



Dave Yost • Auditor of State



**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mapleton Local School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mapleton Local School District, Ashland County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

### **Federal Awards Receipts and Expenditures Schedule**

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

January 4, 2013

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

The management's discussion and analysis of the Mapleton Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets of governmental activities decreased \$1,349,461 which represents an 8.04% decrease from 2011.
- General revenues accounted for \$7,219,420 in revenue or 77.81% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$2,058,899 or 22.19% of total revenues of \$9,278,319.
- The District had \$10,004,157 in expenses and a \$623,623 payment to Ohio School Facilities Commission reported as a special item in governmental activities and; only \$2,058,899 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,219,420 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the debt service fund. The general fund had \$7,620,528 in revenues and \$7,820,768 in expenditures and other financing uses. During fiscal year 2012, the general fund's fund balance decreased \$200,240 from a balance of \$1,717,129 to a balance of \$1,516,889.
- The debt service fund had \$357,318 in revenues and \$382,179 in expenditures. During fiscal year 2012, the debt service fund's fund balance decreased \$24,861 from \$526,486 to \$501,625.

**Using these Basic Financial Statements**

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The statement of net assets and the statement of activities answer this question. These statements include *all non-fiduciary assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

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

***Governmental Funds***

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

***Proprietary Funds***

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

***Reporting the District's Fiduciary Responsibilities***

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

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-52 of this report.

**The District as a Whole**

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

The table below provides a summary of the District's net assets at June 30, 2012 and June 30, 2011.

	<b>Net Assets</b>	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 6,344,426	\$ 6,967,647
Capital assets, net	<u>15,248,527</u>	<u>16,027,715</u>
Total assets	<u>21,592,953</u>	<u>22,995,362</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,254,371	3,002,459
Long-term liabilities	<u>2,894,168</u>	<u>3,199,028</u>
Total liabilities	<u>6,148,539</u>	<u>6,201,487</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	12,723,528	13,183,469
Restricted	899,415	1,555,295
Unrestricted	<u>1,821,471</u>	<u>2,055,111</u>
Total net assets	<u>\$ 15,444,414</u>	<u>\$ 16,793,875</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$15,444,414. Of this total, \$1,821,471 is unrestricted in use.

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

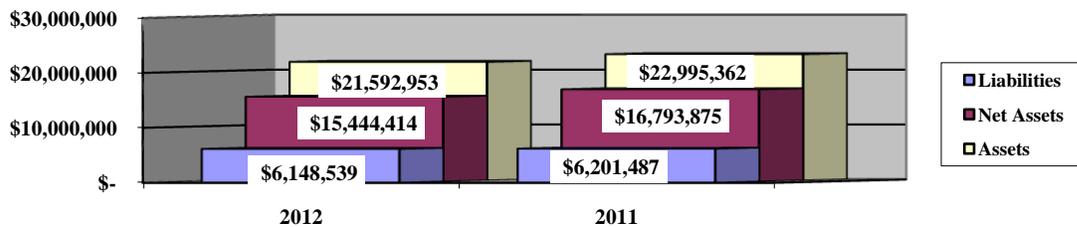
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

At year-end, capital assets represented 70.62% 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, 2012, were \$12,723,528. 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, \$899,415, 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, 2012 and 2011.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2012 and 2011.

**Change in Net Assets**

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 987,538	\$ 956,323
Operating grants and contributions	1,071,361	1,677,244
Capital grants and contributions	-	42,000
General revenues:		
Property taxes	2,837,842	2,915,449
Grants and entitlements not restricted	4,346,438	4,461,173
Investment earnings	17,450	22,624
Miscellaneous	<u>17,690</u>	<u>11,085</u>
Total revenues	<u>9,278,319</u>	<u>10,085,898</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

**Change in Net Assets**

	<u>Governmental Activities 2012</u>	<u>Governmental Activities 2011</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,316,775	\$ 4,425,810
Special	955,770	911,115
Vocational	92,111	94,062
Other	777,826	935,748
Support services:		
Pupil	271,966	303,688
Instructional staff	352,604	380,594
Board of education	50,708	26,860
Administration	669,263	691,558
Fiscal	353,625	314,359
Business	199	199
Operations and maintenance	677,137	749,459
Pupil transportation	614,735	521,263
Central	118,087	125,332
Operation of non-instructional services:		
Other non-instructional services	-	11,427
Food service operations	374,269	367,351
Extracurricular activities	273,349	271,389
Interest and fiscal charges	<u>105,733</u>	<u>113,354</u>
Total expenses	<u>10,004,157</u>	<u>10,243,568</u>
Special item		
Refund to OSFC	<u>(623,623)</u>	<u>-</u>
Change in net assets	(1,349,461)	(157,670)
Net assets at beginning of year	<u>16,793,875</u>	<u>16,951,545</u>
Net assets at end of year	<u>\$ 15,444,414</u>	<u>\$ 16,793,875</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$1,349,461. This decline is primarily a result of the \$623,623 special item for funds owed to the Ohio School Facilities Commission. This refund was for overpayments by the OSFC for the District's school construction project. Total governmental expenses of \$10,004,157 were offset by program revenues of \$2,058,899 and general revenues of \$7,219,420. Program revenues supported 20.58% of the total governmental expenses.

