

**MAPLETON LOCAL SCHOOL DISTRICT**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**



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

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**JIM PETRO, AUDITOR OF STATE**

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Board of Education  
Mapleton Local School District  
Ashland, Ohio

We have reviewed the Independent Auditor's Report of the Mapleton Local School District, Ashland County, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

February 23, 2001

**MAPLETON LOCAL SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying general purpose financial statements of the Mapleton Local School District, as of and for the year ended June 30, 2000, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Mapleton Local School District, as of June 30, 2000 and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 3 to the general purpose financial statements, the District restated beginning fund balances on the budgetary basis of accounting and restated beginning retained earnings on the accrual basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

A handwritten signature in black ink, appearing to read "G. B. Fink", written in a cursive style.

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

January 31, 2001

*GENERAL PURPOSE FINANCIAL STATEMENTS*

**Mapleton Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$748,116	\$64,020	\$0	\$202,593
Cash and Cash Equivalents:				
With Fiscal Agent	0	0	0	0
Receivables:				
Taxes	1,824,239	0	0	187,695
Accounts	6,227	70	0	0
Intergovernmental	200	0	0	0
Prepaid Items	8,459	0	0	0
Materials and Supplies Inventory	63,957	192	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	78,950	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$2,730,148</u>	<u>\$64,282</u>	<u>\$0</u>	<u>\$390,288</u>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities:</u>				
Accounts Payable	\$16,458	\$272	\$0	\$225
Accrued Wages	474,574	10,682	0	0
Compensated Absences Payable	6,118	0	0	0
Intergovernmental Payable	109,331	1,969	0	0
Deferred Revenue	1,505,268	0	0	187,353
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Energy Conservation Note Payable	0	0	0	0
Total Liabilities	<u>2,111,749</u>	<u>12,923</u>	<u>0</u>	<u>187,578</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	123,172	4,849	0	127,528
Reserved for Inventory	63,957	192	0	0
Reserved for Property Taxes	318,971	0	0	342
Reserved for Budget Stabilization	78,950	0	0	0
Unreserved:				
Undesignated	33,349	46,318	0	74,840
Total Fund Equity and Other Credits	<u>618,399</u>	<u>51,359</u>	<u>0</u>	<u>202,710</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,730,148</u>	<u>\$64,282</u>	<u>\$0</u>	<u>\$390,288</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$45,941	\$0	\$53,531	\$0	\$0	\$1,114,201
0	635,705	0	0	0	635,705
0	0	0	0	0	2,011,934
0	0	136	0	0	6,433
10,660	0	0	0	0	10,860
0	0	0	0	0	8,459
9,514	0	293	0	0	73,956
0	0	0	0	0	78,950
56,226	0	0	5,187,572	0	5,243,798
0	0	0	0	396,652	396,652
<u>\$122,341</u>	<u>\$635,705</u>	<u>\$53,960</u>	<u>\$5,187,572</u>	<u>\$396,652</u>	<u>\$9,580,948</u>

\$784	\$0	\$181	\$0	\$0	\$17,920
15,888	0	0	0	0	501,144
5,525	0	0	0	337,744	349,387
13,232	0	0	0	40,119	164,651
2,976	0	0	0	0	1,695,597
0	0	53,779	0	0	53,779
0	90,188	0	0	0	90,188
0	0	0	0	18,789	18,789
<u>38,405</u>	<u>90,188</u>	<u>53,960</u>	<u>0</u>	<u>396,652</u>	<u>2,891,455</u>

0	0	0	5,187,572	0	5,187,572
83,936	545,517	0	0	0	629,453
0	0	0	0	0	255,549
0	0	0	0	0	64,149
0	0	0	0	0	319,313
0	0	0	0	0	78,950
0	0	0	0	0	154,507
<u>83,936</u>	<u>545,517</u>	<u>0</u>	<u>5,187,572</u>	<u>0</u>	<u>6,689,493</u>
<u>\$122,341</u>	<u>\$635,705</u>	<u>\$53,960</u>	<u>\$5,187,572</u>	<u>\$396,652</u>	<u>\$9,580,948</u>



