



**Auditor of State  
Betty Montgomery**



**MAPLEWOOD CAREER CENTER  
PORTAGE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Management's Discussion and Analysis .....	3
Statement of Net Assets .....	12
Statement of Activities .....	13
Balance Sheet – Governmental Funds .....	14
Reconciliation of Total Governmental Funds Balances to Net Assets of Governmental Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds To the Statement of Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual – General Fund .....	18
Statement of Fiduciary Net Assets – Fiduciary Funds.....	19
Statement of Changes in Fiduciary Net Assets Private Purpose Trust Fund .....	20
Notes to the Basic Financial Statements .....	21
Schedule of Federal Awards Expenditures .....	43
Notes to the Schedule of Federal Awards Expenditures .....	44
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	45
Report of Independent Accountants on Compliance With Requirements Applicable To Major Federal Programs and Internal Control Over Compliance In Accordance With OMB Circular A-133 .....	47
Schedule of Findings.....	49

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS**

Maplewood Career Center  
Portage County  
7075 State Route 88  
Ravenna, Ohio 44266

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maplewood Career Center, Portage County, Ohio (the Center), as of and for the year ended June 30, 2004, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maplewood Career Center, Portage County, Ohio, as of June 30, 2004 and the respective changes in financial position where applicable, and the respective budgetary comparison for the General fund thereof 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 April 11, 2005 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form an opinion on the financial statements that collectively comprise the Center's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

April 11, 2005

**Maplewood Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

---

It is a privilege to present to you the financial picture of the Maplewood Career Center. This discussion and analysis of the Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

**Financial Highlights**

Key financial highlights for the 2004 fiscal year are as follows:

- In total net assets increased by \$1,905,415 or 18.8 percent.
- General revenues accounted for \$11,252,981 in revenues or 89.0 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,388,047 or 11.0 percent of total revenues.
- Of the \$11,252,981 in general revenues, \$6,420,275 or 57.1 percent was derived from local tax revenue, \$4,756,259 or 42.3 percent from state revenue and \$76,447 or .6 percent was derived from interest and other local revenues. The \$166,600 in investment earnings and \$110,278 in miscellaneous revenue was offset by a decrease of \$200,431 in the fair value of investments.
- The Center had \$10,735,613 in expenses related to governmental activities. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,252,981 and program revenue of \$1,388,047 were adequate to provide for these programs. Governmental activities expenses consumed 95.4 percent of general revenues in fiscal year 2004.
- The Center's only major governmental fund is the General Fund.
- The Center's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$9,367,256, an increase of \$2,286,100 from fiscal year 2003. The June 30, 2003 fund balances have been restated as described in Note 3 to the basic financial statements.

**Using this Financial Report**

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 Center 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 Center, presenting both an aggregate view of the Center'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 Center's most significant funds with all other non-major funds presented in total in one column. In the case of the Center, the general fund is by far the most significant fund.

**Maplewood Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

---

**Reporting the Center as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all non-fiduciary assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished. The causes of this change may be the result of many factors, some not. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, the Center's performance, required educational programs, demographic and socioeconomic factors, the willingness of the community to support the Center and other factors. On the other hand, financial factors may include the Center's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

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

*Fund Financial Statements*

The analysis of the Center's major governmental fund begins on page 9. Fund financial reports provide detailed information about the Center's major fund. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant fund. The Center's only major governmental fund is the General Fund.

**Governmental Funds** All of the Center's activities are reported in governmental funds that focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using the *modified accrual* accounting method that measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center'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 financial statements.

**Proprietary Funds** For fiscal year 2004, the Uniform School Supplies and Rotary Special Services funds are being reclassified from proprietary funds to governmental funds. The effect of these changes is noted in Note 3 of the *Notes to the Basic Financial Statements*.



**Maplewood Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

**The Center as a Whole**

You may recall that the Statement of Net Assets provides the perspective of the Center as a whole. Table 1 provides a comparison of the Center's Net Assets for fiscal year 2004 compared to 2003:

**Table 1**  
*Net Assets*

	Governmental Activities	
	2004	2003
<b>Assets</b>		
Current and Other Assets	\$16,715,328	\$14,460,374
Capital Assets, Net	3,574,010	3,759,634
<i>Total Assets</i>	20,289,338	18,220,008
<b>Liabilities</b>		
Current Liabilities	7,036,599	6,962,142
Long-term Liabilities		
Due within one Year	79,578	77,129
Due in More than one Year	1,137,554	1,050,545
<i>Total Liabilities</i>	8,253,731	8,089,816
<b>Net Assets</b>		
Invested in Capital Assets	3,574,010	3,759,634
Restricted for:		
Set Asides	224,021	224,792
Food Service Operations	11,351	0
Uniform School Supplies	17,037	29,125
Vocational Education Enhancement	14,357	0
Adult Basic Education	13,322	43,661
Miscellaneous Federal Grants	10,442	18,659
Other Purposes	7,969	21,066
Unrestricted	8,163,098	6,033,255
<i>Total Net Assets</i>	\$12,035,607	\$10,130,192

By comparing assets and liabilities, one can see the overall position of the Center has improved as evidenced by the increase in net assets of \$1,905,415.

**Maplewood Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

Table 2 shows the changes in net assets for fiscal year 2004.

