

**MAPLETON LOCAL
SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)**

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2003*

CHRIS WRIGHT, TREASURER



**Auditor of State
Betty Montgomery**

Board of Education
Mapleton Local School District

We have reviewed the Independent Auditor's Report of the Mapleton Local School District, Ashland County, prepared by Trimble, Julian & Grube, Inc. for the audit period July 1, 2002 through June 30, 2003. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 14, 2004

This Page is Intentionally Left Blank.

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

TABLE OF CONTENTS

Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2 - 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types	5 - 6
Statement of Revenues, Expenses and Changes in Retained Earnings (Accumulated Deficit) - All Proprietary Fund Types	7
Statement of Cash Flows - All Proprietary Fund Types	8
Notes to the General Purpose Financial Statements	9 - 47
Supplemental Data	
Schedule of Receipts and Expenditures of Federal Awards	48
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	49 - 50
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>	51 - 52
Schedule of Findings <i>OMB Circular A-133 § .505</i>	53 - 54
Status of Prior Audit Findings <i>OMB Circular A-133 § .505</i>	55

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Independent Auditor's Report

Board of Education
Mapleton Local School District
635 CR 801
Ashland, Ohio 44805

We have audited the accompanying general purpose financial statements of the Mapleton Local School District, Ashland County, (the “District”), as of and for the fiscal year ended June 30, 2003, 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 the 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, Ashland County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the District is restating its June 30, 2002 internal service retained earnings due to overstatement of cash in prior years.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2003, 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.

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 receipts and 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.

