

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
(AUDITED)**

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2008*

MERRI SMITH, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Maplewood Local School District
2414 Greenville Rd., NE
Cortland, Ohio 44410

We have reviewed the *Independent Auditor's Report* of the Maplewood Local School District, Trumbull County, prepared by Julian & Grube, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 2, 2009

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**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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

Independent Auditor's Report

Board of Education
Maplewood Local School District
2414 Greenville Road NE
Cortland, Ohio 44410

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Maplewood Local School District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Maplewood Local School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

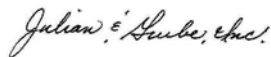
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, Ohio, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2009, on our consideration of Maplewood Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
Maplewood Local School District
Page 2

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

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



Julian & Grube, Inc.
January 21, 2009

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The management's discussion and analysis of the Maplewood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities increased \$245,688 which represents a 1.22% increase from 2007.
- General revenues accounted for \$8,666,691 in revenue or 85.72% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,443,959 or 14.28% of total revenues of \$10,110,650.
- The District had \$9,864,962 in expenses related to governmental activities; \$1,443,959 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,666,691 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$8,841,792 in revenues and other financing sources and \$8,028,229 in expenditures. During fiscal year 2008, the general fund's fund balance increased \$813,563 from a restated deficit balance of \$231,336 to a positive balance of \$582,227.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-49 of this report.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The District as a Whole

The table below provides a summary of the District's assets, liabilities and net assets for 2008 and 2007.

	Net Assets	
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Assets</u>		
Current and other assets	\$ 5,595,816	\$ 4,944,054
Capital assets, net	<u>21,937,797</u>	<u>22,659,702</u>
Total assets	<u>27,533,613</u>	<u>27,603,756</u>
<u>Liabilities</u>		
Current liabilities	4,001,785	3,707,849
Long-term liabilities	<u>3,102,082</u>	<u>3,711,849</u>
Total liabilities	<u>7,103,867</u>	<u>7,419,698</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	19,811,573	20,417,939
Restricted	1,148,334	1,073,866
Unrestricted (deficit)	<u>(530,161)</u>	<u>(1,307,747)</u>
Total net assets	<u>\$ 20,429,746</u>	<u>\$ 20,184,058</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$20,429,746. Of this total, \$1,148,334 is restricted in use.

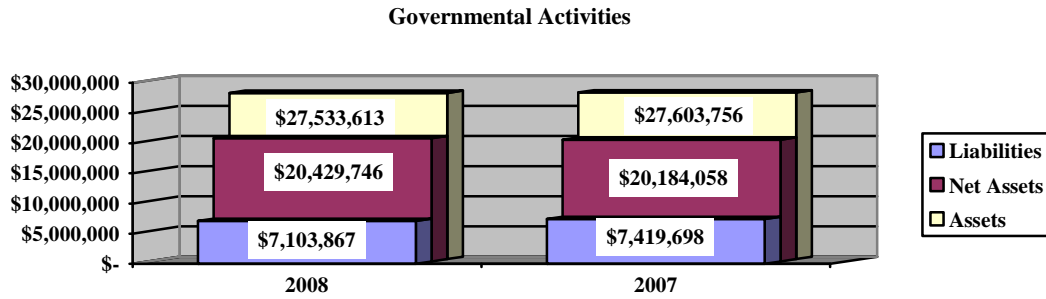
At year-end, capital assets represented 79.68% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$19,811,573. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,148,334 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$530,161.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The graph below shows the District's governmental activities assets, liabilities and net assets at June 30, 2008 and 2007:



The table below shows the change in net assets for fiscal year 2008 and 2007.