**Table 2**  
Change in Net Assets  
Governmental Activities

	2004	2003
<b>Revenues</b>		
<b><i>Program Revenues</i></b>		
Charges for Services	\$575,016	\$614,057
Operating Grants and Contributions	813,031	959,079
Capital Grants and Contributions	0	33,900
<i>Total Program Revenues</i>	<u>1,388,047</u>	<u>1,607,036</u>
<b><i>General Revenues</i></b>		
Property Taxes	6,420,275	5,908,086
Intergovernmental	4,756,259	4,113,569
Investment Earnings	166,600	116,916
Decrease in Fair Value of Investments	(200,431)	0
Miscellaneous	110,278	89,489
<i>Total General Revenues</i>	<u>11,252,981</u>	<u>10,228,060</u>
Total Revenues	<u>12,641,028</u>	<u>11,835,096</u>
<b><i>Program Expenses</i></b>		
Instruction:		
Regular	1,511,474	1,319,992
Vocational	4,056,408	3,869,169
Adult/Continuing	180,028	182,361
Support Services:		
Pupil	956,887	983,375
Instructional Staff	532,303	453,766
Board of Education	46,246	62,700
Administration	789,925	672,130
Fiscal	544,750	401,297
Business	227,131	209,067
Operation and Maintenance of Plant	1,242,664	1,018,132
Pupil Transportation	28,126	90,418
Central	362,033	347,662
Operation of Non-Instructional Services	16,403	164,785
Operation of Food Services	221,113	230,153
Extracurricular Activities	20,122	20,558
Interest and Fiscal Charges	0	29
<i>Total Program Expenses</i>	<u>10,735,613</u>	<u>10,025,594</u>
Change in Net Assets	1,905,415	1,809,502
Net Assets Beginning of Year	<u>10,130,192</u>	<u>8,320,690</u>
Net Assets End of Year	<u>\$12,035,607</u>	<u>\$10,130,192</u>

**Maplewood Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

**Governmental Activities**

Net assets of the Center's governmental activities increased by \$1,905,415 in fiscal year 2004. Program revenues of \$1,388,047 and general revenues of \$11,252,981 offset total governmental expenses of \$10,735,613. Program revenues supported 12.9 percent of the total governmental expenses.

The primary sources of revenue for the Center are derived from property taxes and state foundation payments. These two revenue sources represent 88.4 percent of the total revenue. Property taxes, alone, represent 50.8 percent of revenues. The remaining 49.2 percent of revenue is from program revenues, interest and miscellaneous local sources.

A state law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. The Center operates on voted millage of 4 mills. The reduced or effective millage in fiscal year 2004 was 3.1635 mills for Residential/Agricultural property and 3.5734 mills for other property. The following table illustrates the rate of growth in property values in the past ten years which has positively impacted the Center:

Year Ending	Portage County	Summit County	Total Valuation	Growth Rate
2004	\$2,048,432,563	\$85,331,750	\$2,133,764,313	11.00 %
2003	1,837,968,775	84,259,994	1,922,228,769	3.28
2002	1,783,566,161	77,688,190	1,861,254,351	4.31
2001	1,710,388,183	74,016,987	1,784,405,170	16.02
2000	1,461,444,912	76,559,342	1,538,004,254	3.47
1999	1,418,035,869	68,413,512	1,486,449,381	3.19
1998	1,373,978,796	66,469,461	1,440,448,257	14.38
1997	1,197,717,287	61,671,762	1,259,389,049	4.22
1996	1,155,151,898	53,264,354	1,208,416,252	1.34
1995	1,138,652,798	53,756,783	1,192,409,581	15.88

The average rate of growth over the last 10 years is 7.71 percent.

In recent years, support from the State in terms of foundation increases, the implementation of weighted funding for special education students and career-tech students, and ADM funding for career technical students has combined to increase the financial condition of the Center. State support for educational programs has averaged an increase of 6.7 percent over the last three years. This increase is largely due to the change in the method of funding provided for career-technical students from unit funding to average daily membership funding, the weighted funding for special education and career-tech students, and increased enrollment at the Center. Also, at fiscal year end, the fair value of investments was down \$200,431 due to the market value on June 30, 2004. This does not express a loss to the Center as the fair value is anticipated to recover.

Many of the expenses remained fairly constant in comparison between 2003 and 2004. However, the operation of non-instruction services expense did decrease significantly due to various cost-cutting attempts made by the Center.

**Maplewood Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

Program revenues covered 12.9 percent of program expenses overall. The remaining 87.1 percent is supported through tax revenues and other general revenues. In fiscal year 2004, however, revenues totaled 117.7 percent of expenses resulting in an increase in net assets \$1,905,415.

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

**Table 3**  
 Governmental Activities

	Total Cost of Services 2004	Net Cost of Services 2004
<b>Program Expenses</b>		
<i>Governmental Activities</i>		
Instruction:		
Regular	\$1,511,474	\$1,475,262
Vocational	4,056,408	3,591,253
Adult/Continuing	180,028	50,223
Support Services:		
Pupil	956,887	765,093
Instructional Staff	532,303	406,108
Board of Education	46,246	45,347
Administration	789,925	654,397
Fiscal	544,750	521,092
Business	227,131	222,560
Operation and Maintenance of Plant	1,242,664	1,215,442
Pupil Transportation	28,126	26,308
Central	362,033	343,686
Operation of Non-Instructional Services	16,403	15,451
Operation of Food Services	221,113	(4,373)
Extracurricular Activities	20,122	19,717
<i>Total</i>	<u>\$10,735,613</u>	<u>\$9,347,566</u>

As one can see, the reliance upon local tax revenues for the governmental activities is crucial. 59.8 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs support 44.3 percent while program revenues, investments and other miscellaneous types of revenues support the remaining activity costs.

**The Center's Funds**

The Center's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$9,367,256, an increase of \$2,286,100 from fiscal year 2003. The June 30, 2003 fund balances have been restated as described in Note 3 to the basic financial statements.

**Maplewood Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

**General Fund**

The general fund balance increased by \$2,359,069 in fiscal year 2004. The increase in fund balance can be attributed primarily to passage of a replacement levy and a continued pattern of revenues exceeding expenditures. The fund balance now exceeds one year of expenditures.

