

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

**BASIC FINANCIAL STATEMENTS
*(AUDITED)***

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2007*

SUSAN K. SMITH, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Mapleton Local School District
2 Mountie Drive
Ashland, Ohio 44805

We have reviewed the *Independent Auditor's Report* of the Mapleton Local School District, Ashland County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 23, 2008

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Board of Education
Mapleton Local School District
2 Mountie Drive
Ashland, Ohio 44805

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mapleton Local School District, Ashland County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Mapleton Local School District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Mapleton Local School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mapleton Local School District, Ashland County, Ohio, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2007, on our consideration of Mapleton Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
Mapleton Local School District
Page 2

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mapleton Local School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Mapleton Local School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 12, 2007

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The management's discussion and analysis of the Mapleton Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities increased \$1,269,230 which represents a 7.03% increase from 2006.
- General revenues accounted for \$8,130,717 in revenue or 81.36% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,863,085 or 18.64% of total revenues of \$9,993,802.
- The District had \$8,724,572 in expenses related to governmental activities; only \$1,863,085 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,130,717 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund, and the permanent improvement fund. The general fund had \$8,116,180 in revenues and \$6,952,047 in expenditures. During fiscal year 2007, the general fund's fund balance increased \$1,164,133 from \$44,741 to a balance of \$1,208,874.
- The debt service fund had \$441,817 in revenues and \$329,028 in expenditures. During fiscal year 2007, the debt service fund's fund balance increased \$112,789 from \$363,599 to \$476,388.
- The permanent improvement fund had \$285,451 in revenues and \$145,808 in expenditures. During fiscal year 2007, the permanent improvement fund's fund balance increased \$139,643 from a balance of \$309,920 to \$449,563.

Using these Basic Financial Statements

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

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

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds

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

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-50 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2007 and 2006.

	Net Assets	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Assets</u>		
Current and other assets	\$ 6,166,012	\$ 4,997,254
Capital assets	<u>19,748,494</u>	<u>20,495,297</u>
Total assets	<u>25,914,506</u>	<u>25,492,551</u>
<u>Liabilities</u>		
Current liabilities	2,687,064	3,341,399
Long-term liabilities	<u>3,897,440</u>	<u>4,090,380</u>
Total liabilities	<u>6,584,504</u>	<u>7,431,779</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	16,200,919	16,791,079
Restricted	1,556,500	1,145,030
Unrestricted (deficit)	<u>1,572,583</u>	<u>124,663</u>
Total net assets	<u>\$ 19,330,002</u>	<u>\$ 18,060,772</u>

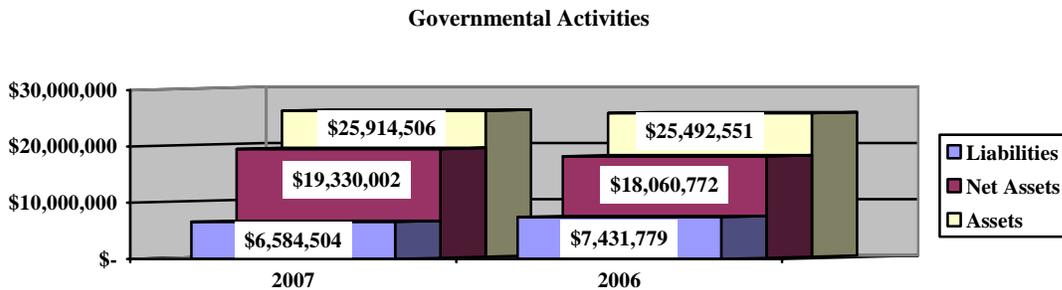
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$19,330,002. Of this total, \$1,572,583 is unrestricted in use.

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

At year-end, capital assets represented 76.21% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$16,200,919. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,556,500, represents resources that are subject to external restriction on how they may be used. The table below illustrates the District's assets, liabilities and net assets at June 30, 2007 and 2006.



The table below shows the change in net assets for fiscal year 2007 and 2006.

Change in Net Assets

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 901,591	\$ 1,002,528
Operating grants and contributions	924,662	564,078
Capital grants and contributions	36,832	-
General revenues:		
Property taxes	3,550,127	2,648,599
Grants and entitlements	4,417,679	4,697,052
Investment earnings	105,887	60,319
Other	<u>57,024</u>	<u>33,446</u>
Total revenues	<u>9,993,802</u>	<u>9,006,022</u>

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Change in Net Assets

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,252,085	\$ 4,940,968
Special	688,395	566,288
Vocational	132,713	167,564
Other	187,742	138,522
Support services:		
Pupil	180,386	156,621
Instructional staff	242,135	330,468
Board of education	61,617	64,882
Administration	662,900	722,720
Fiscal	263,988	288,512
Operations and maintenance	657,099	721,326
Pupil transportation	424,935	574,292
Central	52,280	43,030
Operations of non-instructional services	543	-
Food service operations	407,852	427,726
Extracurricular activities	323,530	314,132
Interest and fiscal charges	<u>186,372</u>	<u>195,073</u>
Total expenses	<u>8,724,572</u>	<u>9,652,124</u>
Change in net assets	1,269,230	(646,102)
Net assets at beginning of year	<u>18,060,772</u>	<u>18,706,874</u>
Net assets at end of year	<u>\$ 19,330,002</u>	<u>\$ 18,060,772</u>

Governmental Activities

Net assets of the District's governmental activities increased \$1,269,230. Total governmental expenses of \$8,724,572 were offset by program revenues of \$1,863,085 and general revenues of \$8,130,717. Program revenues supported 21.35% of the total governmental expenses.

