals	(2,576)	(5,158)	(70,683)	(28,051)
Net Adjustment for Expenditure				
Accruals	(16,551)	41,923	19,425	(225)
Encumbrances	(68,244)	(2,069)	0	(1,014,349)
Budget Basis	<u>(\$565,947)</u>	<u>\$12,365</u>	<u>\$258,746</u>	<u>\$8,340,297</u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

Deposits and investments are restricted by provisions of the Ohio Revised Code. State statutes classify monies held by the District into three categories.

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

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

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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Purchase Agreements".

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

Deposits

At fiscal year end, the carrying amount of the District’s deposits was \$448,837 and the bank balance was \$141,936. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$41,936 was held by the pledging financial institution’s agent in a collateral pool with no specification for whom the funds are held, which is considered to be uninsured and uncollateralized as defined by GASB Statement No. 3. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments

The District’s investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District’s name. Category 2 includes uninsured and unregistered investments which are held by the counterparty’s trust department or agent in the District’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District’s name. Investments in STAR Ohio are not categorized since they are not evidenced by securities that exist in physical or book entry form.

Category	1	Carrying Amount 2	3	Fair Value
Federal Government Agency Securities	<u>\$4,323,498</u>	<u>\$0</u>	<u>\$0</u>	\$4,323,498
STAR Ohio				<u>5,981,403</u>
Total Investments				<u>\$10,304,901</u>

The net increase in the fair value of applicable investments during fiscal year 2001 per GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools” is as follows:

Fair value at June 30, 2001	\$4,323,498
Less: Cost of investments purchased in fiscal year 2001	(4,326,429)
Fair value at June 30, 2000	<u>0</u>
Change in fair value of investments during fiscal year 2001	<u>(\$2,931)</u>

The classification of cash, cash equivalents and investments on the combined general purpose financial statements is based on criteria set forth in GASB Statement No. 9 “Reporting Cash Flows of Propriety and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”.



**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

A reconciliation between the classifications of cash, cash equivalents and investments on the combined general purpose financial statements and the classification of deposits and investments per GASB Statement No. 3 is as follows:

	<u>Cash, Cash Equivalents and Investments/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$10,753,738	\$0
Investments of the Cash Management Pool:		
Federal Government Agency Securities	(4,323,498)	4,323,498
STAR Ohio	(5,981,403)	5,981,403
GASB Statement No. 3	<u>\$448,837</u>	<u>\$10,304,901</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a subsequent year. Property taxes include amounts levied against all real, public utility and tangible personal property used in business located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the previous year. Tangible personal property assessments are 25% of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

2000 Second Half

<u>Category</u>	<u>Ashland County</u>	<u>Lorain County</u>	<u>Total</u>	<u>%</u>
Real Property Valuation:				
Residential/Agriculture	\$53,459,600	\$726,240	\$54,185,840	81.48%
Commercial/Industrial	1,999,740	0	1,999,740	3.01%
Public Utilities	284,120	800	284,920	0.43%
Tangible Personal Property Valuation:				
General	2,656,673	0	2,656,673	3.99%
Public Utilities	7,071,770	301,160	7,372,930	11.09%
Total Valuation	<u>\$65,471,903</u>	<u>\$1,028,200</u>	<u>\$66,500,103</u>	<u>100.00%</u>

Tax rate per \$1,000 of Assessed Valuation   \$45.10

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

2001 First Half

Category	Ashland County	Lorain County	Total	%
Real Property Valuation:				
Residential/Agriculture	\$69,416,280	\$910,620	\$70,326,900	85.67%
Commercial/Industrial	2,056,552	0	2,056,552	2.51%
Public Utilities	290,718	570	291,288	0.35%
Tangible Personal Property Valuation:				
General	3,018,179	400	3,018,579	3.68%
Public Utilities	6,094,100	300,170	6,394,270	7.79%
Total Valuation	\$80,875,829	\$1,211,760	\$82,087,589	100.00%