**Mapleton Local School District  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Taxes	\$1,687,196	\$0	\$0	\$189,733
Intergovernmental	3,685,462	299,080	0	29,319
Interest	78,222	0	0	0
Tuition and Fees	26,881	0	0	0
Rent	200	0	0	0
Extracurricular Activities	0	97,032	0	0
Gifts and Donations	3,018	9,664	0	0
Miscellaneous	14,082	130	0	0
<b>Total Revenues</b>	<b>5,495,061</b>	<b>405,906</b>	<b>0</b>	<b>219,052</b>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,875,769	48,021	0	12,032
Special	446,676	216,847	0	0
Vocational	199,361	0	0	0
Other	63,876	0	0	0
Support Services:				
Pupils	127,215	0	0	14,732
Instructional Staff	152,564	13,035	0	0
Board of Education	10,885	0	0	0
Administration	535,340	4,730	0	5,021
Fiscal	152,013	0	0	2,800
Operation and Maintenance of Plant	517,316	0	0	27,389
Pupil Transportation	348,096	0	0	2,500
Central	26,855	5,000	0	0
Extracurricular Activities	213,964	110,428	0	0
Capital Outlay	110	0	0	41,940
Debt Service:				
Principal Retirement	0	0	34,192	0
Interest and Fiscal Charges	0	0	2,736	0
<b>Total Expenditures</b>	<b>5,670,040</b>	<b>398,061</b>	<b>36,928</b>	<b>106,414</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(174,979)	7,845	(36,928)	112,638
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Fixed Assets	966	0	0	0
Operating Transfers In	0	0	36,928	0
Operating Transfers Out	0	0	0	(36,928)
<b>Total Other Financing Sources (Uses)</b>	<b>966</b>	<b>0</b>	<b>36,928</b>	<b>(36,928)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(174,013)	7,845	0	75,710
Fund Balances at Beginning of Year	772,027	48,299	0	127,000
Increase (Decrease) in Reserve for Inventory	20,385	(4,785)	0	0
<b>Fund Balances at End of Year</b>	<b>\$618,399</b>	<b>\$51,359</b>	<b>\$0</b>	<b>\$202,710</b>

See accompanying notes to the general purpose financial statements.

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Totals  
(Memorandum  
Only)

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\$1,876,929  
4,013,861  
78,222  
26,881  
200  
97,032  
12,682  
14,212

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6,120,019

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2,935,822  
663,523  
199,361  
63,876

141,947  
165,599  
10,885  
545,091  
154,813  
544,705  
350,596  
31,855  
324,392  
42,050

34,192  
2,736

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6,211,443

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(91,424)

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966  
36,928  
(36,928)

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966

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(90,458)

947,326

15,600

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\$872,468

**Mapleton Local School District  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$3,685,262	\$3,685,262	\$0
Interest	78,224	78,224	0
Tuition and Fees	26,891	26,891	0
Rent	200	200	0
Gifts and Donations	3,018	3,018	0
Extracurricular Activities	0	0	0
Property and Other Local Taxes	1,754,236	1,754,236	0
Miscellaneous	4,630	4,630	0
<b>Total Revenues</b>	<b>5,552,461</b>	<b>5,552,461</b>	<b>0</b>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	3,153,220	2,928,956	224,264
Special	491,721	456,749	34,972
Vocational	217,391	201,930	15,461
Other	65,688	61,016	4,672
Support Services:			
Pupils	127,668	118,588	9,080
Instructional Staff	166,660	154,807	11,853
Board of Education	12,360	11,481	879
Administration	587,494	545,710	41,784
Fiscal	162,596	151,032	11,564
Operation and Maintenance of Plant	558,735	518,997	39,738
Pupil Transportation	374,647	348,002	26,645
Central	29,284	27,201	2,083
Extracurricular Activities	237,480	220,590	16,890
Capital Outlay	110	110	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>6,185,054</b>	<b>5,745,169</b>	<b>439,885</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(632,593)	(192,708)	439,885
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	6,604	6,604	0
Proceeds from Sale of Fixed Assets	966	966	0
Refund of Prior Year Expenditures	9,479	9,479	0
Operating Transfers Out	(6,604)	(6,604)	0
Refund of Prior Year Receipts	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>10,445</b>	<b>10,445</b>	<b>0</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(622,148)	(182,263)	439,885
Fund Balances at Beginning of Year (Restated)	816,119	816,119	0
Prior Year Encumbrances Appropriated	54,386	54,386	0
<b>Fund Balances at End of Year</b>	<b>\$248,357</b>	<b>\$688,242</b>	<b>\$439,885</b>