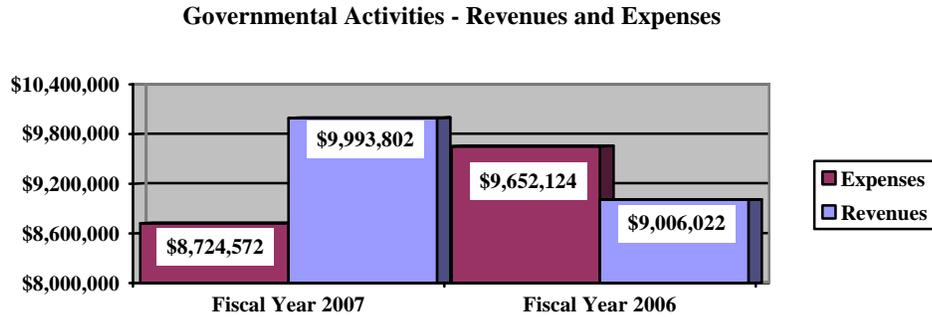
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 79.73% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,260,935 or 60.30% of total governmental expenses for fiscal 2007.

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2007 and 2006.



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

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Program expenses				
Instruction:				
Regular	\$ 4,252,085	\$ 3,583,842	\$ 4,940,968	\$ 4,195,294
Special	688,395	165,609	566,288	338,909
Vocational	132,713	99,510	167,564	167,564
Other	187,742	187,742	138,522	138,522
Support services:				
Pupil	180,386	180,386	156,621	156,621
Instructional staff	242,135	172,882	330,468	289,922
Board of education	61,617	61,617	64,882	64,882
Administration	662,900	661,900	722,720	722,720
Fiscal	263,988	263,105	288,512	288,512
Operations and maintenance	657,099	623,355	721,326	721,326
Pupil transportation	424,935	383,981	574,292	552,186
Central	52,280	48,076	43,030	38,030
Operations of non-instructional services	543	(373)	-	-
Food service operations	407,852	95,883	427,726	62,114
Extracurricular activities	323,530	147,600	314,132	153,843
Interest and fiscal charges	186,372	186,372	195,073	195,073
Total expenses	<u>\$ 8,724,572</u>	<u>\$ 6,861,487</u>	<u>\$ 9,652,124</u>	<u>\$ 8,085,518</u>

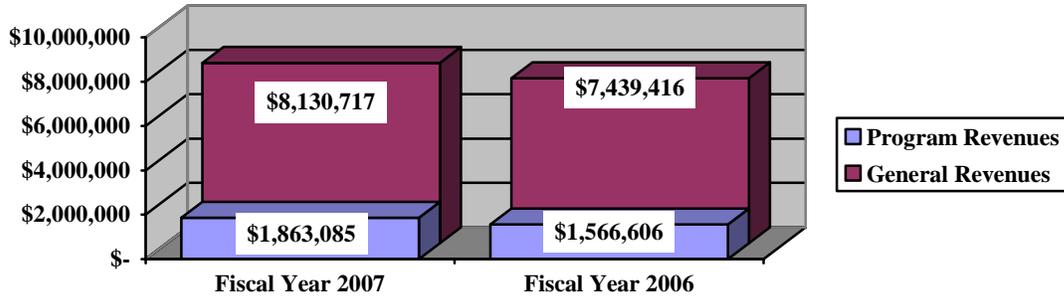
The dependence upon tax and other general revenues for governmental activities is apparent, 76.73% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.65%. The District's taxpayers, as a whole, are by far the primary support for District's students.

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The graph below presents the District's governmental activities revenue for fiscal year 2007 and 2006.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$2,738,179, which is greater than last year's total of \$1,201,723. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance <u>June 30, 2007</u>	Fund Balance <u>June 30, 2006</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ 1,208,874	\$ 44,741	\$ 1,164,133	2,601.94 %
Debt Service	476,388	363,599	112,789	31.02 %
Permanent Improvement	449,563	309,920	139,643	45.06 %
Other Governmental	<u>603,354</u>	<u>483,463</u>	<u>119,891</u>	24.80 %
Total	<u>\$ 2,738,179</u>	<u>\$ 1,201,723</u>	<u>\$ 1,536,456</u>	127.85 %

General Fund

The District's general fund balance increased \$1,164,133. The increase in fund balance can be attributed to several items related to decreasing expenditures and increase in the District's tax and interest revenues. Revenues exceed expenditures for fiscal year 2007 by \$1,164,133. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 2,730,270	\$ 2,090,136	\$ 640,134	30.63 %
Tuition	517,255	565,914	(48,659)	(8.60) %
Earnings on investments	87,547	45,252	42,295	93.47 %
Intergovernmental	4,639,746	4,629,396	10,350	0.22 %
Other revenues	<u>141,362</u>	<u>137,804</u>	<u>3,558</u>	2.58 %
Total	<u>\$ 8,116,180</u>	<u>\$ 7,468,502</u>	<u>\$ 647,678</u>	8.67 %
<u>Expenditures</u>				
Instruction	\$ 4,436,982	\$ 4,611,248	\$ (174,266)	(3.78) %
Support services	2,334,791	2,513,019	(178,228)	(7.09) %
Non-instructional services	72	-	72	100.00 %
Extracurricular activities	164,242	146,268	17,974	12.29 %
Capital outlay	-	65,336	(65,336)	(100.00) %
Debt service	<u>15,960</u>	<u>13,483</u>	<u>2,477</u>	18.37 %
Total	<u>\$ 6,952,047</u>	<u>\$ 7,349,354</u>	<u>\$ (397,307)</u>	(5.41) %

Debt Service Fund

The debt service fund had \$441,817 in revenues and \$329,028 in expenditures. During fiscal year 2007, the debt service fund's fund balance increased \$112,789 from \$363,599 to \$476,388.