**Budgeting Highlights**

The Center's appropriations are prepared according to Ohio law and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. In fiscal year 2004 all funds were appropriated at the fund level.

In fiscal year 2004, the Center adopted its appropriations prior to October 1, 2003 and amended those appropriations several times prior to fiscal year end. For the general fund, final amended estimated revenues were \$11,628,129, an increase of \$472,110 over the original revenue estimate. Total final estimated revenues exceeded original estimated revenues due mostly to an original conservative estimate of State foundation receipts and collections from the replacement levy that was passed at a special election in February 2002.

General fund original appropriations of \$10,123,088 were not increased in the final appropriation measure. The Center's budget for salaries, wages and fringe benefits totaled 69 percent of general fund appropriations; purchased services 10 percent; supplies 4 percent; capital outlay 11 percent; transfers and advances 4 percent and other/miscellaneous expenses 2 percent.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2004, the Center had \$3,574,010 invested in land, buildings and improvements, furniture, fixtures and equipment and vehicles. The following table shows fiscal 2004 balances compared to 2003.

**Table 4**  
 Capital Assets at June 30  
 (Net of Accumulated Depreciation)

	Governmental Activities	
	2004	2003
Land	\$203,875	\$234,534
Buildings and Improvements	2,175,995	2,365,261
Furniture, Fixtures and Equipment	1,068,344	1,056,019
Vehicles	125,796	103,820
Total Capital Assets	\$3,574,010	\$3,759,634

Capital Assets net of depreciation decreased \$185,624 overall. The decrease was mainly due to an additional year of accumulated depreciation.

**Maplewood Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2004*  
*Unaudited*

---

The Center's capitalization threshold for capital assets was set at \$5,000. For additional information on capital assets, see Note 9 to the basic financial statements.

***Debt***

At June 30, 2004 the Center had no outstanding bonded long-term debt. The long-term liabilities listed in Table 1 are those accumulated for compensated absences. For additional information on long-term obligations, see Note 14 to the basic financial statements.

**Challenges and Opportunities**

The vision of the Maplewood Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, Maplewood Career Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. Maplewood Career Center establishes a relationship with staff, students, parents and community businesses that allows all learners to reach their full potential.

The mission of the Maplewood Career Center is to prepare all students to meet, to the best of their abilities, the career/technical, academic, social, cultural, current and future needs of the community. The mission will be accomplished by creating a safe learning environment that emphasizes the lifelong skills and knowledge necessary to continue learning, communicate clearly, solve problems, use information and technology effectively, enjoy productive employment, appreciate aesthetics, and meet their obligations as citizens in a democratic and global society.

The adult education program shall assist individuals and companies in their efforts to develop leadership, build new skills, upgrade skills, keep abreast of technological developments and to develop competencies in areas of need and workforce development and personal interest.

In order to meet the goals mentioned above, it is imperative that the Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

Although the Center has achieved a large measure of financial stability and forecasts a continuation of that stability throughout the five years of the required forecast period, the Center also anticipates financial stability throughout the remainder of the current 10-year 3-mill replacement levy period. Administrators and staff are cognizant of the vulnerability of this stability and the Board of Education and administrators continue to closely monitor both revenues and expenses. The Treasurer continues to prepare annually monthly cash flow estimates in order to ascertain that actual revenues meet or exceed estimated revenues and actual expenditures do not exceed estimates.

**Contacting the Center's Financial Management Personnel**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Michelle Seckman, Treasurer, Maplewood Career Center, 7075 State Route 88, Ravenna, Ohio 44266. You may also contact the Treasurer by phone at (330) 296-2892, extension 112, or by e-mail at [seckmanmi@maplenet.sparcc.org](mailto:seckmanmi@maplenet.sparcc.org).

## Basic Financial Statements

# Maplewood Career Center

## Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$9,847,027
Accounts Receivable	1,536
Intergovernmental Receivable	80,861
Inventory Held for Resale	3,024
Materials and Supplies Inventory	357
Property Taxes Receivable	6,782,523
Nondepreciable Capital Assets	203,875
Depreciable Capital Assets, Net	<u>3,370,135</u>
<i>Total Assets</i>	<u>20,289,338</u>
<b>Liabilities</b>	
Accounts Payable	83,393
Accrued Wages Payable	604,347
Intergovernmental Payable	112,396
Deferred Revenue	6,236,463
Long-Term Liabilities:	
Due Within One Year	79,578
Due In More Than One Year	<u>1,137,554</u>
<i>Total Liabilities</i>	<u>8,253,731</u>
<b>Net Assets</b>	
Invested in Capital Assets	3,574,010
Restricted for:	
Set Asides	224,021
Food Service Operations	11,351
Uniform School Supplies	17,037
Vocational Education Enhancement	14,357
Adult Basic Education	13,322
Miscellaneous Federal Grants	10,442
Other Purposes	7,969
Unrestricted	<u>8,163,098</u>
<i>Total Net Assets</i>	<u>\$12,035,607</u>