See accompanying notes to the general purpose financial statements.

Special Revenue			Capital Projects		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$299,080	\$299,080	\$0	\$29,319	\$29,319	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
9,664	9,664	0	0	0	0
98,803	98,803	0	0	0	0
0	0	0	189,685	189,685	0
60	60	0	0	0	0
<u>407,607</u>	<u>407,607</u>	<u>0</u>	<u>219,004</u>	<u>219,004</u>	<u>0</u>
41,866	45,577	(3,711)	23,912	23,912	0
228,458	216,101	12,357	0	0	0
0	0	0	950	950	0
0	0	0	0	0	0
0	0	0	14,957	14,957	0
13,137	11,453	1,684	0	0	0
0	0	0	0	0	0
937	4,719	(3,782)	5,021	5,021	0
0	0	0	2,800	2,800	0
0	0	0	31,029	31,029	0
0	0	0	113,558	113,558	0
10,000	5,000	5,000	0	0	0
142,067	114,166	27,901	0	0	0
0	0	0	149,395	74,554	74,841
0	0	0	34,192	34,192	0
0	0	0	2,737	2,737	0
<u>436,465</u>	<u>397,016</u>	<u>39,449</u>	<u>378,551</u>	<u>303,710</u>	<u>74,841</u>
<u>(28,858)</u>	<u>10,591</u>	<u>39,449</u>	<u>(159,547)</u>	<u>(84,706)</u>	<u>74,841</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(28,858)</u>	<u>10,591</u>	<u>39,449</u>	<u>(159,547)</u>	<u>(84,706)</u>	<u>74,841</u>
44,102	44,102	0	4,870	4,870	0
4,205	4,205	0	154,676	154,676	0
<u>\$19,449</u>	<u>\$58,898</u>	<u>\$39,449</u>	<u>(\$1)</u>	<u>\$74,840</u>	<u>\$74,841</u>

(continued)

**Mapleton Local School District  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual (Budget Basis) (Continued)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2000**

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$4,013,661	\$4,013,661	\$0
Interest	78,224	78,224	0
Tuition and Fees	26,891	26,891	0
Rent	200	200	0
Gifts and Donations	12,682	12,682	0
Extracurricular Activities	98,803	98,803	0
Property and Other Local Taxes	1,943,921	1,943,921	0
Miscellaneous	4,690	4,690	0
<b>Total Revenues</b>	<b>6,179,072</b>	<b>6,179,072</b>	<b>0</b>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	3,218,998	2,998,445	220,553
Special	720,179	672,850	47,329
Vocational	218,341	202,880	15,461
Other	65,688	61,016	4,672
Support Services:			
Pupils	142,625	133,545	9,080
Instructional Staff	179,797	166,260	13,537
Board of Education	12,360	11,481	879
Administration	593,452	555,450	38,002
Fiscal	165,396	153,832	11,564
Operation and Maintenance of Plant	589,764	550,026	39,738
Pupil Transportation	488,205	461,560	26,645
Central	39,284	32,201	7,083
Extracurricular Activities	379,547	334,756	44,791
Capital Outlay	149,505	74,664	74,841
Debt Service:			
Principal Retirement	34,192	34,192	0
Interest and Fiscal Charges	2,737	2,737	0
<b>Total Expenditures</b>	<b>7,000,070</b>	<b>6,445,895</b>	<b>554,175</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(820,998)	(266,823)	554,175
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	6,604	6,604	0
Proceeds from Sale of Fixed Assets	966	966	0
Refund of Prior Year Expenditures	9,479	9,479	0
Operating Transfers Out	(6,604)	(6,604)	0
Refund of Prior Year Receipts	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>10,445</b>	<b>10,445</b>	<b>0</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(810,553)	(256,378)	554,175
Fund Balances at Beginning of Year (Restated)	865,091	865,091	0
Prior Year Encumbrances Appropriated	213,267	213,267	0
<b>Fund Balances at End of Year</b>	<b>\$267,805</b>	<b>\$821,980</b>	<b>\$554,175</b>