Tax rate per \$1,000 of Assessed Valuation   \$51.40

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Ashland and Lorain County Treasurers collect property tax on behalf of all taxing districts within the Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to the District as an advance at June 30, 2001, is available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current fiscal year operations. The amount available as an advance at June 30, which was reflected in fiscal year 2001 as revenue, was \$402,484. The amount available as an advance at June 30 is also reflected as a reservation of fund balances for future appropriations.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2001 consisted of taxes, accounts and intergovernmental entitlements and grants. 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.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise fund’s fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$238,288
Less: Accumulated Depreciation	<u>(181,941)</u>
Net Fixed Assets	<u><u>\$56,347</u></u>

A summary of the changes in general fixed assets follows:

	Balance 07/01/2000	Additions	Deletions	Balance 06/30/2001
Land	\$375,670	\$0	\$0	\$375,670
Buildings and Improvements	1,870,862	0	0	1,870,862
Furniture and Equipment	2,291,098	73,294	(9,300)	2,355,092
Vehicles	649,942	126,852	0	776,794
Construction in Progress	0	52,544	0	52,544
Total	<u><u>\$5,187,572</u></u>	<u><u>\$252,690</u></u>	<u><u>(\$9,300)</u></u>	<u><u>\$5,430,962</u></u>

**NOTE 9 - RISK MANAGEMENT**

A. The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident. The District’s vehicle liability insurance policy limit is \$2,000,000 with a \$250 collision deductible. All administrators and employees are covered under a District liability policy. The limits of this coverage are \$5,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal 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 \$20,000. All other school employees who are responsible for handling funds are covered by a \$25,500 fidelity bond.

C. Workers’ Compensation

The District pays the State Workers’ Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Boards Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 9 - RISK MANAGEMENT** (continued)

**D. Employee Health Insurance**

The District has elected to provide employee medical, prescription, life and dental benefits through a self-insurance program. The District maintains a self-insurance fund through their fiscal agent, OME-RESA, to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$200.00 family and \$100.00 single deductible and a dental plan with a \$50.00 family and \$25.00 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 \$50,000. Aggregate stop-loss claims are covered based on the aggregate stop-loss factor, times total plan population, times twelve months. The aggregate stop-loss factor is \$393.74. A stop-loss internal pooling insurance contract with OME-RESA covers specific liability claims between \$30,000 and \$50,000.

The District pays to the self-insurance fund a premium based on one of five benefit option combinations selected by the employee. 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 \$447.84 per month for each employee with family coverage and \$203.24 per month for each employee with individual coverage. The premium for dental coverage is \$35.46 monthly for each employee with family or individual coverage. The premium for life insurance is \$2.70 monthly for each \$20,000 in coverage. The premium for vision coverage is \$13.95 per month for each employee with family coverage and \$6.25 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 \$76,702 reported in the self-insurance fund at June 30, 2001 is based on the requirements of 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 reported. The claims liability is based on an estimate supplied by the District's third party administrator. A summary of the fund's claims liability during the past two fiscal years are as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2000	\$54,114	\$422,500	(\$386,426)	\$90,188
2001	\$90,188	\$696,247	(\$709,733)	\$76,702

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 10 - LONG-TERM DEBT OBLIGATIONS**

Changes in long-term obligations of the District from July 1, 2000 through June 30, 2001, were as follows:

	Balance 07/01/2000	Additions	Deletions	Balance 06/30/2001
<b>GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP</b>				
Energy Conservation Note Payable				
Variable Interest Rate, Due 04/15/01	\$18,789	\$0	(\$18,789)	\$0
Classroom Facilities Improvement				
Bond Anticipation Note				
4.91%, Due 07/18/01	0	4,254,000	0	4,254,000
Classroom Facilities Improvement Bonds				
3.40% - 5.70%, 04/01/01 - 12/01/19	0	4,250,000	0	4,250,000
Compensated Absences Payable	337,744	52,556	0	390,300
Intergovernmental Payable	40,119	42,330	(40,119)	42,330
<b>Total General Long-Term Obligations</b>	<u><u>\$396,652</u></u>	<u><u>\$8,598,886</u></u>	<u><u>(\$58,908)</u></u>	<u><u>\$8,936,630</u></u>

The classroom facilities improvement bond anticipation note and the classroom facilities improvement bonds will be paid from the debt service fund. Compensated absences and intergovernmental payable will be paid from the fund from which the employee is paid.