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 568,388	\$ 583,658
Operating grants and contributions	868,485	823,013
Capital grants and contributions	7,086	12,634
General revenues:		
Property taxes	2,742,817	2,568,696
Grants and entitlements	5,750,664	5,553,346
Investment earnings	100,162	57,026
Miscellaneous	73,048	41,783
Total revenues	<u>10,110,650</u>	<u>9,640,156</u>

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Change in Net Assets

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,023,611	\$ 4,890,147
Special	631,376	553,168
Vocational	37,841	58,601
Support services:		
Pupil	397,038	397,284
Instructional staff	186,991	205,996
Board of education	58,798	91,457
Administration	787,442	707,682
Fiscal	277,433	215,401
Business	60,861	50,402
Operations and maintenance	956,897	855,816
Pupil transportation	545,948	521,855
Central	53,000	40,906
Operations of non-instructional services:		
Food service operations	424,110	392,803
Other non-instructional services	13,494	52,137
Extracurricular activities	256,409	236,029
Interest and fiscal charges	<u>153,713</u>	<u>153,242</u>
Total expenses	<u>9,864,962</u>	<u>9,422,926</u>
Change in net assets	245,688	217,230
Net assets at beginning of year	<u>20,184,058</u>	<u>19,966,828</u>
Net assets at end of year	<u>\$ 20,429,746</u>	<u>\$ 20,184,058</u>

Governmental Activities

Net assets of the District's governmental activities increased \$245,688. Total governmental expenses of \$9,864,962 were offset by program revenues of \$1,443,959 and general revenues of \$8,666,691. Program revenues supported 14.64% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 84.01% of total governmental revenue.

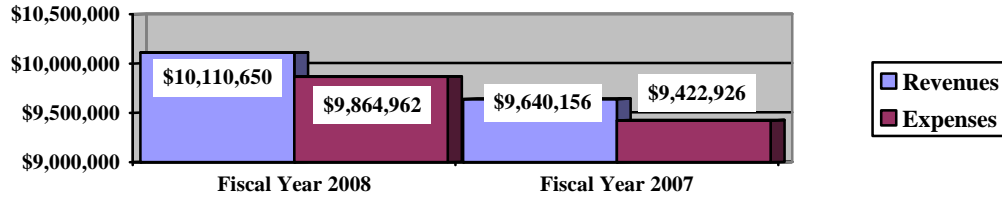
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,692,828 or 57.71% of total governmental expenses for fiscal 2008.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses				
Instruction:				
Regular	\$ 5,023,611	\$ 4,680,394	\$ 4,890,147	\$ 4,581,305
Special	631,376	61,107	553,168	13,072
Vocational	37,841	35,127	58,601	50,400
Support services:				
Pupil	397,038	397,038	397,284	397,284
Instructional staff	186,991	123,672	205,996	136,766
Board of education	58,798	58,798	91,457	91,457
Administration	787,442	782,442	707,682	702,514
Fiscal	277,433	276,483	215,401	214,951
Business	60,861	60,861	50,402	50,402
Operations and maintenance	956,897	956,897	855,816	854,658
Pupil transportation	545,948	526,271	521,855	493,894
Central	53,000	44,000	40,906	31,906
Operations of non-instructional services:				
Food service operations	424,110	82,812	392,803	62,419
Other non-instructional services	13,494	13,494	52,137	52,137
Extracurricular activities	256,409	167,894	236,029	117,214
Interest and fiscal charges	153,713	153,713	153,242	153,242
Total expenses	<u>\$ 9,864,962</u>	<u>\$ 8,421,003</u>	<u>\$ 9,422,926</u>	<u>\$ 8,003,621</u>

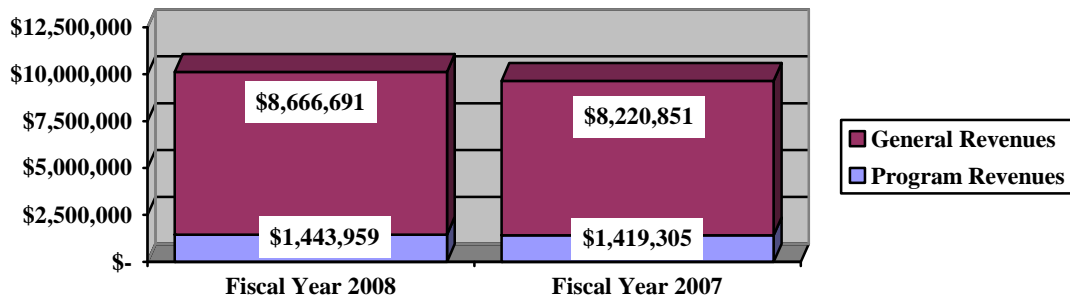
**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The dependence upon tax and other general revenues for governmental activities is apparent; 83.91% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.36%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District restated governmental fund balances as detailed in Note 3.B. The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$1,286,528, which is greater than last year's total restated fund balance of \$454,505. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance <u>June 30, 2008</u>	(Restated) Fund Balance (Deficit) <u>June 30, 2007</u>	<u>Increase</u>	Percentage <u>Change</u>
General	\$ 582,227	\$ (231,336)	\$ 813,563	351.68 %
Other Governmental	<u>704,301</u>	<u>685,841</u>	<u>18,460</u>	2.69 %
Total	<u>\$ 1,286,528</u>	<u>\$ 454,505</u>	<u>\$ 832,023</u>	183.06 %