See accompanying notes to the basic financial statements



**Maplewood Career Center**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$1,511,474	\$19,307	\$16,905	(\$1,475,262)
Vocational	4,056,408	239,193	225,962	(3,591,253)
Adult/Continuing	180,028	2,808	126,997	(50,223)
Support Services:				
Pupil	956,887	16,709	175,085	(765,093)
Instructional Staff	532,303	18,544	107,651	(406,108)
Board of Education	46,246	456	443	(45,347)
Administration	789,925	76,040	59,488	(654,397)
Fiscal	544,750	5,467	18,191	(521,092)
Business	227,131	2,318	2,253	(222,560)
Operation and Maintenance of Plant	1,242,664	12,843	14,379	(1,215,442)
Pupil Transportation	28,126	503	1,315	(26,308)
Central	362,033	3,764	14,583	(343,686)
Operation of Non-Instructional Services	16,403	690	262	(15,451)
Operation of Food Services	221,113	176,169	49,317	4,373
Extracurricular Activities	20,122	205	200	(19,717)
<b>Totals</b>	<b>\$10,735,613</b>	<b>\$575,016</b>	<b>\$813,031</b>	<b>(9,347,566)</b>
<b>General Revenues</b>				
Property Taxes Levied for				
General Purposes				6,420,275
Grants and Entitlements not Restricted to Specific Programs				4,756,259
Investment Earnings				166,600
Decrease in Fair Value of Investments				(200,431)
Miscellaneous				110,278
<b>Total General Revenues</b>				<b>11,252,981</b>
Change in Net Assets				1,905,415
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>				10,130,192
<i>Net Assets End of Year</i>				<b>\$12,035,607</b>

See accompanying notes to the basic financial statements

**Maplewood Career Center**

*Balance Sheet*

*Governmental Funds*

*June 30, 2004*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$9,371,905	\$251,101	\$9,623,006
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	224,021	0	224,021
Accounts Receivable	1,306	230	1,536
Interfund Receivable	213,520	0	213,520
Intergovernmental Receivable	7,495	73,366	80,861
Materials and Supplies Inventory	0	357	357
Inventory Held for Resale	0	3,024	3,024
Taxes Receivable	6,782,523	0	6,782,523
<i>Total Assets</i>	<u>\$16,600,770</u>	<u>\$328,078</u>	<u>\$16,928,848</u>
<b>Liabilities</b>			
Accounts Payable	\$72,836	\$10,557	\$83,393
Accrued Wages Payable	564,293	40,054	604,347
Intergovernmental Payable	97,416	7,707	105,123
Deferred Revenue	6,542,592	12,617	6,555,209
Interfund Payable	0	213,520	213,520
<i>Total Liabilities</i>	<u>7,277,137</u>	<u>284,455</u>	<u>7,561,592</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	503,527	43,799	547,326
Reserved for Capital Improvements	659	0	659
Reserved for Property Taxes	239,931	0	239,931
Reserved for Budget Stabilization	223,362	0	223,362
Unreserved:			
Designated for Severance Payments	198,553	0	198,553
Undesignated, Reported in:			
General Fund	8,157,601	0	8,157,601
Special Revenue Funds (Deficit)	0	(176)	(176)
<i>Total Fund Balances</i>	<u>9,323,633</u>	<u>43,623</u>	<u>9,367,256</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$16,600,770</u>	<u>\$328,078</u>	<u>\$16,928,848</u>

See accompanying notes to the basic financial statements

**Maplewood Career Center**

*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2004*

---

<b>Total Governmental Funds Balances</b>		<b>\$9,367,256</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,574,010
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Property Taxes	306,129	
Grants	<u>12,617</u>	
Total		318,746
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(7,273)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences		<u>(1,217,132)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$12,035,607</u></u>

See accountant's compilation report  
See accompanying notes to the basic financial statements

**Maplewood Career Center**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2004*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$6,475,241	\$0	\$6,475,241
Intergovernmental	4,847,475	771,290	5,618,765
Interest	166,320	280	166,600
Decrease in Fair Value of Investments	(200,431)	0	(200,431)
Tuition and Fees	71,352	202,241	273,593
Rentals	12,435	0	12,435
Contributions and Donations	1,161	0	1,161
Charges for Services	11,274	277,714	288,988
Miscellaneous	17,225	93,053	110,278
<i>Total Revenues</i>	<u>11,402,052</u>	<u>1,344,578</u>	<u>12,746,630</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	1,313,310	9,012	1,322,322
Vocational	3,324,974	440,527	3,765,501
Adult/Continuing	0	157,378	157,378
Support Services:			
Pupil	674,575	186,471	861,046
Instructional Staff	342,892	124,979	467,871
Board of Education	41,660	0	41,660
Administration	576,671	147,124	723,795
Fiscal	496,176	15,598	511,774
Business	207,410	0	207,410
Operation and Maintenance of Plant	1,171,719	2,300	1,174,019
Pupil Transportation	46,028	1,000	47,028
Central	342,166	10,891	353,057
Operation of Non-Instructional Services	24,624	3,042	27,666
Operation of Food Services	0	211,420	211,420
Extracurricular Activities	18,783	0	18,783
Capital Outlay	493,093	221,480	714,573
<i>Total Expenditures</i>	<u>9,074,081</u>	<u>1,531,222</u>	<u>10,605,303</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,327,971</u>	<u>(186,644)</u>	<u>2,141,327</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	43,253	101,520	144,773
Transfers In	0	12,155	12,155
Transfers Out	(12,155)	0	(12,155)
<i>Total Other Financing Sources (Uses)</i>	<u>31,098</u>	<u>113,675</u>	<u>144,773</u>
<i>Net Change in Fund Balances</i>	2,359,069	(72,969)	2,286,100
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>6,964,564</u>	<u>116,592</u>	<u>7,081,156</u>
<i>Fund Balances End of Year</i>	<u><u>\$9,323,633</u></u>	<u><u>\$43,623</u></u>	<u><u>\$9,367,256</u></u>

See accompanying notes to the basic financial statements

**Maplewood Career Center**  
*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, 2004*

---



---

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$2,286,100
---	-------------

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

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

Capital Outlay	321,963	
Depreciation	(398,306)	
	(76,343)	
Total		(76,343)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (109,281)

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

Property Taxes	(54,966)	
Grants	(50,636)	
	(105,602)	
Total		(105,602)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable (which represents contractually required pension contributions), do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(89,458)	
Pension Obligation	(1)	
	(89,459)	
Total		(89,459)