Principal and interest requirements to retire the classroom facilities improvement bonds outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$145,000	\$134,523	\$279,523
2003	100,000	196,855	296,855
2004	110,000	193,405	303,405
2005	120,000	189,445	309,445
2006	130,000	184,885	314,885
Thereafter	3,645,000	1,618,985	5,263,985
<b>Total</b>	<u><u>\$4,250,000</u></u>	<u><u>\$2,518,098</u></u>	<u><u>\$6,768,098</u></u>

The bonds are backed by the full faith and credit of the District.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 11 - RETIREMENT PLANS**

State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof. Any member who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached.

Legislation passed in April, 2000 with a July, 1999 effective date provided an adjustment for retirees whose benefits have not kept pace with the rate of inflation. The legislation also changed the formula for calculating the formula benefit. The formula benefit increased to 2.2 percent from 2.1 percent per year for all years up to 30 years. For members with 35 or more years of earned Ohio service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. For earned Ohio service over 30 years, the formula will remain as current law, which provides an escalating formula of 2.5 percent for the 31<sup>st</sup> year, 2.6 percent for the 32<sup>nd</sup> year, 2.7 percent for the 33<sup>rd</sup> year, etc. until 100 percent of final average salary is reached.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of employment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of three percent of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 11 - RETIREMENT PLANS (continued)**

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefits are established any may be amended by Chapter 3307, Revised Code.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2001, were 9.3 percent of covered payroll for members and 14 percent for employers. The District's contributions to STRS Ohio for pension obligations for the fiscal years ended June 30, 2001, 2000 and 1999 were \$325,277, \$194,768 and \$184,756, respectively; 83.22 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$80,416 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2000 *Comprehensive Annual Financial Report* will be available after January 1, 2001, and can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling (614)227-4090.

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per 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, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614)222-5853.

Plan members are required to contribute 9.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$42,626, \$58,235 and \$64,705, respectively; 43.3 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$69,565 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and general long-term obligations account group.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis. All benefit recipients and sponsored dependents are eligible for health care coverage.

Pursuant to the Revised code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the District, this amount equaled \$154,059, during fiscal 2001.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 billion at June 30, 2000 (latest information available). For the year ended June 30, 2000, net health care costs paid by STRS Ohio were \$283,137,000 and STRS Ohio had 99,011 eligible benefit recipients statewide.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000 (the latest information available), the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants statewide currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$80,100 during the 2001 fiscal year.



**MAPLETON LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 13 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the unused balance to a maximum of 46 days. The amount of accumulated vacation and sick leave of employees paid from governmental funds that meet the eligibility requirements has been recorded in the appropriate governmental funds as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees paid from proprietary funds are recorded as an expense and liability of the fund when earned.

**NOTE 14 - COMPLIANCE AND ACCOUNTABILITY**

The following special revenue funds had a deficit fund balance caused by the recognition of expenditures and/or nonrecognition of revenues on the modified accrual basis of accounting which substantially differs from those recognized on the cash basis of accounting.

Fund	Deficit
Title VI-B Grant	(\$5,190)
Title I Grant	(33,444)
Miscellaneous Federal Grants	(2,231)

**NOTE 15 - CONTINGENCIES**

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

Litigation

The District is currently not a party to any legal proceedings.

**MAPLETON LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 16 – REQUIRED BUDGET SETASIDES**

The District is required by State statute to annually set aside an amount based on prior fiscal year revenues for the purpose of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Amounts may also be set aside for a budget stabilization reserve and used to offset any future budget deficit.

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Balance at July 1, 2000	(\$53,094)	\$0	\$78,950
Required Set Aside	127,339	127,339	0
Offset Credits	0	(207,701)	0
Qualifying Expenditures	(163,725)	0	0
Balance at June 30, 2001	<u>(\$89,480)</u>	<u>(\$80,362)</u>	<u>\$78,950</u>
Balance Carried Forward to Fiscal Year 2002	<u>(\$89,480)</u>	<u>\$0</u>	<u>\$78,950</u>

Since the offset credits for the capital maintenance reserve exceeded the fiscal year 2001 required set aside, no amount will be carried forward to fiscal year 2002. The District may use the negative amount in the textbooks reserve to reduce set aside requirements of future fiscal years.