General Fund

The District's general fund's fund balance increased \$813,563. Revenues exceeded expenditures for fiscal year 2008 by \$811,213. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

	2008	(Restated) 2007	Increase (Decrease)	Percentage Change
	<u>Amount</u>	<u>Amount</u>		
<u>Revenues</u>				
Taxes	\$ 2,345,034	\$ 2,166,102	\$ 178,932	8.26 %
Tuition	263,061	217,536	45,525	20.93 %
Transportation fees	9,618	12,209	(2,591)	(21.22) %
Earnings on investments	88,600	43,764	44,836	102.45 %
Classroom materials and fees	31,680	17,174	14,506	84.46 %
Intergovernmental	6,056,757	5,845,739	211,018	3.61 %
Other revenues	<u>44,692</u>	<u>26,288</u>	<u>18,404</u>	70.01 %
 Total	 <u>\$ 8,839,442</u>	 <u>\$ 8,328,812</u>	 <u>\$ 510,630</u>	 6.13 %
<u>Expenditures</u>				
Instruction	\$ 4,876,933	\$ 4,631,029	\$ 245,904	5.31 %
Support services	2,992,253	2,786,444	205,809	7.39 %
Non-instructional services	930	52,137	(51,207)	(98.22) %
Extracurricular activities	136,016	127,866	8,150	6.37 %
Debt service	<u>22,097</u>	<u>29,145</u>	<u>(7,048)</u>	(24.18) %
 Total	 <u>\$ 8,028,229</u>	 <u>\$ 7,626,621</u>	 <u>\$ 401,608</u>	 5.27 %

Tuition revenue and classroom materials and fees increased during the fiscal year due to increased open enrollment. Earnings on investments increased due to the District having more funds invested during fiscal year 2008 and because of higher interest rates when compared to the previous fiscal year. Although the percentage decrease in transportation fees was significant, the dollar amount was not. Other revenue increased due to an increase in other local revenues during the fiscal year. Instruction and support services expenditures increased due to normal and customary wage and benefit increases. Debt service expenditures decreased as a result of capital lease obligations being retired during fiscal year 2007.

General Fund Budgeting Highlights

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

During the course of fiscal 2008, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$9,037,013 and final budgeted revenues and other financing sources were \$8,896,165. Actual revenues and other financing sources for fiscal 2008 was \$8,897,542. This represents a \$1,377 increase over final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) were \$7,754,623 and final appropriations were \$8,206,843. The actual budget basis expenditures for fiscal year 2008 totaled \$8,207,568, which was \$725 more than the final budget appropriations.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the District had \$21,937,797 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2008 balances compared to 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 273,697	\$ 273,697
Land improvements	92,055	94,813
Building and improvements	20,760,986	21,345,808
Furniture and equipment	601,611	753,095
Vehicles	209,448	192,289
 Total	 \$ 21,937,797	 \$ 22,659,702

The overall decrease in capital assets of \$721,905 is due to depreciation expense of \$803,969 exceeding capital outlays of \$82,064 in the fiscal year.

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

Debt Administration

The District restated long term obligations as detailed in Note 3.B. At June 30, 2008, the District had \$2,280,171 in general obligation bonds and \$8,985 in an asbestos removal loan. Of this total, \$125,000 is due within one year and \$2,164,156 is due in more than one year. The following table summarizes the bonds and loan outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2008	2007
General obligation bonds	\$ 2,280,171	\$ 2,361,893
Asbestos removal loan	8,985	13,985
 Total	 \$ 2,289,156	 \$ 2,375,878

At June 30, 2008, the District's overall legal debt margin was \$6,573,808, and an unvoted debt margin of \$94,990. See Note 9 to the basic financial statements for additional information.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

Current Financial Related Activities

The Maplewood Local School District has continued to improve academically as shown by the State's report card rating Maplewood an effective district. Enrollment has remained fairly constant over the years providing for a stable planning base.