Permanent Improvement Fund

The permanent improvement fund had \$285,451 in revenues and \$145,808 in expenditures in 2007. The permanent improvement fund's fund balance increased \$139,643 from \$309,920 to \$449,563.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal 2007 the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$7,659,547 and final budgeted revenues and other financing sources were \$7,522,552. Actual revenues and other financing sources for fiscal 2007 was \$7,610,571. This represents a \$48,975 decrease over original budgeted revenues.

General fund original appropriations (appropriated expenditures) of \$7,596,664 were decreased to \$7,298,565 in the final appropriations. The actual budget basis expenditures for fiscal year 2007 totaled \$7,055,294, which was \$243,271 lower than the final budget appropriations.

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the District had \$19,748,494 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2007 balances compared to 2006:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2007	2006
Land	\$ 200,200	\$ 200,200
Land improvements	1,752,173	1,869,570
Building and improvements	16,766,196	17,354,168
Furniture and equipment	689,591	777,024
Vehicles	340,334	294,335
Total	<u>\$ 19,748,494</u>	<u>\$ 20,495,297</u>

The overall decrease in capital assets of \$746,803 is due to depreciation expense of \$865,670 and disposals of \$4,738 (net of accumulated depreciation) exceeding capital outlays of \$123,605 in the fiscal year.

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

Debt Administration

At June 30, 2007, the District had \$3,547,575 in bonds and capital lease obligations outstanding. Of this total, \$167,610 is due within one year and \$3,379,965 is due within greater than one year. The following table summarizes the bonds and capital lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2007	2006
Classroom facilities bonds	\$ 3,500,000	\$ 3,645,000
Capital lease obligation	47,575	59,218
Total	<u>\$ 3,547,575</u>	<u>\$ 3,704,218</u>

At June 30, 2007, the District's overall legal debt margin was \$7,043,815, and an unvoted debt margin of \$111,860.

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

**MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Current Financial Related Activities

The District has completed the final phases of a major construction project undertaken through the Ohio School Facilities Commission (OSFC). Approximately \$22 million in new schools and renovations have been completed. The plan called for the construction of a new elementary building and high school addition, as well as the renovation of the old high school building for use as the new middle school. Mapleton High School and Mapleton Elementary School opened to students on March 3, 2004, and Mapleton Middle School opened to students on October 5, 2004. As a cost savings measure the Mapleton Middle School was closed in fiscal year 2007. The sixth grade students and staff have been relocated to the Mapleton Elementary School and the seventh and eighth grades are being housed in the high school. At the time of this report, the project with OSFC is still open but will be closed.

From an operating perspective, the District has been struggling to meet its current financial obligations. Furthermore, the Board's five-year forecast indicates cash-flow problems will persist throughout the forecast period.

In fiscal year 2007 the District continued to reduce the budget in the areas recommended by the Fiscal Improvement Committee. These recommendations included pay-to-participate fees, reduced ESC contracts, and other items. The state minimum busing that had been implemented in fiscal year 2006 was restored to full student busing in October, 2007 due to safety concerns for the students.

In addition, the District continued with the following cost saving measures that were introduced in FY 2006:

- Reduced supply budgets
- Portion of bus repairs moved to the permanent improvement fund
- Portion of educational service center contracts paid out of grants
- Health insurance moratorium for 1 month

The Board of Education placed a \$950,000 Emergency Levy on the ballot in August, 2006 and November, 2006, the Levies failed. The renewal of a current operating expense levy was passed in November, 2006. The District is currently at the 20 mill floor, the lowest millage amount a District can legally collect. Therefore, the District will be looking at options to increase revenue in the fiscal year 2008.

With the assistance of the financial consultant from the Ohio Department of Education's Area Coordinator's office the District made some adjustments to the five year forecast in March of 2007 and the District ended the fiscal year with a balance above what was previously forecast, however, the District will continue to grow into a deficit balance if the revenue is not increased.

The current financial position of the State of Ohio does not seem to support increased spending in the area of primary and secondary education. As the State looks to balance its budget, decreases in educational funding could follow. This could substantially affect the District's ability to operate as a quality educational institution.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Susan K. Smith, Treasurer, Mapleton Local School District, 2 Mountie Drive, Ashland, Ohio 44805-9572.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 2,315,004
Cash with fiscal agent.	652,504
Cash with escrow agent	15,377
Cash in segregated accounts.	845
Receivables:	
Taxes	3,031,368
Intergovernmental	85,180
Accrued interest	10
Prepayments	56,168
Materials and supplies inventory	9,556
Capital assets:	
Land	200,200
Depreciable capital assets, net	19,548,294
Capital assets, net.	19,748,494
 Total assets.	 25,914,506
 Liabilities:	
Accounts payable.	23,061
Accrued wages and benefits	688,370
Pension obligation payable.	145,330
Intergovernmental payable	46,558
Unearned revenue	1,585,420
Accrued interest payable	68,792
Claims payable	129,533
Long-term liabilities:	
Due within one year.	212,859
Due within more than one year	3,684,581
Total liabilities	6,584,504
 Net Assets:	
Invested in capital assets, net of related debt.	16,200,919
Restricted for:	
Capital projects	923,297
Debt service.	436,126
Classroom facilities maintenance	69,992
Locally funded programs	1,212
State funded programs	47,598
Federally funded programs	11,206
Student activities	34,630
Other purposes	32,439
Unrestricted	1,572,583
 Total net assets	 \$ 19,330,002