Trimble, Julian & Grube, Inc.
December 2, 2003

GENERAL PURPOSE
FINANCIAL
STATEMENTS

MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
ASSETS:				
Equity in pooled cash and cash equivalents	\$ 531,883	\$ 214,456	\$ 200,919	\$ 7,619,104
Investments	-	-	-	4,656,016
Cash with escrow agent	-	-	-	13,630
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent	2,109,797	34,500	292,750	207,599
Accounts	39	893	-	-
Accrued interest	1,892	-	-	40,392
Interfund loans receivable	41,614	-	-	-
Due from other governments	-	2,299	-	-
Materials and supplies inventory	35,750	-	-	-
Prepayments	34,336	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents	32,439	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-
OTHER DEBITS:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	<u>\$ 2,787,750</u>	<u>\$ 252,148</u>	<u>\$ 493,669</u>	<u>\$ 12,536,741</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$ 32,444	\$ 246	\$ -	\$ -
Contracts payable	-	-	-	1,679,174
Retainage payable	-	-	-	13,630
Accrued wages and benefits	509,511	46,615	-	-
Compensated absences payable	11,297	-	-	-
Pension obligation payable	87,652	4,092	-	-
Interfund loans payable	-	-	-	-
Deferred revenue	1,695,757	27,718	235,246	173,315
Due to other governments	17,047	1,078	-	-
Due to students	-	-	-	-
General obligation bonds payable	-	-	-	-
Claims payable	-	-	-	-
Total liabilities	<u>2,353,708</u>	<u>79,749</u>	<u>235,246</u>	<u>1,866,119</u>
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets	-	-	-	-
Retained earnings (accumulated deficit): unreserved	-	-	-	-
Fund balances (deficit):				
Reserved for encumbrances	29,279	10,275	-	7,361,284
Reserved for materials and supplies inventory	35,750	-	-	-
Reserved for prepayments	34,336	-	-	-
Reserved for debt service	-	-	200,919	-
Reserved for tax revenue unavailable for appropriation	414,040	6,782	57,504	40,745
Reserved for BWC refunds	32,439	-	-	-
Unreserved:				
Designated for budget stabilization	46,511	-	-	-
Undesignated	(158,313)	155,342	-	3,268,593
Total equity and other credits	<u>434,042</u>	<u>172,399</u>	<u>258,423</u>	<u>10,670,622</u>
Total liabilities, equity and other credits	<u>\$ 2,787,750</u>	<u>\$ 252,148</u>	<u>\$ 493,669</u>	<u>\$ 12,536,741</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 42,769	\$ -	\$ 45,935	\$ -	\$ -	\$ 8,655,066
-	-	-	-	-	4,656,016
-	-	-	-	-	13,630
-	-	-	-	-	2,644,646
-	-	-	-	-	932
45	-	-	-	-	42,329
-	-	-	-	-	41,614
11,616	-	-	-	-	13,915
5,311	-	-	-	-	41,061
-	-	-	-	-	34,336
-	-	-	-	-	32,439
47,847	-	-	14,491,236	-	14,539,083
-	-	-	-	258,423	258,423
-	-	-	-	4,148,327	4,148,327
<u>\$ 107,588</u>	<u>\$ -</u>	<u>\$ 45,935</u>	<u>\$ 14,491,236</u>	<u>\$ 4,406,750</u>	<u>\$ 35,121,817</u>
\$ 67	\$ -	\$ -	\$ -	\$ -	\$ 32,757
-	-	-	-	-	1,679,174
-	-	-	-	-	13,630
19,181	-	-	-	-	575,307
5,906	-	-	-	346,005	363,208
13,895	-	-	-	55,745	161,384
-	41,259	355	-	-	41,614
-	-	-	-	-	2,132,036
643	8,530	-	-	-	27,298
-	-	45,580	-	-	45,580
-	-	-	-	4,005,000	4,005,000
-	58,008	-	-	-	58,008
<u>39,692</u>	<u>107,797</u>	<u>45,935</u>	<u>-</u>	<u>4,406,750</u>	<u>9,134,996</u>
-	-	-	14,491,236	-	14,491,236
67,896	(107,797)	-	-	-	(39,901)
-	-	-	-	-	7,400,838
-	-	-	-	-	35,750
-	-	-	-	-	34,336
-	-	-	-	-	200,919
-	-	-	-	-	519,071
-	-	-	-	-	32,439
-	-	-	-	-	46,511
-	-	-	-	-	3,265,622
<u>67,896</u>	<u>(107,797)</u>	<u>-</u>	<u>14,491,236</u>	<u>-</u>	<u>25,986,821</u>
<u>\$ 107,588</u>	<u>\$ -</u>	<u>\$ 45,935</u>	<u>\$ 14,491,236</u>	<u>\$ 4,406,750</u>	<u>\$ 35,121,817</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$ 1,952,331	\$ 35,195	\$ 297,170	\$ 196,321	\$ -	\$ 2,481,017
Earnings on investments	21,850	-	-	226,511	-	248,361
Extracurricular	-	93,900	-	-	-	93,900
Other local revenues	47,617	32,456	-	1,900	-	81,973
Other revenue	6,375	290	-	-	-	6,665
Intergovernmental - State	4,198,678	51,092	48,051	9,250,180	-	13,548,001
Intergovernmental - Federal	-	354,996	-	-	-	354,996
Total revenues	6,226,851	567,929	345,221	9,674,912	-	16,814,913
Expenditures:						
Current:						
Instruction:						
Regular	3,004,994	103,871	-	402	-	3,109,267
Special	309,569	296,347	-	-	-	605,916
Vocational	119,608	8,491	-	172	-	128,271
Other	86,508	75	-	-	-	86,583
Support services:						
Pupil	153,463	-	-	-	-	153,463
Instructional staff	187,614	17,235	-	14,570	-	219,419
Board of Education	46,006	-	-	-	-	46,006
Administration	531,459	-	-	-	-	531,459
Fiscal	223,195	840	6,728	3,269	1,000	235,032
Operations and maintenance	599,440	-	-	9,970	-	609,410
Pupil transportation	449,164	-	-	50,856	-	500,020
Central	31,912	3,250	-	-	-	35,162
Extracurricular activities	163,282	88,402	-	-	-	251,684
Facilities acquisition and construction	-	-	-	8,455,230	-	8,455,230
Debt service:						
Principal retirement	-	-	100,000	-	-	100,000
Interest and fiscal charges	-	-	195,130	-	-	195,130
Total expenditures	5,906,214	518,511	301,858	8,534,469	1,000	15,262,052
Excess (deficiency) of revenues over (under) expenditures	320,637	49,418	43,363	1,140,443	(1,000)	1,552,861
Other financing sources (uses):						
Operating transfers in	-	6,470	-	-	-	6,470
Operating transfers out	-	(6,470)	-	-	-	(6,470)
Proceeds from sale of fixed assets	57	-	-	-	-	57
Total other financing sources (uses)	57	-	-	-	-	57
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	320,694	49,418	43,363	1,140,443	(1,000)	1,552,918
Fund balances, July 1	110,264	122,981	215,060	9,530,179	1,000	9,979,484
Increase in reserve for inventory	3,084	-	-	-	-	3,084
Fund balances, June 30	\$ 434,042	\$ 172,399	\$ 258,423	\$ 10,670,622	\$ -	\$ 11,535,486