New three year contracts for both the certified and classified employees have been ratified. Percentage increases will be given in all three years. With insurance benefits as major contributor to the financial restraints of the District, all employees will be contributing a percentage to their healthcare coverage in the last year of the contract.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Merri Smith, Treasurer, Maplewood Local School District, 2414 Greenville Road NE, Cortland, Ohio 44410.

**BASIC
FINANCIAL STATEMENTS**

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments.	\$ 2,626,817
Receivables:	
Taxes	2,898,072
Accounts	39
Intergovernmental	2,151
Accrued interest	7,710
Loan	478
Prepayments.	6,405
Materials and supplies inventory.	6,268
Unamortized bond issue costs.	47,876
Capital assets:	
Land	273,697
Depreciable capital assets, net	21,664,100
Capital assets, net.	<u>21,937,797</u>
 Total assets.	 <u>27,533,613</u>
Liabilities:	
Accounts payable.	3,515
Accrued wages and benefits	695,352
Pension obligation payable.	172,444
Intergovernmental payable	14,711
Accrued interest payable	13,777
Unearned revenue.	2,701,986
Note payable.	400,000
Long-term liabilities:	
Due within one year.	225,868
Due in more than one year	2,876,214
 Total liabilities	 <u>7,103,867</u>
Net assets:	
Invested in capital assets, net of related debt.	19,811,573
Restricted for:	
Debt service.	138,938
Capital projects	488,759
Classroom facilities maintenance	23,105
Locally funded programs	37
State funded programs.	12,208
Federally funded programs	2,223
Student activities	34,811
Other purposes	448,253
Unrestricted (deficit).	<u>(530,161)</u>
 Total net assets	 <u>\$ 20,429,746</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 5,023,611	\$ 295,145	\$ 48,072	\$ -	\$ (4,680,394)
Special	631,376	-	570,269	-	(61,107)
Vocational	37,841	-	2,714	-	(35,127)
Support services:					
Pupil	397,038	-	-	-	(397,038)
Instructional staff	186,991	-	63,319	-	(123,672)
Board of education	58,798	-	-	-	(58,798)
Administration	787,442	-	5,000	-	(782,442)
Fiscal	277,433	-	950	-	(276,483)
Business	60,861	-	-	-	(60,861)
Operations and maintenance	956,897	-	-	-	(956,897)
Pupil transportation	545,948	9,618	2,973	7,086	(526,271)
Central	53,000	-	9,000	-	(44,000)
Operation of non-instructional services:					
Food service operations	424,110	182,424	158,874	-	(82,812)
Other non-instructional services	13,494	-	-	-	(13,494)
Extracurricular activities	256,409	81,201	7,314	-	(167,894)
Interest and fiscal charges	153,713	-	-	-	(153,713)
Total governmental activities	\$ 9,864,962	\$ 568,388	\$ 868,485	\$ 7,086	(8,421,003)

General revenues:

Property taxes levied for:

General purposes	2,235,146
Special revenue	32,737
Debt service	322,954
Capital projects	151,980
Grants and entitlements not restricted to specific programs	5,750,664
Investment earnings	100,162
Miscellaneous	73,048
Total general revenues	8,666,691