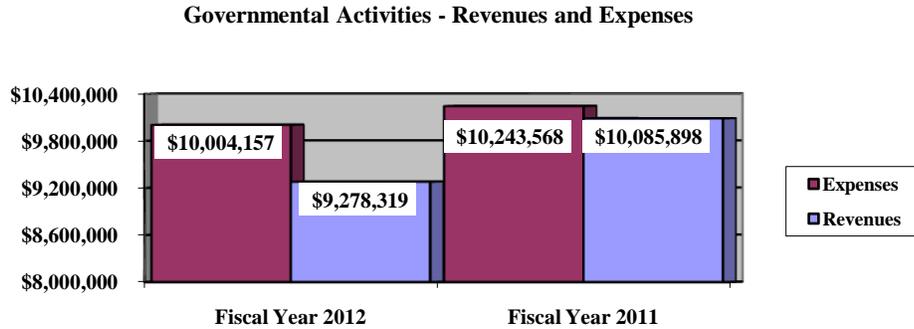
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 77.43% of total governmental revenue.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,142,482 or 61.40% of total governmental expenses for fiscal year 2012.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2012 and 2011.



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 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,316,775	\$ 3,489,366	\$ 4,425,810	\$ 3,198,131
Special	955,770	392,492	911,115	99,492
Vocational	92,111	48,863	94,062	50,814
Other	777,826	777,826	935,748	914,465
Support services:				
Pupil	271,966	271,966	303,688	301,146
Instructional staff	352,604	256,190	380,594	347,697
Board of education	50,708	50,384	26,860	26,860
Administration	669,263	651,942	691,558	685,421
Fiscal	353,625	353,625	314,359	314,359
Business	199	199	199	199
Operations and maintenance	677,137	677,011	749,459	749,459
Pupil transportation	614,735	599,800	521,263	504,622
Central	118,087	117,012	125,332	113,507
Operation of non-instructional services:				
Other non-instructional services	-	-	11,427	11,427
Food service operations	374,269	18,011	367,351	49,148
Extracurricular activities	273,349	134,838	271,389	87,900
Interest and fiscal charges	105,733	105,733	113,354	113,354
<b>Total expenses</b>	<b>\$ 10,004,157</b>	<b>\$ 7,945,258</b>	<b>\$ 10,243,568</b>	<b>\$ 7,568,001</b>

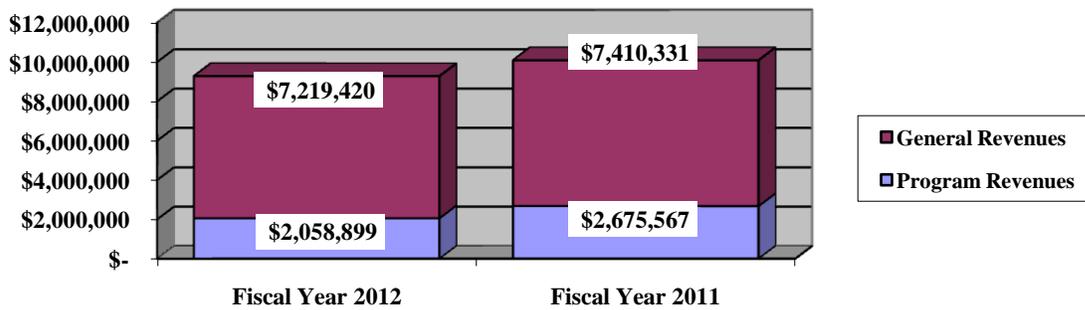
**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, as 76.66% of 2012 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.42%. The District's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2012 and 2011.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,335,174, which is lower than last year's total of \$2,906,792. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	(Decrease)	Percentage Change
General	\$ 1,516,889	\$ 1,717,129	\$ (200,240)	(11.66) %
Debt Service	501,625	526,486	(24,861)	(4.72) %
Other Governmental	316,660	663,177	(346,517)	(52.25) %
<b>Total</b>	<u>\$ 2,335,174</u>	<u>\$ 2,906,792</u>	<u>\$ (571,618)</u>	(19.66) %

**General Fund**

The District's general fund balance declined by 11.66%, or \$200,240.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

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

	2012 <u>Amount</u>	2011 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,265,467	\$ 2,317,209	\$ (51,742)	(2.23) %
Tuition	656,257	605,556	50,701	8.37 %
Earnings on investments	2,053	2,655	(602)	(22.67) %
Intergovernmental	4,578,562	4,740,958	(162,396)	(3.43) %
Other revenues	<u>118,189</u>	<u>126,335</u>	<u>(8,146)</u>	(6.45) %
Total	<u>\$ 7,620,528</u>	<u>\$ 7,792,713</u>	<u>\$ (172,185)</u>	(2.21) %
<b><u>Expenditures</u></b>				
Instruction	\$ 4,731,786	\$ 4,705,564	\$ 26,222	0.56 %
Support services	2,859,816	2,908,369	(48,553)	(1.67) %
Extracurricular activities	185,166	171,958	13,208	7.68 %
Debt service	<u>-</u>	<u>7,980</u>	<u>(7,980)</u>	(100.00) %
Total	<u>\$ 7,776,768</u>	<u>\$ 7,793,871</u>	<u>\$ (17,103)</u>	(0.22) %

The increase in tuition of \$50,701 or 8.37% was a result of the District's increased participation in the open enrollment program. The most significant decrease was in the area of intergovernmental revenue of \$162,396. This decrease is primarily the result of a decrease in State foundation revenues recorded in the general fund. Due to the District's cost containment efforts, expenditures declined 0.22%.

***Debt Service Fund***

The debt service fund had \$357,318 in revenues and \$382,179 in expenditures. During fiscal year 2012, the debt service fund's fund balance decreased \$24,861 from \$526,486 to \$501,625.

***General Fund Budgeting Highlights***

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

For the general fund, original budgeted revenues and other financing sources were \$7,547,312, and final budgeted revenues and other financing sources were \$7,574,478. Actual revenues and other financing sources for fiscal year 2012 were \$7,670,500. This represents a \$96,022 increase over final budgeted revenues.