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$1,905,415</u></u>
--	---------------------------

See accompanying notes to the basic financial statements

**Maplewood Career Center**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$6,453,936	\$6,489,527	\$6,489,926	\$399
Intergovernmental	4,423,778	4,839,980	4,839,980	0
Interest	110,000	175,922	174,141	(1,781)
Tuition and Fees	109,300	82,300	72,327	(9,973)
Rentals	11,500	14,253	14,508	255
Contributions and Donations	1,900	1,900	1,161	(739)
Charges for Services	10,050	11,050	13,819	2,769
Miscellaneous	35,555	13,197	18,649	5,452
<i>Total Revenues</i>	11,156,019	11,628,129	11,624,511	(3,618)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	1,422,554	1,404,335	1,298,496	105,839
Vocational	3,739,805	3,708,037	3,530,577	177,460
Support Services:				
Pupil	699,360	698,910	685,717	13,193
Instructional Staff	355,887	355,886	344,564	11,322
Board of Education	116,998	116,998	51,394	65,604
Administration	633,629	658,061	595,671	62,390
Fiscal	600,233	620,233	590,251	29,982
Business	251,113	245,479	208,029	37,450
Operation and Maintenance of Plant	1,331,286	1,338,701	1,302,082	36,619
Pupil Transportation	12,675	51,175	46,607	4,568
Central	395,192	398,742	365,369	33,373
Operation of Non-Instructional Services	27,310	27,310	24,624	2,686
Extracurricular Activities	36,014	35,914	18,905	17,009
Capital Outlay	501,032	463,307	618,547	(155,240)
<i>Total Expenditures</i>	10,123,088	10,123,088	9,680,833	442,255
<i>Excess of Revenues Over Expenditures</i>	1,032,931	1,505,041	1,943,678	438,637
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	3,000	43,253	43,253	0
Advances In	200,000	206,027	206,027	0
Advances Out	(300,000)	(300,000)	(213,520)	86,480
Transfers In	5,000	5,000	0	(5,000)
Transfers Out	(87,728)	(87,728)	(12,155)	75,573
<i>Total Other Financing Sources (Uses)</i>	(179,728)	(133,448)	23,605	157,053
<i>Net Change in Fund Balance</i>	853,203	1,371,593	1,967,283	595,690
<i>Fund Balance Beginning of Year</i>	6,580,603	6,580,603	6,580,603	0
Prior Year Encumbrances Appropriated	669,116	669,116	669,116	0
<i>Fund Balance End of Year</i>	\$8,102,922	\$8,621,312	\$9,217,002	\$595,690

See accompanying notes to the basic financial statements

**Maplewood Career Center**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2004*

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$59,391	\$27,566
<b>Liabilities</b>		
Due to Students	0	\$27,566
<b>Net Assets</b>		
Held in Trust for Scholarships	\$59,391	

See accompanying notes to the basic financial statements

**Maplewood Career Center**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2004*

	Scholarship
<b>Additions</b>	
Contributions and Donations	\$2,500
Interest	496
Miscellaneous	8,386
<i>Total Additions</i>	11,382
<b>Deductions</b>	
Scholarships Awarded	7,082
<i>Change in Net Assets</i>	4,300
<i>Net Assets Beginning of Year</i>	55,091
<i>Net Assets End of Year</i>	\$59,391

See accompanying notes to the basic financial statements



**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

**Note 1 - Description of the Center and Reporting Entity**

The Maplewood Career Center (the “Center”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational center as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of eleven members appointed for three year terms. Each Board member is elected to their home district and then appointed to the Center’s board. The Center provides educational services as authorized by state statute and federal guidelines to the following School Districts: Crestwood Local School District, Field Local School District, James A. Garfield Local School District, Mogadore Local School District, Ravenna City School District, Rootstown Local School District, Southeast Local School District, Streetsboro City School District, Waterloo Local School District, and Windham Exempted Village School District. Each of these school districts has one board member on the Center’s Board of Education, except for Ravenna City School District which has two members. The Center employs 75 certified employees and 30 non-certified employees who provide services to 680 students and other community members.

***Reporting Entity***

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the basic financial statements are not misleading. The primary government of the Center consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For Maplewood, this includes the agencies and departments that provide the following services: general operations, food service, and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Maplewood Career Center.

The Center participates in a jointly governed organization and two public entity risk pools. These organizations are the Stark/Portage Area Computer Consortium, the Ohio School Boards Association Workers’ Compensation Group Rating Program, and the Portage Area School Consortium. These organizations are presented in Notes 16 and 17 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Center have been prepared in conformity with generally accepted accounting principles (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 Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. Following are the more significant of the Center’s accounting policies.

***A. Basis of Presentation***

The Center’s basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Center that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The Center no longer reports any business-type activities (See Note 3).

The statement of net assets presents the financial condition of the governmental activities of the Center at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

**Fund Financial Statements** During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Center are grouped into two categories: governmental and fiduciary.

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

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

The other governmental funds of the Center account for grants and other resources whose uses are restricted to a particular purpose.

**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 Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

support the Center's own programs. The Center's only trust fund is a private purpose trust which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency funds account for student activities.

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Center are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is accounted for on a flow of economic resources measurement focus.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the Center 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 7). 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 Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center 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, grants, interest, tuition and student fees.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

***Deferred Revenue*** Deferred revenue arises 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, 2003, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

***Expenditures/Expenses*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

***E. Budgetary Process***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

***F. Cash and Investments***

To improve cash management, cash received by the Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2004, investments were limited to Federal National Mortgage Association Bonds, Federal Home Loan Bank Bonds, STAROhio and a repurchase agreement.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as the repurchase agreement are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2004.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2004 amounted to \$166,320, which includes \$3,968 assigned from other Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents.