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 4,252,085	\$ 584,761	\$ 74,358	\$ 9,124	\$ (3,583,842)
Special	688,395	-	522,786	-	(165,609)
Vocational	132,713	-	33,203	-	(99,510)
Other	187,742	-	-	-	(187,742)
Support services:					
Pupil	180,386	-	-	-	(180,386)
Instructional staff	242,135	-	69,253	-	(172,882)
Board of education	61,617	-	-	-	(61,617)
Administration	662,900	-	796	204	(661,900)
Fiscal	263,988	-	-	883	(263,105)
Operations and maintenance	657,099	7,358	21,201	5,185	(623,355)
Pupil transportation	424,935	11,710	9,557	19,687	(383,981)
Central	52,280	-	4,204	-	(48,076)
Operation of non-instructional services:					
Food service operations	407,852	186,410	125,559	-	(95,883)
Other non-instructional services	543	-	-	916	373
Extracurricular activities	323,530	111,352	63,745	833	(147,600)
Interest and fiscal charges	186,372	-	-	-	(186,372)
Total governmental activities	\$ 8,724,572	\$ 901,591	\$ 924,662	\$ 36,832	(6,861,487)
General Revenues:					
Property taxes levied for:					
General purposes					2,818,614
Special revenue					51,860
Debt service					414,559
Capital projects					265,094
Grants and entitlements not restricted					
to specific programs					4,417,679
Investment earnings					105,887
Miscellaneous					57,024
Total general revenues					8,130,717
Change in net assets					1,269,230
Net assets at beginning of year					18,060,772
Net assets at end of year					\$ 19,330,002

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 968,298	\$ 335,104	\$ 359,911	\$ 619,252	\$ 2,282,565
Cash in segregated accounts	-	-	-	845	845
Cash with escrow agent	15,377	-	-	-	15,377
Receivables:					
Taxes	2,404,668	356,007	226,295	44,398	3,031,368
Intergovernmental	-	-	-	85,180	85,180
Accrued interest	10	-	-	-	10
Due from other funds	71,684	-	-	-	71,684
Prepayments	56,168	-	-	-	56,168
Materials and supplies inventory	-	-	-	9,556	9,556
Restricted assets:					
Equity in pooled cash and cash equivalents	32,439	-	-	-	32,439
Total assets	\$ 3,548,644	\$ 691,111	\$ 586,206	\$ 759,231	\$ 5,585,192
Liabilities:					
Accounts payable	\$ 22,183	\$ -	\$ 155	\$ 723	\$ 23,061
Accrued wages and benefits	664,818	-	-	23,552	688,370
Compensated absences payable	27,648	-	-	-	27,648
Due to other funds	-	-	-	71,684	71,684
Pension obligation payable	135,939	-	-	9,391	145,330
Intergovernmental payable	38,821	-	-	7,737	46,558
Deferred revenue	192,707	28,530	18,135	19,570	258,942
Unearned revenue	1,257,654	186,193	118,353	23,220	1,585,420
Total liabilities	2,339,770	214,723	136,643	155,877	2,847,013
Fund Balances:					
Reserved for encumbrances	106,560	-	232,652	9,937	349,149
Reserved for materials and supplies inventory	-	-	-	9,556	9,556
Reserved for prepayments	56,168	-	-	-	56,168
Reserved for property tax unavailable for appropriation	954,307	141,284	89,807	17,620	1,203,018
Reserved for debt service	-	335,104	-	-	335,104
Reserved for BWC refunds	32,439	-	-	-	32,439
Unreserved, undesignated, reported in:					
General fund	59,400	-	-	-	59,400
Special revenue funds	-	-	-	110,642	110,642
Capital projects funds	-	-	127,104	455,599	582,703
Total fund balances	1,208,874	476,388	449,563	603,354	2,738,179
Total liabilities and fund balances	\$ 3,548,644	\$ 691,111	\$ 586,206	\$ 759,231	\$ 5,585,192

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

Total governmental fund balances		\$ 2,738,179
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,748,494
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 242,930	
Intergovernmental revenue	<u>16,012</u>	
Total		258,942
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		522,971
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(68,792)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(322,217)	
Capital lease obligation	(47,575)	
General obligation bonds payable	<u>(3,500,000)</u>	
Total		<u>(3,869,792)</u>
Net assets of governmental activities		<u>\$ 19,330,002</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes	\$ 2,730,270	\$ 401,498	\$ 256,852	\$ 50,239	\$ 3,438,859
Tuition.	517,255	-	-	-	517,255
Charges for services.	-	-	-	186,410	186,410
Earnings on investments.	87,547	-	-	18,340	105,887
Extracurricular.	82,919	-	-	78,422	161,341
Transportation fees	11,710	-	-	-	11,710
Classroom materials and fees.	38,024	-	-	-	38,024
Other local revenues.	8,709	-	-	98,911	107,620
Intergovernmental - Intermediate.	-	-	-	48,322	48,322
Intergovernmental - State.	4,639,746	40,319	28,599	-	4,708,664
Intergovernmental - Federal	-	-	-	542,430	542,430
Total revenue	<u>8,116,180</u>	<u>441,817</u>	<u>285,451</u>	<u>1,023,074</u>	<u>9,866,522</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,742,088	-	46,520	52,509	3,841,117
Special.	387,782	-	-	283,508	671,290
Vocational.	120,236	-	-	-	120,236
Other.	186,876	-	-	-	186,876
Support services:					
Pupil.	179,704	-	-	-	179,704
Instructional staff	207,012	-	-	50,569	257,581
Board of education	61,333	-	-	-	61,333
Administration.	572,412	-	1,042	1,665	575,119
Fiscal	246,147	-	4,501	-	250,648
Operations and maintenance.	610,596	-	30,635	7,140	648,371
Pupil transportation	414,338	-	58,397	13,797	486,532
Central.	43,249	-	-	8,790	52,039
Operation of non-instructional services:					
Food service operations	-	-	-	340,637	340,637
Other non-instructional services.	72	-	468	-	540
Extracurricular activities.	164,242	-	-	111,268	275,510
Facilities acquisition and construction	-	-	4,245	32,423	36,668
Debt service:					
Principal retirement	11,643	145,000	-	-	156,643
Interest and fiscal charges	4,317	184,028	-	877	189,222
Total expenditures	<u>6,952,047</u>	<u>329,028</u>	<u>145,808</u>	<u>903,183</u>	<u>8,330,066</u>
Net change in fund balances	1,164,133	112,789	139,643	119,891	1,536,456
Fund balances at beginning of year.	<u>44,741</u>	<u>363,599</u>	<u>309,920</u>	<u>483,463</u>	<u>1,201,723</u>
Fund balances at end of year.	<u>\$ 1,208,874</u>	<u>\$ 476,388</u>	<u>\$ 449,563</u>	<u>\$ 603,354</u>	<u>\$ 2,738,179</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds \$ 1,536,456