General fund original and final appropriations (appropriated expenditures and other financing uses) were \$8,221,864. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$7,720,160, which was \$501,704 lower than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2012, the District had \$15,248,527 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2012 balances compared to June 30, 2011:

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

	Governmental Activities	
	2012	2011
Land	\$ 177,800	\$ 177,800
Land improvements	1,364,237	1,490,387
Building and improvements	13,196,776	13,739,086
Furniture and equipment	257,149	290,272
Vehicles	252,565	330,170
Total	\$ 15,248,527	\$ 16,027,715

The overall decrease in capital assets of \$779,188 is due to depreciation expense of \$832,874 exceeding capital outlays of \$53,686 in the fiscal year.

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

*Debt Administration*

The following table summarizes the bonds outstanding.

**Outstanding Debt at June 30**

	Governmental Activities	Governmental Activities
	2012	2011
Classroom facilities improvement bonds	\$ 1,085,000	\$ 1,305,000
2011 series refunding bonds	1,460,195	1,495,587
Total	\$ 2,545,195	\$ 2,800,587

At June 30, 2012, the District's overall legal debt margin was \$9,189,994, and an unvoted debt margin of \$124,593.

See Note 9 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

**Current Financial Related Activities**

The District has continued to meet its current financial obligations; however, the district began deficit spending in fiscal year 2012 and the five-year forecast indicates that the district will have a deficit cash balance sometime during fiscal year 2016. Effective July 1, 2012, the district switched from its self-funded insurance plan to a fully-insured plan. The reduction in monthly premiums and the anticipated return of the district's self-funded reserves, along with staff reductions, has allowed the district to delay the projected deficit cash balance almost two years. The District will continue to evaluate potential staff reductions in an effort to reduce costs.

The Board continues to purchase equipment, textbooks and major improvements through the Permanent Improvement Fund. The Board of Education has had numerous levy failures and has not passed a new operating levy since 1991. Currently the Board of Education does not have plans to levy any new taxes.

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Daniel Russomanno, Jr., Treasurer, Mapleton Local School District, 635 County Road 801, Ashland, Ohio 44805.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . .	\$ 2,528,434
Cash with fiscal agent . . . . .	625,996
Cash with escrow agent . . . . .	5,112
Receivables:	
Taxes . . . . .	3,018,609
Intergovernmental . . . . .	96,020
Prepayments . . . . .	11,924
Materials and supplies inventory. . . . .	10,529
Unamortized bond issuance costs . . . . .	47,802
Capital assets:	
Land. . . . .	177,800
Depreciable capital assets, net. . . . .	15,070,727
Capital assets, net. . . . .	15,248,527
 Total assets. . . . .	 21,592,953
 <b>Liabilities:</b>	
Accounts payable. . . . .	5,276
Accrued wages and benefits . . . . .	739,583
Pension obligation payable. . . . .	163,352
Intergovernmental payable . . . . .	23,258
Unearned revenue . . . . .	2,145,104
Accrued interest payable . . . . .	7,575
Claims payable. . . . .	170,223
Long-term liabilities:	
Due within one year. . . . .	286,407
Due in more than one year. . . . .	2,607,761
 Total liabilities . . . . .	 6,148,539
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	12,723,528
Restricted for:	
Capital projects . . . . .	188,841
Classroom facilities maintenance . . . . .	126,926
Debt service. . . . .	525,928
Locally funded programs . . . . .	14,307
State funded programs. . . . .	2,525
Student activities . . . . .	40,888
Unrestricted . . . . .	1,821,471
 Total net assets . . . . .	 \$ 15,444,414