Change in net assets 245,688

Net assets at beginning of year 20,184,058

Net assets at end of year \$ 20,429,746

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 1,400,136	\$ 778,428	\$ 2,178,564
Receivables:			
Taxes	2,490,714	407,358	2,898,072
Accounts	39	-	39
Intergovernmental	-	2,151	2,151
Accrued interest	7,710	-	7,710
Loan	478	-	478
Interfund loans	-	8,945	8,945
Prepayments	6,405	-	6,405
Materials and supplies inventory	-	6,268	6,268
Restricted assets:			
Equity in pooled cash and cash investments	448,253	-	448,253
 Total assets	 \$ 4,353,735	 \$ 1,203,150	 \$ 5,556,885
 Liabilities:			
Accounts payable	\$ 3,290	\$ 225	\$ 3,515
Accrued wages and benefits	634,618	60,734	695,352
Compensated absences payable	74,595	2,128	76,723
Pension obligation payable	156,446	15,998	172,444
Intergovernmental payable	13,449	1,262	14,711
Interfund loans payable	-	8,945	8,945
Deferred revenue	165,309	25,775	191,084
Unearned revenue	2,322,190	379,796	2,701,986
Accrued interest payable	1,611	3,986	5,597
Note payable	400,000	-	400,000
 Total liabilities	 3,771,508	 498,849	 4,270,357
 Fund Balances:			
Reserved for materials and supplies inventory	-	6,268	6,268
Reserved for prepayments	6,405	-	6,405
Reserved for property tax unavailable for appropriation	10,925	1,787	12,712
Reserved for debt service	-	132,670	132,670
Reserved for instructional materials	448,253	-	448,253
Unreserved, undesignated, reported in:			
General fund	116,644	-	116,644
Special revenue funds	-	85,568	85,568
Capital projects funds	-	478,008	478,008
Total fund balances	582,227	704,301	1,286,528
 Total liabilities and fund balances	 \$ 4,353,735	 \$ 1,203,150	 \$ 5,556,885

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances		\$	1,286,528
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			21,937,797
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	183,374	
Accrued interest receivable		7,710	
Total		191,084	191,084
Unamortized bond issuance costs are not recognized in the funds.			47,876
Unamortized premiums on bond issuance are not recognized in the funds.			(150,140)
Unamortized deferred charges on refundings are not recognized in the funds.			93,960
Accrued interest payable is not due and payable in the current period and is therefore not reported in the funds.			(8,180)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		680,023	
Asbestos removal loan		8,985	
General obligation bonds		2,280,171	
Total		(2,969,179)	(2,969,179)
Net assets of governmental activities		\$	20,429,746

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ 2,345,034	\$ 382,937	\$ 2,727,971
Tuition.	263,061	-	263,061
Transportation fees.	9,618	-	9,618
Earnings on investments.	88,600	8,006	96,606
Charges for services.	-	182,251	182,251
Extracurricular.	-	73,470	73,470
Classroom materials and fees	31,680	-	31,680
Other local revenues.	44,692	42,886	87,578
Intergovernmental - Intermediate.	-	500	500
Intergovernmental - State.	5,941,454	111,760	6,053,214
Intergovernmental - Federal	115,303	470,526	585,829
Total revenue	8,839,442	1,272,336	10,111,778
Expenditures:			
Current:			
Instruction:			
Regular	4,448,832	76,339	4,525,171
Special.	391,859	208,261	600,120
Vocational.	36,242	476	36,718
Support services:			
Pupil.	395,975	-	395,975
Instructional staff	112,005	73,428	185,433
Board of education	58,798	-	58,798
Administration.	720,149	8,546	728,695
Fiscal	266,054	7,035	273,089
Business	60,619	-	60,619
Operations and maintenance.	842,186	113,276	955,462
Pupil transportation	494,712	68,798	563,510
Central.	41,755	9,000	50,755
Operation of non-instructional services:			
Food service operations	-	343,289	343,289
Other non-instructional services.	930	-	930
Extracurricular activities.	136,016	119,906	255,922
Facilities acquisition and construction	-	6,197	6,197
Debt service:			
Principal retirement	-	115,000	115,000
Interest and fiscal charges	22,097	104,325	126,422
Total expenditures	8,028,229	1,253,876	9,282,105
Excess of expenditures over revenues	811,213	18,460	829,673
Other financing sources:			
Sale of assets.	2,350	-	2,350
Total other financing sources	2,350	-	2,350
Net change in fund balances	813,563	18,460	832,023
Fund balances (deficit) at beginning of year (restated).			
	(231,336)	685,841	454,505
Fund balances at end of year.	\$ 582,227	\$ 704,301	\$ 1,286,528

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds	\$	832,023
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital outlay	\$ 82,064	
Depreciation expense	(803,969)	
Total		(721,905)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	14,846	
Intergovernmental	(22,848)	
Accrued interest	4,524	
Total		(3,478)
Repayment of bond, asbestos removal loan, and tax anticipation note principal is recorded as an expenditure in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		
		115,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in additional interest being recorded in the statement of activities:		
Decrease in accrued interest payable	448	
Accreted interest on "capital appreciation bonds"	(28,278)	
Amortization of bond issuance costs	(3,105)	
Amortization of bond premiums	9,739	
Amortization of deferred charges on refundings	(6,095)	
Total		(27,291)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		51,339
Change in net assets of governmental activities	\$	245,688