See accompanying notes to the general purpose financial statements.

**Mapleton Local School District  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<u>Operating Revenues</u>			
Sales	\$202,798	\$0	\$202,798
Charges for Services	0	571,217	571,217
Other Operating Revenues	100	827	927
Total Operating Revenues	202,898	572,044	774,942
<u>Operating Expenses</u>			
Salaries	114,472	0	114,472
Fringe Benefits	41,486	0	41,486
Purchased Services	14,278	96,836	111,114
Materials and Supplies	12,045	0	12,045
Cost of Sales	136,371	0	136,371
Depreciation	4,655	0	4,655
Claims	0	422,500	422,500
Capital Outlay	499	0	499
Total Operating Expenses	323,806	519,336	843,142
Operating Income (Loss)	(120,908)	52,708	(68,200)
<u>Non-Operating Revenues (Expenses)</u>			
Federal Donated Commodities	26,845	0	26,845
Interest	2,869	30,088	32,957
Federal and State Subsidies	82,525	0	82,525
Loss on Sale of Fixed Assets	(485)	0	(485)
Total Non-Operating Revenues (Expenses)	111,754	30,088	141,842
Net Income (Loss)	(9,154)	82,796	73,642
Retained Earnings at Beginning of Year (Restated)	93,090	462,721	555,811
Retained Earnings at End of Year	\$83,936	\$545,517	\$629,453

See accompanying notes to the general purpose financial statements.

**Mapleton Local School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$202,798	\$571,217	\$774,015
Cash Payments to Suppliers for Goods and Services	(136,608)	(96,836)	(233,444)
Cash Payments to Employees for Services	(111,627)	0	(111,627)
Cash Payments for Employee Benefits	(41,903)	0	(41,903)
Cash Payments for Claims	0	(386,426)	(386,426)
Other Operating Revenues	100	827	927
Net Cash Provided by (Used for) Operating Activities	<u>(87,240)</u>	<u>88,782</u>	<u>1,542</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	83,099	0	83,099
Net Cash Provided by Noncapital Financing Activities	<u>83,099</u>	<u>0</u>	<u>83,099</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(4,890)	0	(4,890)
Net Cash (Used for) Capital and Related Financing Activities	<u>(4,890)</u>	<u>0</u>	<u>(4,890)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	2,869	30,088	32,957
Net Cash Provided by Investing Activities	<u>2,869</u>	<u>30,088</u>	<u>32,957</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,162)	118,870	112,708
Cash and Cash Equivalents at Beginning of Year	52,103	516,835	568,938
Cash and Cash Equivalents at End of Year	<u>\$45,941</u>	<u>\$635,705</u>	<u>\$681,646</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	<u>(\$120,908)</u>	<u>\$52,708</u>	<u>(\$68,200)</u>
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	4,655	0	4,655
Donated Commodities Used During Year	26,845	0	26,845
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	100	0	100
(Increase)/Decrease in Prepaid Items	315	0	315
(Increase)/Decrease in Materials and Supplies Inventory	(1,412)	0	(1,412)
Increase/(Decrease) in Accounts Payable	737	0	737
Increase/(Decrease) in Accrued Wages	1,531	0	1,531
Increase/(Decrease) in Compensated Absences Payable	976	0	976
Increase/(Decrease) in Intergovernmental Payable	(79)	0	(79)
Increase/(Decrease) in Claims Payable	0	36,074	36,074
Total Adjustments	<u>33,668</u>	<u>36,074</u>	<u>69,742</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$87,240)</u>	<u>\$88,782</u>	<u>\$1,542</u>

See accompanying notes to the general purpose financial statements.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

The District operates under a locally-elected, five-member Board of Education and provides educational services as mandated by state and/or federal agencies. This Board controls the District's four instructional/support facilities staffed by 44 noncertificated employees and 82 certificated employees who provide services to 1,115 students and other community members.