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, 2012

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,316,775	\$ 649,549	\$ 177,860	\$ (3,489,366)
Special . . . . .	955,770	37,311	525,967	(392,492)
Vocational . . . . .	92,111	-	43,248	(48,863)
Other . . . . .	777,826	-	-	(777,826)
Support services:				
Pupil . . . . .	271,966	-	-	(271,966)
Instructional staff . . . . .	352,604	-	96,414	(256,190)
Board of education . . . . .	50,708	-	324	(50,384)
Administration . . . . .	669,263	-	17,321	(651,942)
Fiscal . . . . .	353,625	-	-	(353,625)
Business . . . . .	199	-	-	(199)
Operations and maintenance . . . . .	677,137	-	126	(677,011)
Pupil transportation . . . . .	614,735	13,831	1,104	(599,800)
Central . . . . .	118,087	-	1,075	(117,012)
Operation of non-instructional services:				
Food service operations . . . . .	374,269	151,227	205,031	(18,011)
Extracurricular activities . . . . .	273,349	135,620	2,891	(134,838)
Interest and fiscal charges . . . . .	105,733	-	-	(105,733)
<b>Total governmental activities . . . . .</b>	<b>\$ 10,004,157</b>	<b>\$ 987,538</b>	<b>\$ 1,071,361</b>	<b>(7,945,258)</b>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				2,289,827
Special revenue . . . . .				40,286
Debt service . . . . .				306,231
Capital outlay . . . . .				201,498
Grants and entitlements not restricted				
to specific programs . . . . .				4,346,438
Investment earnings . . . . .				17,450
Miscellaneous . . . . .				17,690
<b>Total general revenues . . . . .</b>				<b>7,219,420</b>
<b>Special Item:</b>				
Refund to Ohio School				
Facilities Commission . . . . .				(623,623)
<b>Total general revenues and special items . . . . .</b>				<b>6,595,797</b>
Change in net assets . . . . .				(1,349,461)
<b>Net assets at beginning of year . . . . .</b>				<b>16,793,875</b>
<b>Net assets at end of year . . . . .</b>				<b>\$ 15,444,414</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,765,750	\$ 427,572	\$ 335,112	\$ 2,528,434
Cash with escrow agent . . . . .	5,112	-	-	5,112
Receivables:				
Taxes . . . . .	2,432,833	339,856	245,920	3,018,609
Interfund loans . . . . .	2,500	-	-	2,500
Intergovernmental. . . . .	23,782	-	72,238	96,020
Prepayments. . . . .	6,744	-	5,180	11,924
Materials and supplies inventory. . . . .	-	-	10,529	10,529
Due from other funds . . . . .	1,708	-	-	1,708
Total assets . . . . .	<u>\$ 4,238,429</u>	<u>\$ 767,428</u>	<u>\$ 668,979</u>	<u>\$ 5,674,836</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 5,276	\$ -	\$ -	\$ 5,276
Accrued wages and benefits. . . . .	624,705	-	114,878	739,583
Interfund loans payable. . . . .	-	-	2,500	2,500
Intergovernmental payable . . . . .	19,989	-	3,269	23,258
Unearned revenue. . . . .	1,728,854	241,500	174,750	2,145,104
Deferred revenue . . . . .	197,755	24,303	36,823	258,881
Pension obligation payable . . . . .	144,961	-	18,391	163,352
Due to other funds . . . . .	-	-	1,708	1,708
Total liabilities. . . . .	<u>2,721,540</u>	<u>265,803</u>	<u>352,319</u>	<u>3,339,662</u>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	-	10,529	10,529
Prepays. . . . .	6,744	-	5,180	11,924
Restricted:				
Debt service . . . . .	-	501,625	-	501,625
Capital improvements . . . . .	-	-	174,370	174,370
Classroom facilities maintenance . . . . .	-	-	118,631	118,631
Other purposes. . . . .	-	-	16,832	16,832
Extracurricular. . . . .	-	-	40,888	40,888
Committed:				
Student and staff support . . . . .	2,491	-	-	2,491
Assigned:				
Student instruction . . . . .	4,284	-	-	4,284
Student and staff support. . . . .	2,366	-	-	2,366
School supplies . . . . .	2,337	-	-	2,337
Public school support . . . . .	13,929	-	-	13,929
Subsequent year appropriations . . . . .	449,550	-	-	449,550
Unassigned (deficit) . . . . .	1,035,188	-	(49,770)	985,418
Total fund balances . . . . .	<u>1,516,889</u>	<u>501,625</u>	<u>316,660</u>	<u>2,335,174</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,238,429</u>	<u>\$ 767,428</u>	<u>\$ 668,979</u>	<u>\$ 5,674,836</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

<b>Total governmental fund balances</b>		\$	2,335,174
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			15,248,527
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	215,862	
Intergovernmental receivable		43,019	
		43,019	
Total			258,881
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			455,773
Unamortized deferred charges are not recognized in the funds.			74,693
Unamortized premiums on bond issuance costs are not recognized in the funds.			(122,497)
Unamortized bond issuance costs are not recognized in the funds.			47,802
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(7,575)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Classroom facilities improvement bonds payable		(1,085,000)	
Compensated absences		(301,169)	
General obligation current interest bonds		(1,240,000)	
General obligation capital appreciation bonds		(199,997)	
Accreted interest on capital appreciation bonds		(20,198)	
		(2,846,364)	
Total			(2,846,364)
<b>Net assets of governmental activities</b>		\$	15,444,414

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, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,265,467	\$ 304,147	\$ 240,134	\$ 2,809,748
Tuition . . . . .	656,257	-	-	656,257
Transportation fees . . . . .	13,831	-	-	13,831
Earnings on investments . . . . .	2,053	466	432	2,951
Charges for services . . . . .	-	-	151,227	151,227
Extracurricular . . . . .	56,065	-	79,494	135,559
Classroom materials and fees . . . . .	30,603	-	-	30,603
Contributions and donations . . . . .	4,553	-	2,631	7,184
Other local revenues . . . . .	13,137	-	260	13,397
Intergovernmental - intermediate . . . . .	-	-	8,096	8,096
Intergovernmental - state . . . . .	4,578,562	52,705	72,311	4,703,578
Intergovernmental - federal . . . . .	-	-	942,784	942,784
Total revenues . . . . .	<u>7,620,528</u>	<u>357,318</u>	<u>1,497,369</u>	<u>9,475,215</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,351,664	-	171,593	3,523,257
Special . . . . .	512,664	-	425,643	938,307
Vocational . . . . .	89,748	-	-	89,748
Other . . . . .	777,710	-	-	777,710
Support services:				
Pupil . . . . .	269,689	-	-	269,689
Instructional staff . . . . .	252,214	-	95,357	347,571
Board of education . . . . .	50,712	-	-	50,712
Administration . . . . .	650,167	-	17,223	667,390
Fiscal . . . . .	339,811	7,756	6,076	353,643
Business . . . . .	199	-	-	199
Operations and maintenance . . . . .	633,301	-	42,902	676,203
Pupil transportation . . . . .	550,996	-	28,946	579,942
Central . . . . .	112,727	-	3,050	115,777
Operation of non-instructional services:				
Food service operations . . . . .	-	-	356,607	356,607
Extracurricular activities . . . . .	185,166	-	74,648	259,814
Facilities acquisition and construction . . . . .	-	-	42,218	42,218
Debt service:				
Principal retirement . . . . .	-	265,000	-	265,000
Interest and fiscal charges . . . . .	-	109,423	-	109,423
Total expenditures . . . . .	<u>7,776,768</u>	<u>382,179</u>	<u>1,264,263</u>	<u>9,423,210</u>
Excess/deficiency of revenues over/under expenditures . . . . .	(156,240)	(24,861)	233,106	52,005
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	277,844	277,844
Transfers (out) . . . . .	(44,000)	-	(233,844)	(277,844)
Total other financing sources (uses) . . . . .	<u>(44,000)</u>	<u>-</u>	<u>44,000</u>	<u>-</u>
<b>Special Item:</b>				
Refund to Ohio School Facilities Commission . . . . .	-	-	(623,623)	(623,623)
Net change in fund balances . . . . .	(200,240)	(24,861)	(346,517)	(571,618)
<b>Fund balances at beginning of year . . . . .</b>	<b>1,717,129</b>	<b>526,486</b>	<b>663,177</b>	<b>2,906,792</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 1,516,889</u></b>	<b><u>\$ 501,625</u></b>	<b><u>\$ 316,660</u></b>	<b><u>\$ 2,335,174</u></b>