Amounts remaining at fiscal year end are represented by cash and cash equivalents and are presented as restricted assets on the Combined Balance Sheet. Corresponding amounts are reported as reserves of fund balances.

**NOTE 17 - SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**MAPLETON LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 17 - SCHOOL FUNDING DECISION (continued)**

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 11, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these general purpose financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**NOTE 18 - CONSTRUCTION COMMITMENTS**

The District had the following construction commitments at June 30, 2001:

Project	Total Authorized Cost	Expended to 06/30/2001	Balance at 06/30/2001
Architectural and engineering fees for the Ohio Schools Facilities Commission project	\$1,061,081	\$52,544	\$1,008,537

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

Board of Education  
Mapleton Local School District  
635 County Road 801, Route 3  
Ashland, OH 44805

We have audited the general purpose financial statements of the Mapleton Local School District (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 11, 2001. As discussed in Note 3 to the general purpose financial statements, the District adopted Governmental Accounting Standards Board Statement No. 33 as of and for the year ended June 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

This report is intended solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

December 11, 2001

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

Board of Education  
Mapleton Local School District  
635 County Road 801, Route 3  
Ashland, OH 44805

Compliance

We have audited the compliance of the Mapleton Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Mapleton Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

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

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

December 11, 2001

**Mapleton Local School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2001**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identifying Entity Number	Receipts	Disbursements
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution	10.550	----	\$23,578	\$24,163
National School Lunch Program	10.555	----	93,062	93,062
Total U.S. Department of Agriculture - Child Nutrition Cluster			116,640	117,225
<b><u>U.S. Department of Education</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Eisenhower Professional Development State Grants	84.281	045831-MS-S1-2001	4,296	4,198
Eisenhower Professional Development State Grants	84.281	045831-MS-S1-2000	3,425	2,752
Total Eisenhower Professional Development State Grants			7,721	6,950
Innovative Education Program Strategies (ESEA Title VI)	84.298	045831-C2-S1-2001	5,509	2,233
Innovative Education Program Strategies (ESEA Title VI)	84.298	045831-C2-S1-2000	3,793	3,854
Total Innovative Education Program Strategies			9,302	6,087
Title I Grants to Local Educational Agencies	84.010	045831-C1-S1-2001	175,898	175,898
Safe and Drug-Free Schools and Communities - State Grants	84.186	045831-DR-S1-2001	1,385	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	045831-DR-S1-2000	1,586	2,004
Total Safe and Drug-Free Schools and Communities			2,971	2,004
Class Size Reduction (Title VI-R)	84.340	045831-CR-S1-2001	0	2,911
Class Size Reduction (Title VI-R)	84.340	045831-CR-S1-2000	24,717	22,256
Total Class Size Reduction			24,717	25,167
Goals 2000 - State and Local Educational Systemic Improvement Grants (Continuous Improvement Development Grant)	84.276	045831-G2-S2-1999	0	448
Special Education Cluster:				
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	045831-6B-SF-2001P	50,353	46,562
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	045831-6B-SF-2000P	1,000	15,132
Total Special Education Cluster			51,353	61,694
Total U.S. Department of Education			271,962	278,248
Total Federal Assistance			\$388,602	\$395,473

The notes to this Schedule are an integral part of this Schedule.



**MAPLETON LOCAL SCHOOL DISTRICT**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

**MAPLETON LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

(d)(1)(i)	Type of auditor's report issued on the general purpose financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the general purpose financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the general purpose financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the general purpose financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

**MAPLETON LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 §505**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**  
**(CONTINUED)**

(d)(1)(vii)	Major Programs:	Child Nutrition Cluster: Food Distribution, CFDA #10.550 and National School Lunch Program, CFDA #10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

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

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

**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  
JANUARY 22, 2002**