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

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

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

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

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

**BASIS OF PRESENTATION - FUND ACCOUNTING**

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

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



**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

**GOVERNMENTAL FUNDS**

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

**General Fund**

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

**Special Revenue Funds**

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

**Debt Service Fund**

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

**Capital Projects Funds**

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

**PROPRIETARY FUNDS**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District applies all applicable pronouncements from the Financial Accounting Standards Board (FASB) in accounting and reporting issued on or before November 30, 1989 for its proprietary operations. The following are the District's proprietary fund types:

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

Enterprise Fund

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

Internal Service Fund

This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District on a cost-reimbursement basis.

FIDUCIARY FUNDS

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

Agency Fund

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

ACCOUNT GROUPS

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

In applying the susceptible to accrual concept under the modified accrual basis of accounting, the following revenue sources are deemed both measurable and available: tuition, extracurricular activities, grants and entitlements, and student fees.

The District reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue. In the proprietary fund types, unused donated commodities are reported as deferred revenue.

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

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

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

**BUDGETARY PROCESS**

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

**Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. No later than January 20, the Board-adopted budget is filed with the Ashland County Budget Commission for rate determination.

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the Appropriation Resolution. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding fiscal year. The Certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary operating statement reflect the amounts set forth in the final amended Certificate issued for fiscal 2000.

**Appropriations**

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

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted or as amended by the Board of Education throughout the fiscal year by supplemental appropriations which either decrease or increase the original appropriated amounts. During the fiscal year, one supplemental appropriation measure was legally enacted; however this amendment was not significant. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

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

Lapsing of Appropriations

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

CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the Combined Balance Sheet.

During fiscal year 2000, the District's investments were limited to STAR Ohio.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. 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, 2000.

Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest credited to the general fund during fiscal year 2000 amounted to \$78,222, which includes \$19,926 assigned from other District funds.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents.

**RESTRICTED ASSETS**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balances reserve has also been established.

**INVENTORY**

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

**PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purpose and an expenditure is reported in the fiscal year in which the services are consumed.

**FIXED ASSETS AND DEPRECIATION**

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

**MAPLETON LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

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

INTERGOVERNMENTAL REVENUES

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursable grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenues when measurable and earned. The District currently participates in various State and Federal programs, as follows:

Grants and Entitlements

Entitlements

General Fund

State Foundation Program	State Property Tax Relief
State School Bus Purchase Allocation	

Capital Projects Funds

State Property Tax Relief	Technology Equity
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Non-Reimbursable Grants

Special Revenue Funds

Title VI-B	Title VI
Eisenhower Professional Development	Title VI-R
Local Professional Development Block Grant	Title I
Education Management Information System	Safe and Drug-Free Schools
Ohio Reads Grant	

Reimbursable Grants

General Fund

Driver Education

Enterprise Fund

State School Lunch Program	Government Donated Commodities
National School Lunch Program	

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

**COMPENSATED ABSENCES**

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

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

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

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

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

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

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after fiscal year end are considered not to have been made with current available financial resources. Long-term notes 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 funds.