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, 2012

<b>Net change in fund balances - total governmental funds</b>	\$	(571,618)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 53,686	
Current year depreciation	(832,874)	
Total		(779,188)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	28,094	
Intergovernmental	(242,175)	
Total		(214,081)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		265,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	13,298	
Accreted interest on capital appreciation bonds	(9,608)	
Amortization of bond issuance costs	(6,445)	
Amortization of bond premiums	16,516	
Amortization of deferred charges	(10,071)	
Total		3,690
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.		
		20,168
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(73,432)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(1,349,461)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,307,880	\$ 2,316,187	\$ 2,345,549	\$ 29,362
Tuition . . . . .	645,718	648,042	656,257	8,215
Transportation fees . . . . .	13,609	13,658	13,831	173
Earnings on investments . . . . .	2,000	2,008	2,033	25
Extracurricular . . . . .	20,556	20,630	20,892	262
Contributions and donations . . . . .	905	908	920	12
Other local revenues . . . . .	660	663	671	8
Intergovernmental - state . . . . .	4,505,030	4,521,247	4,578,562	57,315
Total revenues . . . . .	<u>7,496,359</u>	<u>7,523,342</u>	<u>7,618,715</u>	<u>95,373</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,527,855	3,527,855	3,312,583	215,272
Special . . . . .	537,270	537,270	504,485	32,785
Vocational . . . . .	93,471	93,471	87,767	5,704
Other . . . . .	829,810	829,810	779,174	50,636
Support services:				
Pupil . . . . .	279,855	279,855	262,778	17,077
Instructional staff . . . . .	272,200	272,200	255,590	16,610
Board of education . . . . .	53,804	53,804	50,521	3,283
Administration . . . . .	663,981	663,981	623,464	40,517
Fiscal . . . . .	331,619	331,619	311,383	20,236
Business . . . . .	6,607	6,607	6,204	403
Operations and maintenance . . . . .	676,645	676,645	635,356	41,289
Pupil transportation . . . . .	551,695	551,695	518,030	33,665
Central . . . . .	121,209	121,209	113,813	7,396
Extracurricular activities . . . . .	199,281	199,281	187,121	12,160
Total expenditures . . . . .	<u>8,145,301</u>	<u>8,145,301</u>	<u>7,648,269</u>	<u>497,032</u>
Excess of expenditures over revenues . . . . .	<u>(648,942)</u>	<u>(621,959)</u>	<u>(29,554)</u>	<u>592,405</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	5,331	5,350	5,418	68
Refund of prior year's receipts . . . . .	(4,393)	(4,393)	(4,125)	268
Transfers in . . . . .	6,657	6,681	6,766	85
Transfers (out) . . . . .	(72,170)	(72,170)	(67,766)	4,404
Advances in . . . . .	38,374	38,512	39,000	488
Sale of capital assets . . . . .	591	593	601	8
Total other financing sources (uses) . . . . .	<u>(25,610)</u>	<u>(25,427)</u>	<u>(20,106)</u>	<u>5,321</u>
Net change in fund balance . . . . .	(674,552)	(647,386)	(49,660)	597,726
<b>Fund balance at beginning of year . . . . .</b>	1,753,679	1,753,679	1,753,679	-
<b>Prior year encumbrances appropriated . . . . .</b>	33,864	33,864	33,864	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,112,991</u>	<u>\$ 1,140,157</u>	<u>\$ 1,737,883</u>	<u>\$ 597,726</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Cash with fiscal agent . . . . .	\$ 625,996
Total assets . . . . .	625,996
<b>Liabilities:</b>	
Claims payable . . . . .	170,223
Total liabilities . . . . .	170,223
<b>Net assets:</b>	
Unrestricted. . . . .	455,773
Total net assets . . . . .	\$ 455,773

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, 2012

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Sales/charges for services. . . . .	\$ 1,634,910
Total operating revenues . . . . .	1,634,910
 <b>Operating expenses:</b>	
Claims expense . . . . .	1,633,341
Purchased services. . . . .	89,335
Materials and supplies . . . . .	352
Total operating expenses. . . . .	1,723,028
Operating loss . . . . .	(88,118)
 <b>Nonoperating revenues:</b>	
Interest revenue . . . . .	14,686
Total nonoperating revenues. . . . .	14,686
Change in net assets. . . . .	(73,432)
 <b>Net assets at beginning of year . . . . .</b>	<b>529,205</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 455,773</b>