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 2,257,120	\$ 2,222,665	\$ 2,223,002	\$ 337
Tuition.	267,098	263,021	263,061	40
Transportation fees.	10,288	10,131	10,132	1
Earnings on investments.	91,483	90,086	90,100	14
Classroom materials and fees	32,126	31,636	31,641	5
Other local revenues	45,378	44,685	44,692	7
Intergovernmental - State	5,955,285	5,864,379	5,865,268	889
Intergovernmental - Federal.	117,072	115,286	115,303	17
Total revenue	<u>8,775,850</u>	<u>8,641,889</u>	<u>8,643,199</u>	<u>1,310</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,228,075	4,474,647	4,475,033	(386)
Special.	369,562	391,114	391,148	(34)
Vocational.	36,024	38,125	38,128	(3)
Support services:				
Pupil.	372,839	394,582	394,616	(34)
Instructional staff	107,099	113,344	113,354	(10)
Board of education	69,241	73,279	73,285	(6)
Administration.	670,403	709,500	709,561	(61)
Fiscal	249,646	264,205	264,228	(23)
Business	55,999	59,265	59,270	(5)
Operations and maintenance.	946,311	1,001,497	1,001,584	(87)
Pupil transportation	482,215	510,337	510,381	(44)
Central.	37,423	39,605	39,609	(4)
Operation of non-instructional services:				
Other non-instructional services	879	930	930	-
Extracurricular activities.	128,460	135,951	135,963	(12)
Total expenditures	<u>7,754,176</u>	<u>8,206,381</u>	<u>8,207,090</u>	<u>(709)</u>
Excess of revenues over expenditures.	<u>1,021,674</u>	<u>435,508</u>	<u>436,109</u>	<u>601</u>
Other financing sources (uses):				
Refund of prior year expenditure.	243,902	237,278	237,343	65
Advances in	14,875	14,648	14,650	2
Advances (out)	(447)	(462)	(478)	(16)
Sale of assets.	2,386	2,350	2,350	-
Total other financing sources (uses)	<u>260,716</u>	<u>253,814</u>	<u>253,865</u>	<u>51</u>
Net change in fund balance	1,282,390	689,322	689,974	652
Fund balance at beginning of year.	<u>1,158,415</u>	<u>1,158,415</u>	<u>1,158,415</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,440,805</u>	<u>\$ 1,847,737</u>	<u>\$ 1,848,389</u>	<u>\$ 652</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2008

	Agency
Assets:	
Equity in pooled cash and investments	\$ 40,171
Total assets.	\$ 40,171
Liabilities:	
Accounts payable.	\$ 6,183
Loan payable.	478
Due to students	33,510
Total liabilities	\$ 40,171

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Maplewood Local School District (the "District") is located in Trumbull County and encompasses all of the Johnston, Greene and Mecca Townships and a portion of the City of Cortland.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District is the 480th largest by enrollment among the 896 public school districts and community schools in the State of Ohio. It currently operates one elementary school, one middle school and one high school. The District is staffed by 32 non-certified and 63 certified personnel to provide services to approximately 1,013 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information for NEOMIN may be obtained by contacting the Treasurer of the Trumbull County Educational Service Center, 6000 Youngstown Warren Rd., Niles, Ohio 44446.

Trumbull Career and Technical Center

The Trumbull Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 15 participating school district's elected boards, which possesses its own budgeting and taxing authority. Financial information may be obtained by contacting the Treasurer of the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Northeast Ohio Instructional Media Center (NEOIMC)

NEOIMC is a jointly governed organization among 45 school districts. The organization was formed for the purpose of providing quality films and/or other media to support the curricula of the Districts. Each member pays a monthly premium based on use of the media materials. NEOIMC is governed by an advisory committee made up of a member from a parochial school, a Joint Vocational School, one county superintendent from each participating county, one city superintendent and two local superintendents rotating every two years. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained by contacting the Treasurer for the Trumbull County Educational Service Center, 6000 Youngstown Warren Rd., Niles, Ohio 44446.