**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

FUND BALANCES RESERVES

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

INTERFUND TRANSACTIONS

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

ESTIMATES

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

TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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

**NOTE 3 – RESTATEMENT OF PRIOR YEAR EQUITY**

Retained earnings on the accrual basis of accounting at June 30, 1999 has been restated in the enterprise fund due to an error in the recording of compensated absences using the termination method in the prior fiscal year as follows:

Retained Earnings as Stated at June 30, 1999	\$96,072
Restatement	<u>(2,982)</u>
Retained Earnings as Restated at July 1, 1999	<u>\$93,090</u>

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 3 – RESTATEMENT OF PRIOR YEAR EQUITY (continued)**

The following beginning fund balances on the budgetary basis of accounting have been restated due to an error in the prior fiscal year:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Fund Balances as Stated at June 30, 1999	\$870,542	\$48,307	\$159,546
Restatement	<u>(54,423)</u>	<u>(4,205)</u>	<u>(154,676)</u>
Fund Balances as Stated at July 1, 1999	<u>\$816,119</u>	<u>\$44,102</u>	<u>\$4,870</u>

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding fiscal year end encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balances for governmental fund types (GAAP basis).

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses) All Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$(174,013)	\$7,845	\$0	\$75,710
Net Adjustment for Revenue Accruals	73,483	1,701	(36,928)	(48)
Net Adjustment for Expenditure Accruals	57,056	6,166	36,928	(32,615)
Encumbrances	<u>(138,789)</u>	<u>(5,121)</u>	<u>0</u>	<u>(127,753)</u>
Budget Basis	<u>\$(182,263)</u>	<u>\$10,591</u>	<u>\$0</u>	<u>\$(84,706)</u>

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

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

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

Deposits

At fiscal year end, the carrying amount of the District's deposits was \$637,846 and the bank balance was \$132,886. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$32,886 was held by the pledging financial institution's agent in a collateral pool with no specification for whom the funds are held, which is considered to be uninsured and uncollateralized as defined by GASB Statement No. 3. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments

The District's investments at June 30, 2000 consisted of \$1,191,010 in STAR Ohio which is not categorized since it is not evidenced by securities that exist in physical or book entry form.

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

**MAPLETON LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,828,856	\$0
Investments of the Cash Management Pool:		
STAROhio	<u>(1,191,010)</u>	<u>1,191,010</u>
GASB Statement No. 3	<u>\$637,846</u>	<u>\$1,191,010</u>

**NOTE 6 - PROPERTY TAXES**

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

The assessed values upon which the fiscal year 2000 taxes were collected are:

1999 Second Half

	<u>Ashland County</u>	<u>Lorain County</u>	<u>Total</u>	<u>%</u>
Real Property:				
Residential/Agricultural	\$53,459,600	\$709,300	\$54,168,900	81.47%
Commercial/Industrial	1,999,740	0	1,999,740	3.01
Public Utilities	284,120	780	284,900	0.43
Tangible Personal Property:				
General	2,656,673	0	2,656,673	4.00
Public Utilities	<u>7,071,770</u>	<u>301,200</u>	<u>7,372,970</u>	<u>11.09</u>
Total Assessed Valuation	<u>\$65,471,903</u>	<u>\$1,011,280</u>	<u>\$66,483,183</u>	<u>100.00%</u>

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

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

2000 First Half

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

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

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

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

The Ashland and Lorain County Treasurers collect property tax on behalf of all taxing districts within the Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to the District as an advance at June 30, 2000, is available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current fiscal year operations. The amount available as an advance at June 30, which was reflected in fiscal year 2000 as revenue, was \$319,313. The amount available as an advance at June 30 is also reflected as a reservation of fund balances for future appropriations.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000 consisted of taxes, accounts, intergovernmental entitlements and grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

**MAPLETON LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$238,288
Less: Accumulated Depreciation	<u>(182,062)</u>
Net Fixed Assets	<u>\$56,226</u>

A summary of the changes in general fixed assets follows:

	Balance <u>07/01/1999</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/2000</u>
Land	\$375,670	\$0	\$0	\$375,670
Buildings and Improvements	1,755,493	135,840	(20,471)	1,870,862
Furniture and Equipment	2,307,460	0	(16,362)	2,291,098
Vehicles	<u>715,462</u>	<u>0</u>	<u>(65,520)</u>	<u>649,942</u>
Total	<u>\$5,154,085</u>	<u>\$135,840</u>	<u>\$(102,353)</u>	<u>\$5,187,572</u>

**NOTE 9 - RISK MANAGEMENT**

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

B. Fidelity Bond

The Board President and Superintendent have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered by a \$25,500 fidelity bond.