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, 2012

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from sales/charges for services . . . . .	\$ 1,634,910
Cash payments for claims expense. . . . .	(1,661,825)
Cash payments for purchased services. . . . .	(89,335)
Cash payments for materials and supplies . . . . .	<u>(352)</u>
Net cash used in operating activities . . . . .	<u>(116,602)</u>
<b>Cash flows from investing activities:</b>	
Interest received. . . . .	<u>14,686</u>
Net cash provided by investing activities . . . . .	<u>14,686</u>
Net decrease in cash with fiscal agent. . . . .	(101,916)
<b>Cash with fiscal agent at beginning of year . . . . .</b>	<u>727,912</u>
<b>Cash with fiscal agent at end of year . . . . .</b>	<u><u>\$ 625,996</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (88,118)
Changes in liabilities:	
Decrease in claims payable . . . . .	<u>(28,484)</u>
Net cash used in operating activities . . . . .	<u><u>\$ (116,602)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2012

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 4,532	\$ 30,226
<b>Receivables:</b>		
Accounts . . . . .	-	1,612
Total assets . . . . .	4,532	\$ 31,838
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 765
Due to students. . . . .	-	31,073
Total liabilities . . . . .	-	\$ 31,838
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	4,532	
Total net assets . . . . .	\$ 4,532	

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, 2012

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions. . . . .	\$ 4,000
Total additions. . . . .	4,000
<b>Deductions:</b>	
Scholarships awarded . . . . .	2,100
Change in net assets. . . . .	1,900
<b>Net assets at beginning of year . . . . .</b>	<b>2,632</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 4,532</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District is the 484<sup>th</sup> largest in the State of Ohio (out of 918 public and community school districts) in terms of enrollment. It is staffed by 50 non-certified employees and 70 certified full-time teaching personnel who provide services to 979 students and other community members.

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

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

**A. Reporting Entity**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Midland Council of Governments

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

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

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

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Ohio Mid-Eastern Regional Educational Services Agency

The District is a participant with several other school districts in an insurance purchasing pool to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing medical and dental insurance. OME-RESA is governed by a Board of Directors comprised of 6 representatives elected by the membership; 2 Treasurers elected by the membership and a representative of the Fiscal Agent. The degree of control exercised by any participating school district is limited to its representation on the Board.

Schools of Ohio Risk Sharing Authority

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

**B. Fund Accounting**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

*GOVERNMENTAL FUNDS*

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

*PROPRIETARY FUND*

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

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

*FIDUCIARY FUNDS*

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**C. Budget Stabilization Arrangement**

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2012, the balance in the budget stabilization reserve was \$32,439. This amount is included in unassigned fund balance of the general fund and in unrestricted net assets on the statement of net assets.

**D. Basis of Presentation and Measurement Focus**

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

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

**E. Basis of Accounting**

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2012, are recorded as deferred revenue.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**F. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2012 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Ashland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2012; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**G. Cash and Investments**

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

During fiscal year 2012, investments were limited to investments in the State Treasury Asset Reserve Ohio (STAR Ohio) and investments in U.S. government money market accounts. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2012.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Investment earnings are assigned to the general fund, public school fund, classroom construction fund, and self insurance fund. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$2,053, which includes \$49 assigned from other District funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

**H. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method.

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

**I. Capital Assets**

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

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

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

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

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Fund Balance**

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

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

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

**M. Operating Revenues and Expenses**

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

**N. Net Assets**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**O. Prepayments**

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

**P. Estimates**

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

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

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

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

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

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 9.A.

**R. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds is eliminated in the statement of activities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2012, the District experienced a special item due to the close out of the Ohio School Facilities Commission (OSFC) project. During fiscal year 2012, the District paid OSFC \$623,623 in residual funds.

**T. Interfund Balances**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 18,566
Management information system	4
IDEA Part-B	5,802
Title I	13,146
Improving teacher quality	1,723

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 resulted from adjustments for accrued liabilities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, 2012, was \$625,996.

**B. Cash with Escrow Agent**

At fiscal year end, \$5,112 was on deposit in the District's escrow account with Tri-County Educational Service Center. The ESC retains a portion of the District's Foundation settlements from which ESC services are paid. These amounts are included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the financial statements as "equity in pooled cash and cash equivalents".

**C. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits was \$1,281,963. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$1,040,126 of the District's bank balance of \$1,372,738 was exposed to custodial risk as discussed below, while \$332,612 was covered by the FDIC.

**D. Investments**

As of June 30, 2012, 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>\$ 1,281,229</u>	<u>\$ 1,281,229</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.

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

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's U.S. government money market account was rated AAAM by Standard & Poor's.

*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, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 1,281,229	100.00

**E. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,281,963
Investments	1,281,229
Cash with escrow agent	5,112
Cash with fiscal agent	<u>625,996</u>
Total	<u>\$ 3,194,300</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 3,159,542
Private purpose trust fund	4,532
Agency fund	<u>30,226</u>
Total	<u>\$ 3,194,300</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following individual interfund loan receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 2,500</u>

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

This interfund balance will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net assets.

- B.** Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 1,708</u>

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

- C.** Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 44,000
<u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>233,844</u>
 Total	 <u>\$ 277,844</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District transferred \$233,844 from the permanent improvement fund (a nonmajor governmental fund) to the classroom facilities fund (a nonmajor governmental fund) for a payment of a required refund to the Ohio School Facilities Commission as part of the project close-out.