Region 12 Professional Development Center (Center)

The Center is a jointly governed organization among the school districts located in Trumbull, Mahoning and Columbiana counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement and in particular, to improving instructional programs.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Trumbull County Schools Employee Insurance Benefits Consortium

The District participates in the Trumbull County Schools Employee Insurance Benefits Consortium. This is a shared risk pool comprised of sixteen Trumbull County school districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (c) for grants and other resources whose use is restricted to a particular purpose; and (d) food service operations.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

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

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

The agency fund does not report a measurement focus as it does not report operations.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

D. Basis of Accounting

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue in the governmental funds.

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

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2008 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2008.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparison for the general fund at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund type level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting.

F. Cash and Investments

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

During fiscal year 2008, investments were limited to federal agency securities and a U.S. government money market mutual fund. Investments are reported at fair value, which is based on quoted market prices.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$88,600, of which \$25,331 was assigned from other funds.

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

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

G. Inventory

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

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2008, the District maintained a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans between the general fund and the agency fund are classified as "loans receivable/payable."

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

J. Compensated Absences

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. The District records a liability for accumulated unused vacation time when earned for all employees with more than 1 year of service. The liability for compensated absences is calculated using the vesting method. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least five (5) years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

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

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

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

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans and notes are recognized as a liability on the fund financial statements when due.

M. Fund Balance Reserves

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes represent monies restricted by State statute for textbooks/instructional materials (see Note 16).

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

O. Prepayments

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

P. Estimates

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Q. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a textbooks/instructional materials reserve. This reserve is required by State statute. A schedule of statutory reserves is presented in Note 16.

R. Interfund Activity

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 13) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Restatement of Fund Balance

During fiscal year 2006, the District issued a \$500,000 tax anticipation note in advance of property tax collections, depositing the proceeds in the general fund. The note was previously reported as a long-term liability on the statement of net assets. A restatement of fund balance is required to properly report the tax anticipation note and related accrued interest payable as a fund liability of the general fund.

This restatement of fund balance had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 270,678	\$ 685,841	\$ 956,519
Tax anticipation note	(500,000)	-	(500,000)
Accrued interest payable	(2,014)	-	(2,014)
Restated fund balance at June 30, 2007	\$ (231,336)	\$ 685,841	\$ 454,505

See Note 9A for the effect of the change on long-term liabilities balances as previously reported by the District at June 30, 2007.

C. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
EMIS	\$ 20
Title VI-B	38,826
Reducing class size	8,272

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$1,625,316. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$1,451,120 of the District's bank balance of \$1,651,120 was exposed to custodial risk as discussed below, while \$200,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
FHLB	\$ 1,003,750	\$ -	\$ 1,003,750
U.S. Government money market mutual fund	<u>37,922</u>	<u>37,922</u>	<u>-</u>
Total	<u>\$ 1,041,672</u>	<u>\$ 37,922</u>	<u>\$ 1,003,750</u>

The weighted average maturity of investments is .77 years.

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

Credit Risk: The U.S. Government money market fund carries a rating of AAAM by Standard & Poor's. The District's investment in federal agency securities was rated AAA and Aaa by Standard and Poor's and Moody Investor Services, respectively.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 1,003,750	96.36
U.S. Government money market mutual fund	<u>37,922</u>	<u>3.64</u>
Total	<u>\$ 1,041,672</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,625,316
Investments	<u>1,041,672</u>
Total	<u>\$ 2,666,988</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,626,817
Agency fund	<u>40,171</u>
Total	<u>\$ 2,666,988</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2008, as reported on the fund financial statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Nonmajor governmental fund	Nonmajor governmental fund	<u>\$ 8,945</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

- B.** Loans payable/receivable consisted of the following amounts reported on the fund financial statements at June 30, 2008:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Agency	\$ 478

The primary purpose of the loan is to cover various expenses incurred during fiscal year 2008 in the student managed activity fund. The loan is expected to be paid in the subsequent year.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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 year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available as an advance at June 30, 2008 was \$10,925 in the general fund, \$937 in the bond retirement fund (a nonmajor governmental fund), \$697 in the permanent improvement fund (a nonmajor governmental fund) and \$153 in the classroom facilities maintenance fund (a nonmajor governmental fund). These amounts have been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$11,393 in the general fund, \$965 in the bond retirement fund (a nonmajor governmental fund), \$726 in the permanent improvement fund (a nonmajor governmental fund) and \$158 in the classroom facilities maintenance fund (a nonmajor governmental fund).