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 1,873,847	\$ 1,873,847	\$ -	\$ 36,630	\$ 36,630	\$ -
Earnings on investments	24,990	24,990	-	-	-	-
Extracurricular	-	-	-	93,006	93,006	-
Other local revenues	47,663	47,663	-	29,837	29,837	-
Other revenue	6,375	6,375	-	290	290	-
Intergovernmental - State	4,198,678	4,198,678	-	51,093	51,093	-
Intergovernmental - Federal	-	-	-	392,592	392,592	-
Total revenues	<u>6,151,553</u>	<u>6,151,553</u>	<u>-</u>	<u>603,448</u>	<u>603,448</u>	<u>-</u>
Expenditures:						
Current:						
Instruction:						
Regular	3,034,346	3,034,346	-	111,379	111,379	-
Special	307,108	307,108	-	296,742	296,742	-
Vocational	134,427	134,427	-	8,491	8,491	-
Other	89,384	89,384	-	-	-	-
Support services:						
Pupil	161,154	161,154	-	-	-	-
Instructional staff	184,160	184,160	-	17,235	17,235	-
Board of Education	46,453	46,453	-	-	-	-
Administration	539,484	539,484	-	-	-	-
Fiscal	221,035	221,035	-	590	590	-
Operations and maintenance	608,140	608,140	-	-	-	-
Pupil transportation	452,601	452,601	-	-	-	-
Central	31,913	31,913	-	3,250	3,250	-
Extracurricular activities	171,127	171,127	-	89,238	89,238	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>5,981,332</u>	<u>5,981,332</u>	<u>-</u>	<u>526,925</u>	<u>526,925</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>170,221</u>	<u>170,221</u>	<u>-</u>	<u>76,523</u>	<u>76,523</u>	<u>-</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	6,470	6,470	-
Operating transfers out	-	-	-	(6,470)	(6,470)	-
Advances out	(41,614)	(41,614)	-	-	-	-
Proceeds from sale of fixed assets	57	57	-	-	-	-
Refund of prior year expenditures	6,308	6,308	-	-	-	-
Total other financing sources (uses)	<u>(35,249)</u>	<u>(35,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>134,972</u>	<u>134,972</u>	<u>-</u>	<u>76,523</u>	<u>76,523</u>	<u>-</u>
Fund balances, July 1	362,974	362,974	-	116,127	116,127	-
Prior year encumbrances appropriated	31,919	31,919	-	11,436	11,436	-
Fund balances, June 30	<u>\$ 529,865</u>	<u>\$ 529,865</u>	<u>\$ -</u>	<u>\$ 204,086</u>	<u>\$ 204,086</u>	<u>\$ -</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ 303,889	\$ 303,889	\$ -	\$ 192,742	\$ 192,742	\$ -	\$ 2,407,108	\$ 2,407,108	\$ -
-	-	-	183,841	183,841	-	208,831	208,831	-
-	-	-	-	-	-	93,006	93,006	-
-	-	-	1,900	1,900	-	79,400	79,400	-
-	-	-	-	-	-	6,665	6,665	-
48,051	48,051	-	9,250,180	9,250,180	-	13,548,002	13,548,002	-
-	-	-	-	-	-	392,592	392,592	-
<u>351,940</u>	<u>351,940</u>	<u>-</u>	<u>9,628,663</u>	<u>9,628,663</u>	<u>-</u>	<u>16,735,604</u>	<u>16,735,604</u>	<u>-</u>
-	-	-	402	402	-	3,146,127	3,146,127	-
-	-	-	-	-	-	603,850	603,850	-
-	-	-	171	171	-	143,089	143,089	-
-	-	-	-	-	-	89,384	89,384	-
-	-	-	-	-	-	161,154	161,154	-
-	-	-	15,300	15,300	-	216,695	216,695	-
-	-	-	-	-	-	46,453	46,453	-
-	-	-	-	-	-	539,484	539,484	-
6,728	6,728	-	5,019	5,019	-	233,372	233,372	-
-	-	-	24,553	24,553	-	632,693	632,693	-
-	-	-	50,857	50,857	-	503,458	503,458	-
-	-	-	-	-	-	35,163	35,163	-
-	-	-	-	-	-	260,365	260,365	-
-	-	-	15,916,344	15,916,344	-	15,916,344	15,916,344	-
100,000	100,000	-	-	-	-	100,000	100,000	-
195,130	195,130	-	-	-	-	195,130	195,130	-
<u>301,858</u>	<u>301,858</u>	<u>-</u>	<u>16,012,646</u>	<u>16,012,646</u>	<u>-</u>	<u>22,822,761</u>	<u>22,822,761</u>	<u>-</u>
<u>50,082</u>	<u>50,082</u>	<u>-</u>	<u>(6,383,983)</u>	<u>(6,383,983)</u>	<u>-</u>	<u>(6,087,157)</u>	<u>(6,087,157)</u>	<u>-</u>
-	-	-	-	-	-	6,470	6,470	-
-	-	-	-	-	-	(6,470)	(6,470)	-
-	-	-	-	-	-	(41,614)	(41,614)	-
-	-	-	-	-	-	57	57	-
-	-	-	-	-	-	6,308	6,308	-
-	-	-	-	-	-	(35,249)	(35,249)	-
50,082	50,082	-	(6,383,983)	(6,383,983)	-	(6,122,406)	(6,122,406)	-
150,837	150,837	-	9,018,953	9,018,953	-	9,648,891	9,648,891	-
-	-	-	596,350	596,350	-	639,705	639,705	-
<u>\$ 200,919</u>	<u>\$ 200,919</u>	<u>\$ -</u>	<u>\$ 3,231,320</u>	<u>\$ 3,231,320</u>	<u>\$ -</u>	<u>\$ 4,166,190</u>	<u>\$ 4,166,190</u>	<u>\$ -</u>

MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (ACCUMULATED DEFICIT)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Sales/charges for services	\$ 197,253	\$ 983,782	\$ 1,181,035
 Total operating revenues	<u>197,253</u>	<u>983,782</u>	<u>1,181,035</u>
Operating expenses:			
Personal services	172,053	-	172,053
Contract services	7,249	197,899	205,148
Materials and supplies	152,836	-	152,836
Claims expense	-	727,649	727,649
Depreciation	4,250	-	4,250
Other	-	729	729
 Total operating expenses	<u>336,388</u>	<u>926,277</u>	<u>1,262,665</u>
Operating income (loss)	<u>(139,135)</u>	<u>57,505</u>	<u>(81,630)</u>
Nonoperating revenues:			
Grants and subsidies	105,216	-	105,216
Donated commodities	29,404	-	29,404
Interest revenue	577	879	1,456
 Total nonoperating revenues	<u>135,197</u>	<u>879</u>	<u>136,076</u>
Net income (loss)	<u>(3,938)</u>	<u>58,384</u>	<u>54,446</u>
Retained earnings (accumulated deficit) (restated), July 1	<u>71,834</u>	<u>(166,181)</u>	<u>(94,347)</u>
Retained earnings (accumulated deficit), June 30 .	<u>\$ 67,896</u>	<u>\$ (107,797)</u>	<u>\$ (39,901)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from sales/service charges	\$ 197,253	\$ 983,782	\$ 1,181,035
Cash payments for personal services	(168,570)	-	(168,570)
Cash payments for contract services	(7,212)	(258,584)	(265,796)
Cash payments for materials and supplies.	(124,259)	-	(124,259)
Cash payments for claims expense	-	(766,607)	(766,607)
Cash payments for other expenses	-	(729)	(729)
Net cash used in operating activities.	<u>(102,788)</u>	<u>(42,138)</u>	<u>(144,926)</u>
Cash flows from noncapital financing activities:			
Cash received from interfund loans.	-	41,259	41,259
Cash received from grants and subsidies	<u>93,600</u>	-	<u>93,600</u>
Net cash provided by noncapital financing activities.	<u>93,600</u>	<u>41,259</u>	<u>134,859</u>
Cash flows from investing activities:			
Interest received	<u>788</u>	<u>879</u>	<u>1,667</u>
Net cash provided by investing activities	<u>788</u>	<u>879</u>	<u>1,667</u>
Net decrease in cash and cash equivalents	(8,400)	-	(8,400)
Cash and cash equivalents at beginning of year (restated).	<u>51,169</u>	-	<u>51,169</u>
Cash and cash equivalents at end of year	<u>\$ 42,769</u>	<u>\$ -</u>	<u>\$ 42,769</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating income (loss).	\$ (139,135)	\$ 57,505	\$ (81,630)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation.	4,250	-	4,250
Federal donated commodities	29,404	-	29,404
Changes in assets and liabilities:			
Increase in materials and supplies inventory	(814)	-	(814)
Increase in accounts payable	24	-	24
Increase in accrued wages and benefits	1,246	-	1,246
Increase in compensated absences payable	824	-	824
Increase (decrease) in due to other governments.	34	(60,685)	(60,651)
Decrease in claims payable	-	(38,958)	(38,958)
Increase in pension obligation payable	<u>1,379</u>	-	<u>1,379</u>
Net cash used in operating activities	<u>\$ (102,788)</u>	<u>\$ (42,138)</u>	<u>\$ (144,926)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is the 486th largest in the State of Ohio (out of approximately 740 public and community school districts) in terms of enrollment. It is staffed by 44 non-certificated employees and 75 certificated full-time teaching personnel who provide services to 1,050 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

A. Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATIONS

Midland Council of Governments

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Pioneer Career and Technology Center (PCTC)

The PCTC is a district political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, OH 44875-0309.

INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

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

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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 liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures 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 - The capital projects funds are used to account for financial resources to be used for the acquisition of 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 where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary funds:

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Enterprise Fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body 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 governing body 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 - The internal service fund accounts for the financing of 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/or other funds. The District's fiduciary funds includes an expendable trust fund and an agency fund. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are presented on a budget basis, with note disclosure regarding items, which, in other fund types, would be subject to accrual (see Note 3.C.).

ACCOUNT GROUPS

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

General Fixed Assets Account Group - This group of accounts 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 group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Property taxes measurable as of June 30, 2003 and delinquent property taxes, whose availability is indeterminate and are intended to finance fiscal 2004 operations, have been recorded as deferred revenues, except for that portion, which is available from the County Auditors as advances at June 30. This amount is recognized as revenue.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are 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 specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

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. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exceptions: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave 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.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year in the operating statement as an expense and a like amount is reported as donated commodities revenue.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds except agency funds. The specific timetable for fiscal year 2003 is as follows:

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Ashland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2003.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which increased the original appropriated amounts. All supplemental appropriations were legally enacted with the amounts reported in the budgetary statements reflect the amounts set forth within the final appropriation approved by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting for governmental fund types. Encumbrances for the enterprise fund is reported in Note 9.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

E. Cash and Investments

To improve cash management, cash received by the District other than cash with escrow agent is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" and "Investments" on the combined balance sheet.

During fiscal year 2003, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities and U.S. Government money market mutual funds. Investments are reported at fair value, which is based on quoted market prices.

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, 2003.

Under existing Ohio statutes, all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund or the Board has authorized investment earnings to be credited to a specific fund. The Ohio School Facilities Fund and Employee Benefit Self-Insurance Fund have been authorized to receive investment earnings. Interest revenue credited to the general fund during fiscal 2003 amounted to \$21,850, which includes \$13,679 assigned from other District funds.

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. The District did not have a positive cash balance at June 30, 2003.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

F. 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 fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of 10 to 20 years.

G. 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.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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.

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 payment").

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.

H. 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, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits 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. General obligation bonds are reported as a liability of the general long-term obligations account group until due.

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

I. Fund Equity

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, debt service, tax revenue unavailable for appropriation, and BWC refunds. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under state statute.

Designated fund balance represents planned actions for monies set-aside by the District for budget stabilization.