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

**NOTE 6 - PROPERTY TAXES**

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

**MAPLETON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Ashland and Lorain Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$530,006 in the general fund, \$74,053 in the debt service fund, \$44,093 in the permanent improvement fund (a nonmajor governmental fund) and \$9,491 in the classroom facilities fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$610,888 in the general fund, \$90,601 in the debt service fund, \$53,860 in the permanent improvement fund (a nonmajor governmental fund) and \$11,121 in the classroom facilities fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 119,688,810	94.68	\$ 117,328,010	94.17
Public utility personal	<u>6,731,750</u>	<u>5.32</u>	<u>7,264,950</u>	<u>5.83</u>
Total	<u>\$ 126,420,560</u>	<u>100.00</u>	<u>\$ 124,592,960</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$41.10		\$41.10	
Debt retirement	2.90		3.00	
Permanent improvement	4.50		4.50	

**MAPLETON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 3,018,609
Intergovernmental	<u>96,020</u>
Total	<u>\$ 3,114,629</u>

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 177,800	\$ -	\$ -	\$ 177,800
Total capital assets, not being depreciated	<u>177,800</u>	<u>-</u>	<u>-</u>	<u>177,800</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,631,662	-	-	2,631,662
Buildings and improvements	19,054,183	48,151	-	19,102,334
Furniture and equipment	590,655	5,535	-	596,190
Vehicles	1,018,694	-	-	1,018,694
Total capital assets, being depreciated	<u>23,295,194</u>	<u>53,686</u>	<u>-</u>	<u>23,348,880</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,141,275)	(126,150)	-	(1,267,425)
Buildings and improvements	(5,315,097)	(590,461)	-	(5,905,558)
Furniture and equipment	(300,383)	(38,658)	-	(339,041)
Vehicles	(688,524)	(77,605)	-	(766,129)
Total accumulated depreciation	<u>(7,445,279)</u>	<u>(832,874)</u>	<u>-</u>	<u>(8,278,153)</u>
Governmental activities capital assets, net	<u>\$ 16,027,715</u>	<u>\$ (779,188)</u>	<u>\$ -</u>	<u>\$ 15,248,527</u>

**MAPLETON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 763,667
Special	593
Vocational	1,410
 <u>Support services:</u>	
Administration	4,077
Operations and maintenance	9,713
Pupil transportation	21,169
Central	1,945
Extracurricular activities	19,587
Food service operations	<u>10,713</u>
 Total depreciation expense	 <u>\$ 832,874</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2012, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>July 1, 2011</u>	Additions	Reductions	Balance Outstanding <u>June 30, 2012</u>	Amounts Due in <u>One Year</u>
<u>Governmental activities:</u>					
Classroom facilities improvements bonds	\$ 1,305,000	\$ -	\$ (220,000)	\$ 1,085,000	\$ 240,000
Current interest refunding bonds-series 2011	1,285,000	-	(45,000)	1,240,000	25,000
Current appreciation refunding bonds-series 2011	199,997	-	-	199,997	-
Accreted interest-series 2011	10,590	9,608	-	20,198	-
Compensated absences	<u>344,192</u>	<u>25,837</u>	<u>(68,860)</u>	<u>301,169</u>	<u>21,407</u>
 Total long-term obligations, governmental activities	 <u>\$ 3,144,779</u>	 <u>\$ 35,445</u>	 <u>\$ (333,860)</u>	 2,846,364	 <u>\$ 286,407</u>
 Add: Unamortized premium on bonds				122,497	
Less: Unamortized deferred charges				<u>(74,693)</u>	
 Total reported on statement of net assets				 <u>\$ 2,894,168</u>	

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

**MAPLETON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

*Classroom Facilities Improvements Bonds:* On April 1, 2004, the District issued general obligation bonds to provide for the construction of school facilities. The general obligation bonds are direct obligations of the District for which its full faith, credit and resources are pledged and payable from taxes levied on all taxable property in the District. The interest rates on the bonds range from 3.4 to 5.7 percent. The bonds mature on December 1, 2019. The District refunded \$1,485,000 of these bonds during fiscal year 2011. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

- B.** Principal and interest requirements to retire the classroom facilities improvements bonds outstanding at June 30, 2012 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal on</u> <u>Bonds</u>	<u>Interest on</u> <u>Bonds</u>	<u>Total</u>
2013	\$ 240,000	\$ 55,005	\$ 295,005
2014	260,000	40,755	300,755
2015	280,000	25,365	305,365
2016	<u>305,000</u>	<u>8,693</u>	<u>313,693</u>
Total	<u>\$ 1,085,000</u>	<u>\$ 129,818</u>	<u>\$ 1,214,818</u>

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

The refunding issue is comprised of both current interest bonds, par value \$1,285,000, and capital appreciation bonds par value \$199,997. The interest rates on the current interest bonds range from 1.40% - 4.10%. The capital appreciation bonds mature on December 1, 2019 (interest rate 9.129%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$430,000. Total accreted interest of \$20,198 has been included in the statement of net assets at June 30, 2012.

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

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

**MAPLETON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

	Interest Rate	Balance Outstanding June 30, 2011	Additions	Reductions	Balance Outstanding June 30, 2012	Amounts Due in One Year
Current interest refunding bonds	1.40-4.10%	\$ 1,285,000	\$ -	\$ (45,000)	\$ 1,240,000	\$ 25,000
Capital appreciation refunding bonds		199,997	-	-	199,997	-
Accreted interest		<u>10,590</u>	<u>9,608</u>	<u>-</u>	<u>20,198</u>	<u>-</u>
Total		<u>\$ 1,495,587</u>	<u>\$ 9,608</u>	<u>\$ (45,000)</u>	<u>\$ 1,460,195</u>	<u>\$ 25,000</u>

**D.** Principal and interest requirements to retire the refunding bonds outstanding at June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Refunding 2011			Capital Appreciation Bonds - Refunding 2011		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 25,000	\$ 39,025	\$ 64,025	\$ -	\$ -	\$ -
2014	25,000	38,600	63,600	-	-	-
2015	25,000	38,175	63,175	-	-	-
2016	25,000	37,613	62,613	-	-	-
2017	360,000	32,350	392,350	-	-	-
2018 - 2019	<u>780,000</u>	<u>29,700</u>	<u>809,700</u>	<u>199,997</u>	<u>230,003</u>	<u>430,000</u>
Total	<u>\$ 1,240,000</u>	<u>\$ 215,463</u>	<u>\$ 1,455,463</u>	<u>\$ 199,997</u>	<u>\$ 230,003</u>	<u>\$ 430,000</u>

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$9,189,994 (including available funds of \$501,625) and an unvoted debt margin of \$124,593.