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$	123,605	
Current year depreciation		<u>(865,670)</u>	
 Total			 (742,065)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (4,738)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes		111,268	
Intergovernmental		<u>16,012</u>	
Total			127,280

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 156,643

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,850

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 50,741

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities. 142,063

Change in net assets of governmental activities \$ 1,269,230

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 2,238,828	\$ 2,125,295	\$ 2,224,513	\$ 99,218
Tuition.	520,584	515,000	517,255	2,255
Earnings on investments.	88,116	82,000	87,553	5,553
Transportation	11,785	13,000	11,710	(1,290)
Classroom materials and fees	38,269	38,900	38,024	(876)
Extracurricular.	83,453	90,000	82,919	(7,081)
Other local revenues	8,765	6,800	8,709	1,909
Intergovernmental - State	4,669,604	4,649,857	4,639,746	(10,111)
Total revenue	<u>7,659,404</u>	<u>7,520,852</u>	<u>7,610,429</u>	<u>89,577</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,035,482	4,817,429	3,747,897	1,069,532
Special.	365,116	93,450	339,096	(245,646)
Vocational.	131,789	86,638	122,397	(35,759)
Other.	201,253	175,925	186,911	(10,986)
Support services:				
Pupil.	189,544	106,780	176,036	(69,256)
Instructional staff	234,780	1,109,537	218,049	891,488
Board of education	75,068	103,550	69,718	33,832
Administration.	637,023	29,350	591,626	(562,276)
Fiscal	274,572	89,060	255,005	(165,945)
Operations and maintenance.	760,788	411,459	706,571	(295,112)
Pupil transportation	458,784	216,390	426,090	(209,700)
Central.	54,725	58,997	50,825	8,172
Operation of non-instructional services	78	-	72	(72)
Extracurricular activities.	177,662	-	165,001	(165,001)
Total expenditures	<u>7,596,664</u>	<u>7,298,565</u>	<u>7,055,294</u>	<u>243,271</u>
Excess of revenues over expenditures.	<u>62,740</u>	<u>222,287</u>	<u>555,135</u>	<u>332,848</u>
Other financing sources:				
Refund of prior year expenditure	143	1,200	142	(1,058)
Sale of assets.	-	500	-	(500)
Total other financing sources.	<u>143</u>	<u>1,700</u>	<u>142</u>	<u>(1,558)</u>
Net change in fund balance	62,883	223,987	555,277	331,290
Fund balance at beginning of year.	354,896	354,896	354,896	-
Prior year encumbrances appropriated	33,898	33,898	33,898	-
Fund balance at end of year	<u><u>\$ 451,677</u></u>	<u><u>\$ 612,781</u></u>	<u><u>\$ 944,071</u></u>	<u><u>\$ 331,290</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash with fiscal agent	\$ 652,504
Total assets	<u>652,504</u>
Liabilities:	
Claims payable	<u>129,533</u>
Total liabilities	<u>129,533</u>
Net assets:	
Unrestricted.	522,971
Total net assets	<u><u>\$ 522,971</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Governmental Activities - Internal Service Fund
Operating revenues:	
Sales/charges for services	\$ 1,164,023
Total operating revenues	<u>1,164,023</u>
Operating expenses:	
Claims expense	958,193
Purchased services.	63,344
Other.	423
Total operating expenses	<u>1,021,960</u>
Change in net assets.	142,063
Net assets at beginning of year	<u>380,908</u>
Net assets at end of year	<u><u>\$ 522,971</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 1,164,023
Cash payments for claims expense.	(961,635)
Cash payments for purchased services.	(63,344)
Cash payments for other expenses.	(423)
	138,621
Net cash provided by operating activities	138,621
Net increase in cash and cash equivalents	138,621
Cash and cash equivalents at beginning of year . . .	513,883
Cash and cash equivalents at end of year	\$ 652,504
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 142,063
Changes in assets and liabilities:	
Decrease in claims payable	(3,442)
	(3,442)
Net cash provided by operating activities.	\$ 138,621

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 1,000	\$ 40,054
Total assets.	1,000	\$ 40,054
Liabilities:		
Accounts payable.	-	\$ 2,568
Due to students	-	37,486
Total liabilities	-	\$ 40,054
Net Assets:		
Held in trust for scholarships	1,000	
Total net assets	\$ 1,000	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	
Deductions:		
Scholarships awarded	\$	500
Change in net assets		(500)
Net assets at beginning of year.		<u>1,500</u>
Net assets at end of year	<u>\$</u>	<u>1,000</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is the 494th largest in the State of Ohio (out of approximately 876 public and community school districts) in terms of enrollment. It is staffed by 45 non-certificated employees and 66 certificated full-time teaching personnel who provide services to 964 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

JOINTLY GOVERNED ORGANIZATIONS

Midland Council of Governments

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

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

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

INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

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

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

D. Basis of Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

E. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2007 is as follows:

1. Prior to January 15 the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Ashland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Certificate of Estimated Resources issued for fiscal year 2007.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2007, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal 2007. 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, 2007.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Investment earnings are assigned to the general fund and the private-purpose trust fund. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$87,547, which includes \$23,528 assigned from other funds.