C. Workers' Compensation

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

**MAPLETON LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

D. Employee Health Insurance

The District has elected to provide employee medical, prescription, life and dental benefits through a self-insurance program. The District maintains a self-insurance fund through their fiscal agent, Tri-County Educational Service Center Employees Insurance Consortium, to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$200.00 family and \$100.00 single deductible and a dental plan with a \$50.00 family and \$25.00 single deductible. A third party administrator, Self-Funded Plans, Inc., reviews all medical and dental claims which are then paid by the District. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. Aggregate stop-loss claims are covered based on the aggregate stop-loss factor, times total plan population, times twelve months. The aggregate stop-loss factor is \$337. A stop-loss internal pooling insurance contract with OME-RESA covers specific liability claims between \$50,000 and \$75,000.

The District pays to the self-insurance fund a premium based on one of five benefit option combinations selected by the employee. Employees are responsible for a portion of this premium based on job classification and length of workday as outlined in their negotiated agreement. Premiums for medical coverage are \$447.84 per month for each employee with family coverage and \$203.24 per month for each employee with individual coverage. The premium for dental coverage is \$35.46 monthly for each employee with family or individual coverage. The premium for life insurance is \$2.70 monthly for each \$20,000 in coverage. All premiums are paid by the fund that pays the salary for the employee.

The claims liability of \$90,188 reported in the self-insurance fund at June 30, 2000 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Services", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the District's third party administrator. A summary of the fund's claims liability during the past two fiscal years are as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Fiscal Year Claims <u>And Changes in Estimates</u>	Claims <u>Payments</u>	Balance at <u>Fiscal Year End</u>
1999	\$108,930	\$439,599	\$(494,415)	\$54,114
2000	54,114	422,500	(386,426)	90,188



**MAPLETON LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

Changes in long-term obligations of the District from July 1, 1999 through June 30, 2000, were as follows:

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

<u>Issue</u>	<u>Balance 07/01/1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/2000</u>
Energy Conservation Note Payable				
Variable Interest Rate				
Due 04/15/2001	\$52,981	\$0	\$(34,192)	\$18,789
Compensated Absences Payable	265,038	72,706	0	337,744
Intergovernmental Payable	44,109	40,119	(44,109)	40,119
Total General Long-Term Obligations	<u>\$362,128</u>	<u>\$112,825</u>	<u>\$(78,301)</u>	<u>\$396,652</u>

The beginning balance of "Compensated Absences Payable" was restated from \$111,479 to \$265,038, a difference of \$153,559, due to an error in the recording of the liability using the termination method in the prior fiscal year.

The energy conservation note will be paid from the debt service fund. "Intergovernmental Payable" and "Compensated Absences Payable" will be paid from the fund from which the employee is paid.

Principal and interest requirements to retire the energy conservation note outstanding at June 30, 2000, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2001	\$19,456
Less Interest	<u>(667)</u>
Principal	<u>\$18,789</u>

The note is backed by the full faith and credit of the District.

**NOTE 11 - RETIREMENT PLANS**

A. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established and may be amended 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.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$194,768, \$184,756 and \$306,276, respectively; 82.5 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$79,624 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2000, 7.70 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$58,235, \$64,705 and \$67,018, respectively; 63.4 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$44,499 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and general long-term obligations account group.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has discretionary 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 percent of covered payroll. The Retirement Board allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the District, this amount equaled \$259,660 during fiscal 2000.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients statewide.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999 (the latest information available), the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants statewide currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$63,288 during the 2000 fiscal year.