J. Interfund Transactions

Transactions between funds during the course of normal operations may occur. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable and payable". The District had short-term interfund loans receivable and payable at June 30, 2003.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

4. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2003.

An analysis of interfund transactions is presented in Note 5.

K. 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. See Note 17.

L. Estimates

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

M. Materials and Supplies 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 balance 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.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

N. Prepayments

Prepayments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the fiscal year in which the services are consumed.

O. Memorandum Only - Total Columns

Total columns on the GPFS 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 GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

In the prior year, cash with fiscal agent was overstated in the Employee Benefits Self-Insurance internal service fund. A prior period adjustment will be made to properly state retained earnings/(accumulated deficit) at June 30, 2002. The effect of this prior period adjustment on retained earnings/(accumulated deficit) as previously reported at June 30, 2002, is as follows:

	<u>Internal Service Fund</u>
Retained earnings as previously reported	\$ 284,468
Adjustment	<u>(450,649)</u>
Restated retained earnings/(accumulated deficit) as of July 1, 2002	<u>\$(166,181)</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances/Accumulated Deficit

Deficit fund balances/accumulated deficit at June 30, 2003 included the following fund deficits:

<u>Special Revenue Fund</u>	<u>Deficit Fund Balances/ Accumulated Deficit</u>
Title VI-B	\$ 17,407
<u>Internal Service Fund</u>	
Employee Benefits Self-Insurance	107,797

These funds complied with Ohio state law, which does not allow a cash deficit at year-end.

The deficit fund balance in the Title VI-B special revenue fund is a result of accruing wage, benefit and pension obligations in accordance with GAAP. This deficit will be eliminated by intergovernmental revenues not recognized at June 30. The accumulated deficit in the Employee Benefits Self-Insurance internal service fund is a result of accruing claims obligations in accordance with GAAP. This deficit will be eliminated by user charges not recognized at June 30. The general fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur. These funds complied with state statute which does not allow for a negative fund balance at year-end.

C. Agency Fund

The following are accruals for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

<u>ASSETS</u>	
Accounts receivable	\$ 32
 <u>LIABILITIES</u>	
Accounts payable	2,064

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents" and "Investments". Statutes require the classification of 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 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 accounts, including passbook accounts.

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.

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH 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 2% and be marked to market daily, and that the term of the agreement must not exceed 30 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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time, and;
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

Funds invested by fiscal agents are determined by trust agreements and bond indentures. Like the cash invested by the District Treasurer, eligible investments include U.S. government obligations, U.S. government agencies, and certificates of deposit.

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110% of all public monies on deposit with the depository including the amount covered by federal insurance.

Cash with Fiscal Agent: At June 30, 2003, the District had a negative cash balance with the Ohio Mid-Eastern Regional Education Service Agency of \$(49,789). This amount has been reflected as a liability on the balance sheet as "Due To Other Governments" in the amount of \$8,530 and as an interfund loan payable in the amount of \$41,259 in the Employee Benefits Self-Insurance internal service fund at June 30, 2003.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Cash with Escrow Agent: At year-end, \$13,630 was on deposit with the District's escrow agent for retainage relating to construction contracts and is included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

Cash on Hand: At year-end, the District had \$50 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not part of the total deposits reported below.

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

Deposits: At year-end, the carrying amount of the District's deposits was \$33,292 and the bank balance was \$250,800. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$150,800 was uninsured and uncollateralized as defined by GASB because it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments: Investments are categorized to give an indication of the level of holding risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities 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, but not in the District's name. Investments in STAR Ohio and U.S. Government money market mutual funds are uncategorized investments because they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
Federal agency securities	\$4,656,016	\$ 4,656,016
Investment in STAR Ohio	-	8,644,615
U.S. Government money market mutual funds	-	9,548
Total investments	<u>\$4,656,016</u>	<u>\$13,310,179</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and cash equivalents on the combined balance sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 8,701,135	\$ 4,656,016
Investment of the cash management pool:		
Investment in STAR Ohio	(8,644,615)	8,644,615
U.S. Government money market mutual funds	(9,548)	9,548
Cash on hand	(50)	-
Cash with escrow agent	(13,630)	-
GASB Statement No. 3	<u>\$ 33,292</u>	<u>\$13,310,179</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 5 - INTERFUND TRANSACTIONS

- A. The following is a summarized breakdown of the District's operating transfers for fiscal year 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Special Revenue Funds</u>		
Title I	\$6,470	\$ -
Miscellaneous Federal Grants	-	2,100
Title II-A	<u>-</u>	<u>4,370</u>
 Total	 <u>\$6,470</u>	 <u>\$6,470</u>