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

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

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

H. Capital Assets

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

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

I. Compensated Absences

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 payment”).

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Fund Balance Reserves

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

L. Operating Revenues and Expenses

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. There are no outstanding interfund transactions at June 30, 2007.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2007.

S. Interfund Balances

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

A. Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food service operations	\$ 22,981
EMIS	480
Ohio reads	337
Title VI B	4,443
Title I	764

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

B. Noncompliance

The District had expenditures in excess of appropriations at June 30, 2007 in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash with Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposits, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2007, was \$652,504.

B. Cash with Escrow Agent

At fiscal year-end, \$15,377 was on deposit in the District's escrow account with Tri-County Educational Service Center. These amounts are included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the financial statements as "Equity in Pooled Cash and Cash Equivalents".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Cash in Segregated Accounts

The District’s athletic department maintains two checking accounts to pay individuals for officiating at sporting events as well as other miscellaneous expenses. These accounts are held in the name of the District, but are not maintained on the District’s books. The combined total of these checking accounts in the amount of \$845 have been reported as “Cash in Segregated Accounts” in the financial statements and are included in the total amount of deposits reported below.

D. Deposits with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$42,860. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2007, all of the District’s bank balance of \$97,578 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

E. Investments

As of June 30, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
STAR Ohio	\$ <u>2,329,420</u>	\$ <u>2,329,420</u>

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ <u>2,329,420</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

F. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 42,860
Investments	2,329,420
Cash with fiscal agent	<u>652,504</u>
Total	<u>\$ 3,024,784</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 2,983,730
Private-purpose trust funds	1,000
Agency funds	<u>40,054</u>
Total	<u>\$ 3,024,784</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances for the year ended June 30, 2007, consisted of the following due to/from other funds, as reported on the fund financial statements:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 71,684	\$ -
Nonmajor Governmental Funds:		
Food service operations	-	14,464
Ohio Reads	-	309
Title VI B	-	40,516
Title I	-	10,540
Title VI	-	3,692
Classroom size reduction	-	<u>2,163</u>
Total	<u>\$ 71,684</u>	<u>\$ 71,684</u>

The primary purpose of the due to/from other funds is to cover a negative cash balance in a respective fund and to represent amounts owed between funds for goods or services provided. The general fund is liable for covering a cash deficit. Due to/from other funds are eliminated between governmental funds for reporting in the statement of net assets. All amounts are to be repaid within one year.

Effective April 1, 2007, District's may maintain a negative cash balance if two criteria are met: (1) general fund must have available funds to cover negative; (2) a reimbursement request must have been submitted. The District met these two requirements. These interfund balances will be repaid once the anticipated revenues are received.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes.

Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007; will be 6.25% for 2008 and zero for 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Ashland and Lorain Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

The amount available as an advance at June 30, 2007 was \$954,307 in the general fund, \$141,284 in the Debt Service fund, \$89,807 in the Permanent Improvement fund and \$17,620 in the Classroom Facilities fund. This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$448,550 in the general fund, \$66,485 in the Debt Service fund, \$42,521 in the Permanent Improvement fund and \$8,323 in the Classroom Facilities fund.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 102,723,100	91.97	\$ 106,821,610	92.40
Public utility personal	6,439,900	5.77	6,749,900	5.83
Tangible personal property	<u>2,524,571</u>	<u>2.26</u>	<u>2,036,196</u>	<u>1.77</u>
Total	<u>\$ 111,687,571</u>	<u>100.00</u>	<u>\$ 115,607,706</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$ 41.10		\$ 41.10	
Debt retirement	3.70		3.20	
Permanent improvement	4.00		4.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Taxes	\$ 3,031,368
Intergovernmental	85,180
Accrued interest	<u>10</u>
Total	<u>\$ 3,116,558</u>

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

**MAPLETON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance			Balance
	<u>June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 200,200	\$ -	\$ -	\$ 200,200
Total capital assets, not being depreciated	<u>200,200</u>	<u>-</u>	<u>-</u>	<u>200,200</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,414,931	-	-	2,414,931
Buildings and improvements	18,781,425	-	-	18,781,425
Furniture and equipment	1,034,843	-	(12,359)	1,022,484
Vehicles	911,127	123,605	(95,368)	939,364
Total capital assets, being depreciated	<u>23,142,326</u>	<u>123,605</u>	<u>(107,727)</u>	<u>23,158,204</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(545,361)	(117,397)	-	(662,758)
Buildings and improvements	(1,427,257)	(587,972)	-	(2,015,229)
Furniture and equipment	(257,819)	(82,695)	7,621	(332,893)
Vehicles	(616,792)	(77,606)	95,368	(599,030)
Total accumulated depreciation	<u>(2,847,229)</u>	<u>(865,670)</u>	<u>102,989</u>	<u>(3,609,910)</u>
Governmental activities capital assets, net	<u>\$ 20,495,297</u>	<u>\$ (742,065)</u>	<u>\$ (4,738)</u>	<u>\$ 19,748,494</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 499,748
Special	6,240
Vocational	12,489
<u>Support Services:</u>	
Administration	113,779
Operations and maintenance	15,600
Fiscal	17,688
Pupil transportation	77,606
Extracurricular activities	46,527
Food service operations	<u>75,993</u>
Total depreciation expense	<u>\$ 865,670</u>