***G. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a reserve for budget stabilization and unspent resources restricted for capital improvements. See Note 15 for additional information regarding set-asides.

***H. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food.

***I. Capital Assets***

All capital assets of the Center are classified as general capital assets. 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of five thousand dollars. The Center does not possess any infrastructure. 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 capitalized.

All reported capital assets, other than 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:

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40 years
Furniture, Fixtures and Equipment	5-25 years
Vehicles	10-15 years

***J. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund balance amounts are eliminated in the statement of net assets.

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Center's past experience of making termination payments.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, compensated absences, special termination benefits and contractually required pension contributions 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 fiscal year.

***M. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists 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 the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes include public school support programs, school net professional development programs, drug free school programs and improving teacher quality programs.

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

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

***N-. Fund Balance Reserves***

The Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, capital improvements, property taxes and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

***O. Interfund Transactions***

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. In the fund financial statements all transfers between governmental funds have been eliminated within the governmental activities column of the statement of net assets. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***P. 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.

***Q. Estimates***

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

**Note 3 – Changes in Accounting Principle and Restatement of Fund Balance**

***A. Change in Accounting Principle***

For fiscal year 2004, the Center has implemented GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units.” GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government. The implementation of GASB Statement No. 39 did not affect the reporting entity of the Center.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**B. Restatement of Net Assets/Fund Balance**

For fiscal year 2004, the Uniform School Supplies and Rotary Special Services funds are being reclassified from proprietary funds to governmental funds, which result in the Center no longer reporting any business-type activities or proprietary funds. Neither the Uniform School Supplies fund nor the Rotary Special Services fund is self-sufficient. Neither fund generates enough revenue to cover the respective expenditures; therefore, they are now being shown as special revenue governmental funds.

The implementation of these changes had the following effects on fund balance of the major and nonmajor governmental funds of the Center as they were previously reported.

	General	Nonmajor	Total
Fund Balances, June 30, 2003	\$6,964,564	\$110,213	\$7,074,777
Fund Reclassification	0	6,379	6,379
Adjusted Fund Balances, June 30, 2003	\$6,964,564	\$116,592	\$7,081,156

This fund reclassification also increased net assets of governmental activities by \$210,225 from \$9,919,967 to \$10,130,192.

**Note 4 – Compliance**

Fund balances at June 30, 2004, included the following individual fund deficits:

<i>Special Revenue Funds:</i>	
Rotary Special Services	\$67,142
Management Information Systems	5
Vocational Education	4,614

The special revenue deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

While the Center is reporting its 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 GAAP (modified accrual) basis are as follows:

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



**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Investments reported at cost (budget basis) rather than fair value (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$2,359,069
Net Adjustment for Revenue Accruals	24,214
Advances In	206,027
Beginning Fair Value Adjustment for Investments	(2,186)
Ending Fair Value Adjustment for Investments	200,431
Net Adjustment for Expenditure Accruals	(27,397)
Advances Out	(213,520)
Encumbrances	<u>(579,355)</u>
Budget Basis	<u><u>\$1,967,283</u></u>

**Note 6 - Deposits and Investments**

State statutes classify monies held by the Center 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 Center Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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.

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

Interim monies may be invested in the following securities:

1. United States treasury bills, bonds, notes, 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;

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 Center, and must be purchased with the expectation that it will be held to maturity.

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

**Cash on Hand** At fiscal year end, the Center had \$739 in undeposited cash on hand which is included on the balance sheet of the Center as part of equity in pooled cash and cash equivalents.

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

**Deposits** At year end, the carrying amount of the Center's deposits was (\$225,242) and the bank balance was \$14,744. The entire bank balance was covered by federal depository insurance.

**Investments** GASB Statement 3 requires investments to be categorized to give an indication of the level of risk assumed by the Center at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Center or its agent in the Center's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

in the Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Center's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$269,578	\$269,578	\$269,578
Federal National Mortgage Association Bonds	2,944,070	2,944,070	2,944,070
Federal Home Loan Bank Bonds	3,881,820	3,881,820	3,881,820
STAROhio		3,063,019	3,063,019
<b>Total</b>	<b>\$7,095,468</b>	<b>\$10,158,487</b>	<b>\$10,158,487</b>

The classification of cash and cash equivalents and investments on the fund financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$9,933,984	\$0
Investments Which are Part of a Cash Management Pool		
Repurchase Agreement	(269,578)	269,578
Federal National Mortgage Association Bonds	(2,944,070)	2,944,070
Federal Home Loan Bank Bonds	(3,881,820)	3,881,820
STAROhio	(3,063,019)	3,063,019
Cash on hand	(739)	0
GASB Statement No. 3	(\$225,242)	\$10,158,487

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Center. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Center prior to June 30.

The Center receives property taxes from Portage and Summit Counties. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 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 deferred revenue.

The amount available as an advance in the general fund was \$239,931 at June 30, 2004 and \$254,616 at June 30, 2003.