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B. The following is a summarized breakdown of the District's interfund loans receivable and payable for fiscal year 2003:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$41,614	\$ -
 <u>Internal Service Fund</u>		
Self Insurance Employee Benefits	-	41,259
 <u>Agency Fund</u>		
Student Managed Activity	<u>-</u>	<u>355</u>
 Total	 <u>\$41,614</u>	 <u>\$41,614</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at varying rates of true value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2002 taxes were collected was \$98,819,850. Agricultural/residential and public utilities, and minerals real estate represented \$85,125,230 or 86.14% of this total, commercial and industrial real estate represented \$3,140,900 or 3.18% of this total, public utility tangible represented \$7,686,060 or 7.78% of this total and general tangible property represented \$2,867,660 or 2.90% of this total. The voted general tax rate at the fiscal year ended June 30, 2003 was \$41.10 per \$1,000.00 of assessed valuation for operations, \$3.80 per \$1,000.00 of assessed valuation for debt retirement and \$4.00 per \$1,000 of assessed valuation for permanent improvement.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The Ashland and Lorain County Treasurers collect real estate property taxes on behalf of all taxing districts within the County. The Ashland and Lorain County Auditors periodically remit to the District their portion of the taxes collected with final settlement in March and September. Such collections are available to pay current period liabilities.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance, and recorded as revenue, at June 30, 2003, was \$414,040 in the general fund, \$6,782 in the Classroom Facilities Maintenance special revenue fund, \$57,504 in the Bond Retirement debt service fund, and \$40,745 in the Permanent Improvement capital projects fund.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 6 - PROPERTY TAXES - (Continued)

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2003, are reflected as a reservation of fund balance for tax advance unavailable for appropriation. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants and entitlements (to the extent eligibility requirements have been met by fiscal year-end). Intergovernmental receivables have been reported as "Due From Other Governments" on the combined balance sheet. 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 fiscal year guarantee of federal funds.

A summary of receivables follows:

	<u>Amount</u>
<u>General Fund</u>	
Property taxes - current and delinquent	\$2,109,797
Accrued interest	1,892
Interfund loans	41,614
Accounts	39
 <u>Special Revenue Funds</u>	
Property taxes - current and delinquent	34,500
Accounts	893
Due from other governments	2,299
 <u>Debt Service Fund</u>	
Property taxes - current and delinquent	292,750
 <u>Capital Projects Funds</u>	
Property taxes - current and delinquent	207,599
Accrued interest	40,392

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 7 - RECEIVABLES - (Continued)

	<u>Amount</u>
<u>Enterprise Fund</u>	
Due from other governments	\$11,616
Accrued interest	45

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2003</u>
Land	\$ 375,670	\$ -	\$ -	\$ 375,670
Buildings and improvements	1,872,055	-	-	1,872,055
Furniture and equipment	2,380,697	23,165	-	2,403,862
Vehicles	778,311	114,234	-	892,545
Construction in progress	<u>499,822</u>	<u>8,447,282</u>	<u>-</u>	<u>8,947,104</u>
Total	<u>\$5,906,555</u>	<u>\$8,584,681</u>	<u>\$ -</u>	<u>\$14,491,236</u>

The construction in progress represents costs incurred as of June 30, 2003, for the renovation of the high school building, and construction of a new elementary building.

A summary of the proprietary fixed assets at June 30, 2003 follows:

Furniture and equipment	\$ 238,288
Less: accumulated depreciation	<u>(190,441)</u>
Net fixed assets	<u>\$ 47,847</u>

NOTE 9 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains one enterprise fund which provides lunchroom/cafeteria services, therefore segment information for the year ended June 30, 2003 is not presented in these notes. The enterprise fund had \$323 in encumbrances outstanding at June 30, 2003.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the year ended June 30, 2003, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to practicality of determining these values. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	<u>Balance</u> <u>July 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2003</u>
General Long-Term <u>Obligations Account Group</u>				
Classroom Facilities Improvement Bonds 3.40%-5.70%, 04/01/01 - 12/01/19	\$4,105,000	\$ -	\$(100,000)	\$4,005,000
Compensated absences payable	377,044	-	(31,039)	346,005
Pension obligation payable	<u>41,721</u>	<u>55,745</u>	<u>(41,721)</u>	<u>55,745</u>
Total long-term obligations	<u>\$4,523,765</u>	<u>\$55,745</u>	<u>\$(172,760)</u>	<u>\$4,406,750</u>

The District has issued general obligation bonds to provide for the construction of school facilities. The general obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and payable from taxes levied on all taxable property in the District. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Principal and interest requirements to retire the classroom facilities improvements bonds outstanding at June 30, 2003 are as follows:

Fiscal year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 110,000	\$ 193,405	\$ 303,405
2005	120,000	189,445	309,445
2006	130,000	184,885	314,885
2007	145,000	179,945	324,945
2008	155,000	174,145	329,145
2009 - 2013	1,015,000	759,369	1,774,369
2014 - 2018	1,530,000	445,606	1,975,606
2019 - 2020	<u>800,000</u>	<u>59,920</u>	<u>859,920</u>
Total	<u>\$4,005,000</u>	<u>\$2,186,720</u>	<u>\$6,191,720</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2003 are a voted debt margin of \$5,147,210 (including available funds of \$258,423) and an unvoted debt margin of \$98,820.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking one-fourth of the unused balance to a maximum of 46 days. 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 12 - RISK MANAGEMENT

A. Comprehensive

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

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	Harcum-Hyre		
Each occurrence		\$ 5,000,000	\$ 0
Aggregate		5,000,000	0
Property/building and contents	Harcum-Hyre	34,500,000	1,000
Fleet:			
Comprehensive	Harcum-Hyre	2,000,000	250
Collision		2,000,000	250
Umbrella liability	Harcum-Hyre	5,000,000	0

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 12 - RISK MANAGEMENT - (Continued)

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant changes in insurance coverage from last 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 \$40,500 fidelity bond.