**MAPLETON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

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

Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reflected as function expenditures on the budgetary statements. Capital assets consisting of copier equipment have been capitalized in the amount of \$65,336. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide financial statements. Principal payments in fiscal year 2007 totaled \$11,643 paid by the general fund. Accumulated depreciation as of June 30, 2007 was \$13,068 leaving a current book value of \$52,268.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2007:

<u>Fiscal Year Ending</u>	<u>Payments</u>
2008	\$ 15,960
2009	15,960
2010	15,960
2011	<u>6,650</u>
Total minimum lease payment	54,530
Less: amount representing interest	<u>(6,955)</u>
Present value of minimum lease payments	<u>\$ 47,575</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2007</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
Classroom Facilities Improvement					
Bonds, 3.4%-5.7%, 4/1/04-12/1/19	\$ 3,645,000	\$ -	\$ (145,000)	\$ 3,500,000	\$ 155,000
Capital lease obligation	59,218	-	(11,643)	47,575	12,610
Compensated absences	<u>386,162</u>	<u>17,601</u>	<u>(53,898)</u>	<u>349,865</u>	<u>45,249</u>
Total long-term obligations, governmental activities	<u>\$ 4,090,380</u>	<u>\$ 17,601</u>	<u>\$ (210,541)</u>	<u>\$ 3,897,440</u>	<u>\$ 212,859</u>

**MAPLETON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

- B.** Principal and interest requirements to retire the classroom facilities improvements bonds outstanding at June 30, 2007 are as follows:

<u>Year Ending June 30</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2008	\$ 155,000	\$ 174,145	\$ 329,145
2009	170,000	167,790	337,790
2010	185,000	160,650	345,650
2011	200,000	152,603	352,603
2012	220,000	144,003	364,003
2013 - 2017	1,415,000	523,127	1,938,127
2018 - 2021	<u>1,155,000</u>	<u>116,722</u>	<u>1,271,722</u>
Total	<u>\$ 3,500,000</u>	<u>\$ 1,439,040</u>	<u>\$ 4,939,040</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2007, are a voted debt margin of \$7,043,815 (including available funds of \$476,388) and an unvoted debt margin of \$111,860.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 11 - COMPENSATED ABSENCES

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

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

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	SORSA		
Each occurrence		\$ 5,000,000	\$ 0
Aggregate		5,000,000	0
Property/building and contents	SORSA	27,304,160	250
Fleet:			
Comprehensive	SORSA	Included in property	1,000
Collision		Included in property	1,000
Umbrella liability	SORSA	2,000,000	0

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

The Professional Liability Educators Errors and Omissions is subject to a \$5,000 deductible.

B. Fidelity Bond

The Board President and Superintendent have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$50,000. All other school employees who are responsible for handling funds are covered on the SORSA policy up to \$50,000 subject to \$1,000 deductible.

**MAPLETON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

For fiscal year 2007, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

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

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

The District has elected to provide employee medical, prescription, and dental benefits through a self-insurance program. The District maintains a self-insurance fund through their fiscal agent, Ohio Mid Eastern Regional Service Agency (OME-RESA), to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$200.00 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 \$250,000. A stop-loss internal pooling contract with OME-RESA covers specific liability claims between \$35,000 and \$250,000.

Employees are responsible for a portion of this premium based on job classification and length of workday as outlined in their negotiated agreement. Premiums for medical coverage are \$1,109.04 per month for each employee with family coverage and \$503.30 per month for each employee with individual coverage. The premium for dental coverage is \$55.78 monthly for each employee with family or individual coverage. The premium for life insurance is \$2.90 monthly for each \$20,000 in coverage. The premium for vision coverage is \$14.00 per month for each employee with family coverage and \$6.28 per month for each employee with individual coverage. All premiums are paid by the fund that pays the salary for the employee. The claims liability of \$129,533 reported in the internal service fund at June 30, 2007 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 12 - RISK MANAGEMENT - (Continued)

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2007	\$ 132,975	\$ 958,193	\$ (961,635)	\$129,533
2006	60,352	1,051,230	(978,607)	132,975

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$80,819, \$88,637, and \$91,537, 54.06 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$37,130 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

**MAPLETON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 13 - PENSION PLANS - (Continued)

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

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005 the portion used to fund pension obligation was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions to fund pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$431,670, \$478,872, and \$470,656; 83.02 percent has been contributed for fiscal year 2007 and 100.00 percent for fiscal years 2006 and 2005. \$73,279, represents the unpaid contribution for fiscal year 2007. Contributions to the DC and Combined Plans for fiscal year 2007 were \$1,253 made by the District and \$4,574 made by Plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/ STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**MAPLETON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$33,205 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the District paid \$40,248 to fund health care benefits, including the surcharge.

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 the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 555,277
Net adjustment for revenue accruals	505,751
Net adjustment for expenditure accruals	(25,103)
Net adjustment for other sources/uses	(142)
Adjustment for encumbrances	<u>128,350</u>
GAAP basis	<u>\$ 1,164,133</u>

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$30,171 per year. A portion of the refund may be recovered from additional State entitlement payments.