**NOTE 10 - 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - COMPENSATED ABSENCES - (Continued)**

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

**NOTE 11 - 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. 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		\$ 2,000,000	\$ 0
Aggregate		4,000,000	0
Property/building and contents	SORSA	32,101,384	0
Fleet:			
Comprehensive	SORSA	Included in property	0
Collision		Included in property	0
Umbrella liability	SORSA	10,000,000	0

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

**B. Fidelity Bond**

The Treasurer is covered under a surety bond in the amount of \$50,000. All other school employees are covered on the SORSA policy for covered property up to \$100,000.

**C. Workers' Compensation**

For fiscal year 2012, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - RISK MANAGEMENT - (Continued)**

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

The District has elected to provide employee medical, prescription, and dental benefits through a self-insurance program. The District maintains a self-insurance fund through their fiscal agent, Ohio Mid Eastern Regional Service Agency (OME-RESA), to account for and finance its uninsured risk of loss in this program. This plan provides a medical plan with a \$500 family and \$250 per person deductible and a dental plan with a \$50 family and \$25 per person 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 \$500,000. A stop-loss internal pooling contract with OME-RESA covers specific liability claims between \$35,000 and \$500,000.

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 \$1,658.10 per month for each employee with family coverage and \$752.48 per month for each employee with individual coverage. The premium for dental coverage is \$60.04 monthly for each employee with family or individual coverage. The premium for life insurance is \$3.40 monthly for each \$20,000 in coverage. The premium for vision coverage is \$15.42 per month for each employee with family coverage and \$6.92 per month for each employee with individual coverage. All premiums are paid by the fund that pays the salary for the employee. The claims liability of \$170,223 reported in the internal service fund at June 30, 2012 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2012	\$ 198,707	\$ 1,633,341	\$ (1,661,825)	\$ 170,223
2011	124,280	1,864,912	(1,790,485)	198,707

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 12 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$120,569, \$110,389 and \$115,840, respectively; 62.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 12 - PENSION PLANS - (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$471,238, \$474,187 and \$460,476, respectively; 82.72 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$26,127 made by the District and \$18,663 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$18,819, \$27,040 and \$22,856, respectively; 62.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$7,120, \$7,104 and \$6,889, respectively; 62.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$36,249, \$36,476 and \$35,442, respectively; 82.72 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (49,660)
Net adjustment for revenue accruals	(79,481)
Net adjustment for expenditure accruals	(44,257)
Net adjustment for other sources/uses	(40,894)
Funds budgeted elsewhere	743
Adjustment for encumbrances	13,309
GAAP basis	<u>\$ (200,240)</u>

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

**NOTE 15 - CONTINGENCIES**

**A. Grants and ADM**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 15 - CONTINGENCIES - (Continued)**

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 16 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	167,764
Current year qualifying expenditures	(60,587)
Current year offsets	<u>(210,003)</u>
Total	<u>\$ (102,826)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u><u>\$ -</u></u>

**NOTE 17 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 9,141
Other governmental	<u>3,616</u>
Total	<u><u>\$ 12,757</u></u>

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
National School Lunch Program	10.555	\$ 161,544	\$ 161,544
Non-cash Assistance	10.555	22,261	22,261
School Breakfast Program	10.553	16,615	16,615
Total Child Nutrition Cluster		<u>200,420</u>	<u>200,420</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b><u>200,420</u></b>	<b><u>200,420</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Title I, Part A Cluster:</u>			
Title I Grants to Local Educational Agencies	84.010	15,245	14,325
		<u>207,272</u>	<u>197,578</u>
Total Title I Grants to Local Educational Agencies		222,517	211,903
ARRA - Title I Grants to Local Educational Agencies	84.389	9,832	8,576
Total Title I, Part A Cluster		<u>232,349</u>	<u>220,479</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	24,833	24,533
		<u>180,556</u>	<u>172,569</u>
Total Special Education - Grants to States		205,389	197,102
ARRA - Special Education Grants to States	84.391	6,557	7,419
Total Special Education Cluster		<u>211,946</u>	<u>204,521</u>
Safe and Drug-Free Schools and Communities-State Grants	84.186	1,608	1,608
Education Technology State Grants	84.318		1,708
Improving Teacher Quality State Grants	84.367	7,678	6,754
		<u>36,299</u>	<u>34,747</u>
Total Improving Teacher Quality State Grants		43,977	41,501
Education Jobs Fund	84.410	217,124	207,818
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b><u>707,004</u></b>	<b><u>677,635</u></b>
<b>TOTAL</b>		<b><u>\$ 907,424</u></b>	<b><u>\$ 878,055</u></b>

*The accompanying notes are an integral part of this schedule.*

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Mapleton Local School District, Ashland County, Ohio, (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mapleton Local School District, Ashland County, Ohio, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 4, 2013.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

January 4, 2013



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of Mapleton Local School District, Ashland County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Mapleton Local School District's major federal program for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Mapleton Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2012.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



**Dave Yost**  
Auditor of State

January 4, 2013

**MAPLETON LOCAL SCHOOL DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I Cluster: Title I Grants to Local Educational Agencies; CFDA # 84.010 ARRA - Title I Grants to Local Educational Agencies; CFDA # 84.389
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

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

None

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# Dave Yost • Auditor of State

MAPLETON LOCAL SCHOOL DISTRICT

ASHLAND COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 24, 2013