C. Workers' Compensation

For fiscal year 2003, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 12 - RISK MANAGEMENT - (Continued)

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

The District has elected to provide employee medical, prescription, and dental benefits through a self-insurance program. The District maintains a self-insurance fund through their fiscal agent, 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 \$50,000 family and \$25,000 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 \$592.26 per month for each employee with family coverage and \$268.78 per month for each employee with individual coverage. The premium for dental coverage is \$40.61 monthly for each employee with family or individual coverage. The premium for life insurance is \$2.50 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 \$58,008 reported in the internal service fund at June 30, 2003 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 12 - RISK MANAGEMENT - (Continued)

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2003	\$96,966	\$ 727,649	\$ (766,607)	\$58,008
2002	76,702	1,185,886	(1,165,622)	96,966

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$67,332, \$46,200, and \$42,626, respectively; 44.51% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$37,360, represents the unpaid contribution for fiscal year 2003.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 9.5% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$432,410, \$336,462, and \$325,277, respectively; 85.01% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$64,811, represents the unpaid contribution for fiscal year 2003.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2003, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. 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 funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$64,811 during fiscal 2003.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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.

For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$62,827 during the 2003 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) -All Governmental 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 basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

	Excess (deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)			
	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$134,972	\$ 76,523	\$50,082	\$(6,383,983)
Net adjustment for revenue accruals	75,298	(35,519)	(6,719)	46,249
Net adjustment for expenditure accruals	40,661	(1,861)	-	(1,537,543)
Net adjustment for other financing sources (uses)	35,306	-	-	-
Encumbrances (budget basis)	<u>34,457</u>	<u>10,275</u>	<u>-</u>	<u>9,015,720</u>
GAAP basis	<u>\$320,694</u>	<u>\$ 49,418</u>	<u>\$43,363</u>	<u>\$ 1,140,443</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2003.

B. Litigation

The District is not currently a party to any legal proceedings that would have a material impact upon the financial statements.

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school funding scheme that is thorough and efficient ...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>	<u>Designated for Budget Stabilization</u>
Set-aside cash balance as of June 30, 2002	\$ (88,813)	\$(4,123,646)	\$32,439	\$46,511
Current year set-aside requirement	143,553	143,553	-	-
Qualifying disbursements	<u>(161,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$(107,037)</u>	<u>\$(3,980,093)</u>	<u>\$32,439</u>	<u>\$46,511</u>
Cash balance carried forward to FY 2004	<u>\$(107,037)</u>	<u>\$(3,980,093)</u>	<u>\$32,439</u>	<u>\$46,511</u>

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

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbook reserve and this extra amount may be used to reduce the set-aside requirement for future years. The District issued bonds to finance construction of new school facilities and this amount may be used to reduce the capital acquisition set-aside requirement.

A schedule of the restricted assets at June 30, 2003 follows:

Amount restricted for BWC refunds	<u>\$32,439</u>
Total restricted assets	<u>\$32,439</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 18 - CONTRACTUAL COMMITMENTS

The District had the following construction commitments in relation to the new facilities construction at June 30, 2003:

<u>Project</u>	<u>Total Cost</u>	<u>Expended to June 30, 2003</u>	<u>Balance at June 30, 2003</u>
Bay Mechanical & Electrical Corp.	\$ 3,429,000	\$ 1,173,049	\$ 2,255,951
Buerher Group	1,061,089	810,331	250,758
Bushong Restaurant Equipment Co.	427,080	-	427,080
Central Fire Protection Company, Inc.	64,767	6,836	57,931
Galion Fire Appliance, Inc.	198,155	26,355	171,800
Guenther Mechanical Inc.	643,980	20,498	623,482
H&R Excavating, Inc.	549,163	447,314	101,849
Kidron Electric & Mechanical Contractors	516,900	-	516,900
Metzger-Gleisinger Mechanical, Inc.	268,499	127,025	141,474
Metzger-Gleisinger Mechanical, Inc.	303,196	-	303,196
Northern Valley Contractors, Inc.	1,407,400	686,959	720,441
Seneca Systems, Inc.	35,560	6,622	28,938
Simonson Excavating, Inc.	118,370	99,889	18,481
Stonecreek Interior Systems, Inc.	118,200	3,281	114,919
Studer-Obringer Construction Co.	1,292,000	1,043,460	248,540
Telamon Construction, Inc.	5,919,000	2,816,311	3,102,689
The Knoch Corporation	1,287,380	-	1,287,380
Waller-Duman, Inc.	<u>444,000</u>	<u>-</u>	<u>444,000</u>
Total	<u>\$18,083,739</u>	<u>\$7,267,930</u>	<u>\$10,815,809</u>

NOTE 19 - SIGNIFICANT SUBSEQUENT EVENTS

The District Treasurer Barb Donohue resigned on July 4, 2003. Chris Wright was hired as District Treasurer effective August 4, 2003.