The District is a party to other legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside balance as of June 30, 2006	\$ (534,043)	\$ (3,832,811)	\$ 32,439
Current year set-aside requirement	158,135	158,135	-
Current year offset	-	(209,566)	-
Qualifying disbursements	<u>(6,342)</u>	<u>(67,162)</u>	<u>-</u>
Total	<u>\$ (382,250)</u>	<u>\$ (3,951,404)</u>	<u>\$ 32,439</u>
Balance carried forward to FY 2008	<u>\$ (382,250)</u>	<u>\$ (3,832,811)</u>	<u>\$ 32,439</u>

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

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

A schedule of the restricted assets at June 30, 2007 follows:

Amounts restricted for BWC refunds	<u>\$ 32,439</u>
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SUPPLEMENTARY DATA

**MAPLETON LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
(C) Food Donation	10.550	N/A	\$ -	\$ 16,741	\$ -	\$ 16,741
Total Food Donation			<u>-</u>	<u>16,741</u>	<u>-</u>	<u>16,741</u>
(B) National School Lunch Program	10.555	045831-LLP4-2006	14,301		14,301	
(B) National School Lunch Program	10.555	045831-LLP4-2007	72,631		72,631	
Total National School Lunch Program			<u>86,932</u>		<u>86,932</u>	
Total U.S. Department of Agriculture			<u>86,932</u>	<u>16,741</u>	<u>86,932</u>	<u>16,741</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
Title I Grants to Local Educational Agencies	84.010	045831-C1S1-2006	289		-	
Title I Grants to Local Educational Agencies	84.010	045831-C1S1-2007	101,999		112,827	
Total I Grants to Local Educational Agencies			<u>102,288</u>		<u>112,827</u>	
(D) Special Education Grants to States	84.027	045831-6BSF-2006	(2,333)		-	
Special Education Grants to States	84.027	045831-6BSF-2007	213,209		253,276	
Total Special Education Grants to States			<u>210,876</u>		<u>253,276</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	045831-DRS1-2006	1,716		-	
Safe and Drug-Free Schools and Communities State Grants	84.186	045831-DRS1-2007	4,939		4,350	
Total Safe and Drug-Free Schools and Communities State Grants			<u>6,655</u>		<u>4,350</u>	
(E) State Grants for Innovative Programs	84.298	045831-C2S1-2006	(278)		-	
State Grants for Innovative Programs	84.298	045831-C2S1-2007	417		4,108	
Total State Grants for Innovative Programs			<u>139</u>		<u>4,108</u>	
Education Technology State Grants	84.318	045831-TJS1-2007	241		2,404	
Total Education Technology State Grants			<u>241</u>		<u>2,404</u>	
Improving Teacher Quality State Grants	84.367	045831-TRS1-2007	48,064		41,233	
Total Improving Teacher Quality State Grants			<u>48,064</u>		<u>41,233</u>	
Total U.S. Department of Education			<u>368,263</u>		<u>418,198</u>	
Total Federal Financial Assistance			<u>\$ 455,195</u>	<u>\$ 16,741</u>	<u>\$ 505,130</u>	<u>\$ 16,741</u>

- (A) This schedule was prepared on the cash basis of accounting.
- (B) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (D) Amount of \$2,333 transferred to the next grant year based on Ohio Department of Education administrative action.
- (E) Amount of \$278 transferred to the next grant year based on Ohio Department of Education administrative action.



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Education
Mapleton Local School District
2 Mountie Drive
Ashland, Ohio 44805

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mapleton Local School District, Ashland County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Mapleton Local School District's basic financial statements and have issued our report thereon dated December 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mapleton Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mapleton Local School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Mapleton Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Mapleton Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Mapleton Local School District's financial statements that is more than inconsequential will not be prevented or detected by Mapleton Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Mapleton Local School District's internal control.

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

Board of Education
Mapleton Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mapleton Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2007-MLSD-001 and 2007-MLSD-002.

Mapleton Local School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Mapleton Local School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management and Board of Education of Mapleton Local School District 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 cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
December 12, 2007



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Board of Education
Mapleton Local School District
2 Mountie Drive
Ashland, Ohio 44805

Compliance

We have audited the compliance of Mapleton Local School District, Ashland County, Ohio with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007. Mapleton Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of Mapleton Local School District's management. Our responsibility is to express an opinion on Mapleton Local School District's compliance based on our audit.

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

In our opinion, Mapleton Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007.

Internal Control Over Compliance

The management of Mapleton Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Mapleton Local School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mapleton Local School District's internal control over compliance.

Board of Education
Mapleton Local School District

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Mapleton Local School District's internal control.

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

This report is intended for the information and use of management and Board of Education of Mapleton Local School District 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 cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 12, 2007

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Special Education - Grants to States - CFDA #84.027 and Improving Teacher Quality State Grants CFDA #84.367
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2007-MLSD-001

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

The District had expenditures in excess of appropriations at June 30, 2007, within the following fund:

<u>Major Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Permanent Improvement	\$276,534	\$378,758	\$102,224

The District is expending monies that have not been approved by the Board of Education. This could result in unnecessary purchases or fund deficits.

We recommend that the District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: The District will more closely monitor its expenditures versus approved appropriations throughout the fiscal year and obtain additional approved modifications as necessary.

Finding Number	2007-MLSD-002
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations.

The District did not timely modify its appropriations throughout the fiscal year.

By not timely and properly modifying the District's appropriations, the District is not adequately monitoring its expenditures versus appropriations. This may result in appropriating monies in excess of estimated resources, and having expenditures exceed appropriations, and possibly, fund deficits.

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

SCHEDULE OF FINDINGS AND RESPONSES

OMB CIRCULAR A-133 § .505

JUNE 30, 2007

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-MLSD-002 (continued)

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring its budgetary process on a regular basis and approving amendments as necessary. We recommend that the Board adopt accounting policies for amending appropriations and include these policies in the Board's accounting policies and procedures manual, consider reviewing estimated resources and appropriations and expenditures versus appropriations on a monthly basis, and certify amendments to the Board of Commissioners as necessary. We recommend the Board utilize its accounting software or a spreadsheet to help monitor the budget.

Client Response: The District will more closely monitor its expenditures versus approved appropriations throughout the fiscal year and obtain additional approved modifications as necessary.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Mary Taylor, CPA
Auditor of State

MAPLETON LOCAL SCHOOL DISTRICT
ASHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 5, 2008