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

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,622,853,920	84.43 %	\$1,842,350,120	86.34 %
Public Utility Personal	82,646,380	4.30	82,331,010	3.86
Tangible Personal Property	216,728,469	11.27	209,083,183	9.80
<b>Total</b>	<b>\$1,922,228,769</b>	<b>100.00 %</b>	<b>\$2,133,764,313</b>	<b>100.00 %</b>
 Tax rate per \$1,000 of assessed valuation	 \$4.00		 \$4.00	

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**Note 8 - Receivables**

Receivables at June 30, 2004, consisted of taxes, accounts (rent, student fees and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	<b>Amounts</b>
Vocational Education Grant	\$41,724
Adult Basic Education Grant	12,310
Vocational Education Enhancement Grant	18,253
General Grants	7,495
Miscellaneous Federal Grants	1,079
<b>Total</b>	<b>\$80,861</b>

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance 6/30/03	Additions	Reductions	Balance 6/30/04
Governmental Activities:				
Capital assets not being depreciated				
Land	\$234,534	\$0	(\$30,659)	\$203,875
Capital assets being depreciated				
Buildings and improvements	7,318,097	0	0	7,318,097
Furniture, fixtures and equipment	1,690,876	262,844	(124,066)	1,829,654
Vehicles	266,791	59,119	(53,925)	271,985
Total capital assets being depreciated	9,275,764	321,963	(177,991)	9,419,736
Accumulated depreciation				
Buildings and improvements	(4,952,836)	(189,266)	0	(5,142,102)
Furniture, fixtures and equipment	(634,857)	(186,730)	60,277	(761,310)
Vehicles	(162,971)	(22,310)	39,092	(146,189)
Total accumulated depreciation	(5,750,664)	(398,306) *	99,369	(6,049,601)
Capital assets being depreciated, net	3,525,100	(76,343)	(78,622)	3,370,135
Governmental activities capital assets, net	\$3,759,634	(\$76,343)	(\$109,281)	\$3,574,010

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$57,262
Vocational	224,059
Adult/Continuing	10,667
Support Services:	
Pupil	11,590
Instructional Staff	23,769
Board of Education	1,508
Administration	8,387
Fiscal	3,105
Operation and Maintenance of Plant	23,500
Pupil Transportation	15,224
Operation of Non-Instructional Services	12,925
Operation of Food Services	6,310
Total Depreciation Expense	\$398,306

## **Note 10 - Risk Management**

### ***A. Property and Liability Insurance***

The Center maintains comprehensive insurance coverage with a private carrier, Indiana Insurance, for liability coverage. Real property, building contents and vehicles are also maintained with Indiana Insurance; however, the Center makes the payment through the Portage Area School Consortium Property and Casualty Pool (the "Pool"). See Note 17 for more information on the Pool.

### ***B. Workers' Compensation***

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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 participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

### ***C. Employee Medical Benefits***

The Center is a member of the Portage Area School Consortium (the Consortium), a shared risk pool (See Note 17), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school Centers. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

**Note 11 - Pension Plans**

***A. School Employees Retirement System***

The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614)222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$102,636, \$73,429, and \$177,967 respectively; 97.99 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

***B. State Teachers Retirement System***

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

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

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2003, the portion used to fund pension obligations was 13 percent. 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.

The Center's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003 and 2002 were \$542,433, \$491,228, and \$690,038 respectively; 85.75 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$3,159 made by the School District and \$12,857 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teacher Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teacher Retirement System. As of June 30, 2004, certain members of the Board of Education have elected Social Security. The District's liability is 6.20 percent of wages paid.

**Note 12 - Postemployment Benefits**

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

Retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Center, this amount equaled \$41,726 for fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, the balance in the Fund was \$3.10 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.



**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established as \$25,400. For the Center, the amount to fund health care benefits, including surcharge, during the 2004 fiscal year equaled \$62,713.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

**Note 13 - Other Employee Benefits**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to certified and classified employees upon retirement is limited to fifty percent of accumulated sick days not to exceed 170 days. The total maximum payment is for 85 days.

**Note 14 - Long-term Obligations**

The changes in the Center's long-term obligations during fiscal year 2004 were as follows:

	Principal Outstanding 06/30/03	Additions	Reductions	Principal Outstanding 06/30/04	Amount Due in One Year
<b>Governmental Activities</b>					
Compensated Absences	<u>\$1,127,674</u>	<u>\$169,826</u>	<u>\$80,368</u>	<u>\$1,217,132</u>	<u>\$79,578</u>

Compensated absences will be paid from the general fund and the food service special revenue fund.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

The Center's overall legal debt margin was \$192,038,788 with an unvoted debt margin of \$2,133,764 at June 30, 2004.

**Note 15 - Set-Asides**

The Center is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount 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 year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Center was also required to set aside money for budget stabilization. At June 30, 2004, only the unspent portion of certain workers' compensation refunds continues to be set aside.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2003	\$223,362	\$1,430	(\$122,611)
Current Year Set-aside Requirement	0	94,799	94,799
Qualifying Disbursements	0	(95,570)	(237,468)
<b>Totals</b>	<b>\$223,362</b>	<b>\$659</b>	<b>(\$265,280)</b>
Set-aside Balance Carried Forward to Future Fiscal Years	\$223,362	\$659	(\$265,280)
Set-aside Reserve Balance as of June 30, 2004	\$223,362	\$659	\$0

The Center had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$224,021.

**Note 16 - Jointly Governed Organization**

***Stark/Portage Area Computer Consortium*** The Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization created as a regional council of governments pursuant to State Statutes made up of public school district's and county boards of education from Stark, Portage and Carroll counties. The primary function of SPARCC is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by SPARCC include student scheduling, registration, grade reporting and test scoring. Each member district pays an annual fee for the services provided by SPARCC.

SPARCC is governed by a board of directors comprised of each Superintendent within the Consortium. The Stark County Educational Service Center serves as the fiscal agent of the Consortium and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of SPARCC is limited to its voting and any representation it may have

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

on the board of directors. The continued existence of SPARCC is not dependent on the District's continued participation and no equity interest exists. Maplewood Career Center paid \$11,568 to SPARCC during fiscal year 2004 for services. Financial information can be obtained by writing the Stark/Portage Area Computer Consortium, 2100 38<sup>th</sup> Street NW, Canton, Ohio 44709.

**Note 17 - Public Entity Risk Pools**

***A. Insurance Purchasing Pool***

*Ohio School Boards Association Workers' Compensation Group Rating Program* - The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Centers pay an enrollment fee to the GRP to cover the costs of administering the program.