SUPPLEMENTAL DATA

**MAPLETON LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A) (B) Food Distribution	10.550	N/A		\$ 29,404		\$ 29,404
(A) (C) National School Lunch	10.555	045831-LL-P4-2002	\$ 13,841		\$ 13,841	
(A) (C) National School Lunch	10.555	045831-LL-P4-2003	76,449		76,449	
Total U.S. Department of Agriculture and Nutrition Cluster			<u>90,290</u>	<u>29,404</u>	<u>90,290</u>	<u>29,404</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	045831-C1-S1 2002	37,248		33,187	
Title I - Grants to Local Educational Agencies	84.010	045831-C1-S1 2003	159,679		141,345	
Total Title I			<u>196,927</u>		<u>174,532</u>	
Title VI-B - Special Education: Grants to States	84.027	045831-6B-SF-2001P	-		110	
Title VI-B - Special Education: Grants to States	84.027	045831-6B-SF-2002P	1,440		14,168	
Title VI-B - Special Education: Grants to States	84.027	045831-6B-SF-2003P	107,929		107,929	
Total VI-B			<u>109,369</u>		<u>122,207</u>	
Safe and Drug-Free Schools	84.186	045831-DR-S1-2001	-		1,584	
Safe and Drug-Free Schools	84.186	045831-DR-S1-2002	-		1,868	
Safe and Drug-Free Schools	84.186	045831-DR-S1-2003	5,542		2,942	
Total Safe and Drug-Free Schools			<u>5,542</u>		<u>6,394</u>	
(E) Eisenhower Professional Development	84.281	045831-MS-S1-2000	(1,981)		-	
Eisenhower Professional Development	84.281	045831-MS-S1-2002	617		1,242	
Total Eisenhower Professional Development			<u>(1,364)</u>		<u>1,242</u>	
Title VI - Innovative Education Program Strategies	84.298	045831-C2-S1-2001	-		1,558	
Title VI - Innovative Education Program Strategies	84.298	045831-C2-S1-2002	-		1,330	
Title VI - Innovative Education Program Strategies	84.298	045831-C2-S1-2003	5,931		3,000	
Total Title VI			<u>5,931</u>		<u>5,888</u>	
Technology Literacy Challenge	84.318	045831-CR-S1 2002	4,372		2,272	
Title VI-R - Class Size Reduction	84.340	045831-TJ-S1-2003	4,011		2,397	
(E) School Renovation, IDEA and Technology	84.352A	045831-AT-S1-2002	(128)		-	
School Renovation, IDEA and Technology	84.352A	045831-AT-S2-2002	7,360		7,360	
School Renovation, IDEA and Technology	84.352A	045831-AT-S3-2002	8,953		6,755	
Total School Renovation, IDEA and Technology			<u>16,185</u>		<u>14,115</u>	
Improving Teacher Quality	84.367	045831-TR-S1 2003	51,619		33,836	
Total U.S. Department of Education			<u>392,592</u>		<u>362,883</u>	
Total Federal Financial Assistance			<u>\$ 482,882</u>	<u>\$ 29,404</u>	<u>\$ 453,173</u>	<u>\$ 29,404</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs
 (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (D) This schedule was prepared on the cash basis of accounting
 (E) Monies refunded to the Ohio Department of Education due to the expiration of the period of availability

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Education
Mapleton Local School District
635 CR 801
Ashland, Ohio 44805

We have audited the general purpose financial statements of Mapleton Local School District as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated December 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Mapleton Local School 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 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of Mapleton Local School District in a separate letter dated December 2, 2003.

Board of Education
Mapleton Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mapleton Local School 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 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 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 operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Mapleton Local School District in a separate letter dated December 2, 2003.

This report is intended for the information and use of the management and Board of Education of Mapleton Local School District, 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.

Trimble, Julian & Grube, Inc.
December 2, 2003

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
FACSIMILE 614.846.2799

Report On Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133*

Board of Education
Mapleton Local School District
635 CR 801
Ashland, Ohio 44805

Compliance

We have audited the compliance of Mapleton Local School 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 major federal program for the fiscal year ended June 30, 2003. Mapleton Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each major federal program is the responsibility of Mapleton Local School District's management. Our responsibility is to express an opinion on Mapleton Local School 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, Audit 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 Mapleton Local School 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 Mapleton Local School District's compliance with those requirements.

Board of Education
Mapleton Local School District

In our opinion, Mapleton Local School District complied, in all material respects, with the requirements referred to above that are applicable to each major federal program for the fiscal year ended June 30, 2003.

Internal Control Over Compliance

The management of Mapleton Local School 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 Mapleton Local School 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 for the information and use of management, the Board of Education of Mapleton Local School District, 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.

Trimble, Julian & Grube, Inc.
December 2, 2003

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
JUNE 30, 2003**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs:</i>	Title VI-B, CFDA #84.027; Nutrition Cluster; CFDA #10.550 and 10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
JUNE 30, 2003**

**SCHEDULE OF FINDINGS
*OMB CIRCULAR A-133 § .505***

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
JUNE 30, 2003**

**STATUS OF PRIOR AUDIT FINDINGS
*OMB CIRCULAR A-133 § .505***

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
2002-MLSD-001	It was noted during the audit that one of the three schools participating in the Title I grant did not maintain a priority list for eligible students. Student files were maintained with all the required data. Not properly documenting the determination of eligible students may result in a student in need of Title I services not being served. In addition, this may result in the District providing Title I services to a student who does not need the services as much as others.	Yes	N/A



**Auditor of State
Betty Montgomery**

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 27, 2004**