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

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

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 14 - CONTINGENCIES**

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

Litigation

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

**NOTE 15 - STATUTORY RESERVES**

The District is required by State law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash basis) was as follows:

	Textbooks <u>Reserve</u>	Capital Maintenance <u>Reserve</u>	Budget Stabilization <u>Reserve</u>	<u>Total</u>
Balance July 1, 1999	\$0	\$0	\$72,346	\$72,346
Required Set Aside	121,571	121,571	6,604	249,746
Offset Credits	0	(210,042)	0	(210,042)
Qualifying Expenditures	<u>(174,665)</u>	<u>0</u>	<u>0</u>	<u>(174,665)</u>
Balance June 30, 2000	<u>\$(53,094)</u>	<u>\$(88,471)</u>	<u>\$78,950</u>	<u>\$(62,615)</u>
Balance Carried Forward to Fiscal Year 2001	<u>\$(53,094)</u>	<u>\$0</u>	<u>\$78,950</u>	<u>\$25,856</u>

Since the offset credits for the capital maintenance reserve exceeded the fiscal year 2000 required set aside, no amount will be carried forward to June 30, 2000. The District may use the negative amount in the textbooks reserve to reduce set aside requirements of future fiscal years.

Amounts remaining at June 30, 2000 have been set aside to satisfy statutory requirements. They are represented by cash and cash equivalents and are presented as restricted assets on the Combined Balance Sheet. Corresponding amounts are reported as reserves of fund balances.

**NOTE 16 - SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$3,499,692 of school foundation support for its general fund.

**MAPLETON LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 16 - SCHOOL FUNDING DECISION (continued)**

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “...the mandate of the (Ohio) Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997 decision, however, it found seven “...major areas warrant further attention, study and development by the General Assembly...,” including the State’s reliance on local property tax funding, the State’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**NOTE 17 – SUBSEQUENT EVENTS**

On December 6, 2000, the District issued and sold \$4,254,000 of notes, in anticipation of the issuance of bonds, to pay the local share of school construction under the State’s Ohio Classroom Facilities Assistance Program.

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

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

We have audited the general purpose financial statements of the Mapleton Local School District, as of and for the year ended June 30, 2000, and have issued our report thereon dated January 31, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

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

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is stylized with a large initial "G" and a long horizontal line extending from the "B".

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

January 31, 2001

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

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

Compliance

We have audited the compliance of the 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 its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Mapleton Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.



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

Internal Control Over Compliance

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

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

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



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

January 31, 2001

**Mapleton Local School District  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identifying Entity Number	Receipts	Disbursements
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution	10.550	----	\$27,460	\$26,778
National School Lunch Program	10.555	----	<u>79,109</u>	<u>79,109</u>
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>106,569</u>	<u>105,887</u>
<b><u>U.S. Department of Education</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Eisenhower Professional Development State Grants	84.281	045831-MS-S1-2000	<u>1,468</u>	<u>0</u>
Innovative Education Program Strategies (ESEA Title VI)	84.298	045831-C2-S1-2000	1,626	1,281
Innovative Education Program Strategies (ESEA Title VI)	84.298	045831-C2-S1-1999C	722	722
Innovative Education Program Strategies (ESEA Title VI)	84.298	045831-C2-S1-1999	<u>0</u>	<u>783</u>
Total Innovative Education Program Strategies			<u>2,348</u>	<u>2,786</u>
Title I Grants to Local Educational Agencies	84.010	045831-C1-S1-2000	<u>175,896</u>	<u>175,896</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	045831-DR-S1-2000	<u>3,144</u>	<u>2,175</u>
Class Size Reduction (Title VI-R)	84.340	045831-CR-S1-2000	<u>22,929</u>	<u>20,018</u>
Goals 2000 - State and Local Educational Systemic Improvement Grants (Continuous Improvement Development Grant)	84.276	045831-G2-S2-1999	<u>0</u>	<u>4,552</u>
Special Education Cluster:				
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	045831-6B-SF-2000P	64,258	50,126
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	045831-6B-SF-1999P	<u>0</u>	<u>1,948</u>
Total Special Education Cluster			<u>64,258</u>	<u>52,074</u>
Total U.S. Department of Education			<u>270,043</u>	<u>257,501</u>
Total Federal Assistance			<u>\$376,612</u>	<u>\$363,388</u>

**MAPLETON LOCAL SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**  
**(CONTINUED)**

(d)(1)(vii)	Major Program:	Title I Grants to Local Educational Agencies, CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

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

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
MARCH 6, 2001**