***B. Shared Risk Pool***

*Portage Area School Consortium* - The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium is a stand alone entity, comprised of two stand-alone Pools; the Portage County School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5<sup>th</sup>, 1988 to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and the method of selection therefore, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representation to the Consortium (usually the superintendent or designee). In the case of a member that is a board of education, that representative shall be an executive appointed by the member's governing body. The Assembly serves without compensation.

**Note 18 - Contingencies**

***A. Grants***

The Center 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2004.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

**B. Litigation**

The Center is a party to legal proceedings. The Center's management is of the opinion that the ultimate disposition of these claims will not have a material effect, if any, on the financial condition of the Center.

**Note 19 - Interfund Transactions**

**A. Interfund Balances**

Interfund Payable	Interfund Receivable
	General
<i>Nonmajor Governmental Funds:</i>	
Uniform School Supplies	\$15,000
Rotary Special Services	140,000
Vocational Education Enhancement	3,796
Adult Basic Education	5,000
Vocational Education	41,724
Miscellaneous Federal Grants	8,000
Total	\$213,520

Interfund receivables and payables are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid.

**B. Interfund Transfers**

Transfers made during the year ended June 30, 2004 were as follows:

Transfers To	Transfers From
	General
<i>Nonmajor Governmental Funds:</i>	
Adult Education	\$4,818
Vocational Education Enhancement	7,337
Total	\$12,155

The transfer from the General Fund to the Adult Education Fund was to cover the difference in revenue and expenditures of the high school credit evening program that sometimes does not generate enough tuition revenue to cover expenditures since the classes can be quite small. The Board of Education agreed by resolution to fund any deficit that occurs through the operation of the high school credit evening classes. The transfers from the General Fund to the Vocational Education Enhancement Fund was to cover the Board's matching requirement of the State funded grant program.

**Maplewood Career Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2004*

---

**Note 20 - State School Funding Decision**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The Center is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

**This page intentionally left blank.**

**MAPLEWOOD CAREER CENTER  
PORTAGE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$6,728		\$8,753
School Breakfast Program	051391-05UP-2004	10.553	\$4,490		\$4,490	
National School Lunch Program	051391-LLP4-2003	10.555	10,398		10,398	
	051391-LLP4-2004		30,986		30,986	
Total U.S. Department of Agriculture - Nutrition Cluster			45,874	6,728	45,874	8,753
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education- State Grant Program	051391-ABS1-2003	84.002	22,328		26,865	
	051391-ABS1-2003		13,741		30,702	
	051391-ABS1-2004		103,292		175,754	
	051391-ABS2-2003				1,010	
	051391-ABS2-2003				3,662	
	051391-ABS2-2004		33,364		28,617	
	051391-ABSL-2004		17,916		17,916	
	051391-AB-SL-2003				3,752	
	051391-ABS1-2002C				142	
	051391-ABSL-2003C				2,077	
			190,641		290,497	
Vocational Education	051391-20C1-2003	84.048	41,357		23,786	
	051391-20C1-2004		236,438		253,155	
			277,795		276,941	
Drug Free School Grant Title IV	051391-DRS1-2004	84.186	1,413		1,280	
Innovative Educational Program	051391-C2S1-2004	84.298	3,396		3,397	
Improving Teacher Quality State Grants (Title II)	051391-TRS1-2004	84.367	2,708		3,595	
Total U.S. Department of Education			475,953		575,710	
<b><u>U.S. DEPARTMENT OF LABOR</u></b>						
<i>Passed Through Workforce Department Agency (WDA):</i>						
<i>Passed thru Portage County: Workforce Investment Act - Youth</i>						
		17.259	922		1,195	
					5,327	
			4,092		4,277	
			6,513		6,203	
			11,527		17,002	
<i>Passed thru Portage County: Workforce Investment Act-Adult</i>						
		17.258			100	
					2,349	
					2,449	
Total U.S. Department of Labor			11,527		19,451	
<b>Totals</b>			<b>\$533,354</b>	<b>\$6,728</b>	<b>\$641,035</b>	<b>\$8,753</b>

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

**MAPLEWOOD CAREER CENTER  
PORTAGE COUNTY  
FISCAL YEAR ENDED JUNE 30, 2004**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Maplewood Career Center federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B--FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the Center had no significant food commodities in inventory.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the Center contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Center has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.





## **Auditor of State Betty Montgomery**

### **REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Maplewood Career Center  
Portage County  
7075 State Route 88  
Ravenna, Ohio 44266

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Maplewood Career Center, Portage County (the Center) as of and for the year ended June 30, 2004, which collectively comprise the Government's basic financial statements and have issued our report thereon dated April 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

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

Maplewood Career Center  
Portage County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

April 11, 2005



## Auditor of State Betty Montgomery

### REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Maplewood Career Center  
Portage County  
7075 State Route 88  
Ravenna, Ohio 44266

#### Compliance

We have audited the compliance of Maplewood Career Center, Portage County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, Maplewood Career Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

### **Internal Control Over Compliance**

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

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

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



**Betty Montgomery**  
Auditor of State

April 11, 2005

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

**MAPLEWOOD CAREER CENTER  
PORTAGE COUNTY  
JUNE 30, 2004**

**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 weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions 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?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Vocational Education 84.048
<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**

<b>Finding Number</b>	N/A – No Finding is Reported
-----------------------	------------------------------

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

<b>Finding Number</b>	N/A – No Finding is Reported
-----------------------	------------------------------





**Auditor of State  
Betty Montgomery**

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

**MAPLEWOOD CAREER CENTER**

**PORTAGE 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  
MAY 5, 2005**