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On 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 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and public utility/minerals real estate	\$ 87,266,080	93.79	\$ 87,982,490	92.24
Commercial/industrial real estate	2,674,430	2.87	4,891,980	5.13
Public utility personal	2,875,770	3.09	2,215,780	2.32
Tangible personal property	<u>231,990</u>	<u>0.25</u>	<u>297,763</u>	<u>0.31</u>
Total	<u>\$ 93,048,270</u>	<u>100.00</u>	<u>\$ 95,388,013</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$50.80		\$50.80	

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, accrued interest and loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 2,898,072
Accounts	39
Intergovernmental	2,151
Accrued interest	7,710
Loan	<u>478</u>
Total	<u>\$ 2,908,450</u>

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Balance <u>06/30/07</u>	Additions	Deductions	Balance <u>06/30/08</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 273,697	\$ -	\$ -	\$ 273,697
Total capital assets, not being depreciated	<u>273,697</u>	<u>-</u>	<u>-</u>	<u>273,697</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	103,728	-	-	103,728
Buildings and improvements	23,404,876	-	-	23,404,876
Furniture and equipment	1,523,345	13,267	-	1,536,612
Vehicles	<u>640,779</u>	<u>68,797</u>	-	<u>709,576</u>
Total capital assets, being depreciated	<u>25,672,728</u>	<u>82,064</u>	<u>-</u>	<u>25,754,792</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(8,915)	(2,758)	-	(11,673)
Buildings and improvements	(2,059,068)	(584,822)	-	(2,643,890)
Furniture and equipment	(770,250)	(164,751)	-	(935,001)
Vehicles	<u>(448,490)</u>	<u>(51,638)</u>	-	<u>(500,128)</u>
Total accumulated depreciation	<u>(3,286,723)</u>	<u>(803,969)</u>	<u>-</u>	<u>(4,090,692)</u>
Governmental activities capital assets, net	<u>\$ 22,659,702</u>	<u>\$ (721,905)</u>	<u>\$ -</u>	<u>\$ 21,937,797</u>

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 538,698
Special	44,175
 <u>Support services:</u>	
Administration	86,330
Pupil transportation	51,638
Food service operations	82,641
Extracurricular	<u>487</u>
Total depreciation expense	<u>\$ 803,969</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. Long-term obligations of the governmental activities have been restated to reclassify the tax anticipation note as a fund liability (see Note 10 for detail). During the fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	(Restated) Balance	Additions	Reductions	Balance	Amounts Due in
Governmental activities:	<u>06/30/07</u>	<u> </u>	<u> </u>	<u>06/30/08</u>	<u>One Year</u>
<i>General obligation bonds:</i>					
Series 2000 school facilities bonds:					
Current interest bonds	\$ 485,000	\$ -	\$ (110,000)	\$ 375,000	\$ 120,000
Capital appreciation bonds	188,935	-	-	188,935	-
Accreted interest on capital appreciation bonds	142,958	28,278	-	171,236	-
Series 2006 refunding bonds:					
Current interest bonds	<u>1,545,000</u>	<u>-</u>	<u>-</u>	<u>1,545,000</u>	<u>-</u>
Total general obligation bonds	<u>2,361,893</u>	<u>28,278</u>	<u>(110,000)</u>	<u>2,280,171</u>	<u>120,000</u>
 <i>Other long-term obligations:</i>					
Asbestos removal loan	13,985	-	(5,000)	8,985	5,000
Compensated absences	<u>776,147</u>	<u>72,150</u>	<u>(91,551)</u>	<u>756,746</u>	<u>100,868</u>
Total other long-term obligations	<u>790,132</u>	<u>72,150</u>	<u>(96,551)</u>	<u>765,731</u>	<u>105,868</u>
Total long-term obligations	<u>\$ 3,152,025</u>	<u>\$ 100,428</u>	<u>\$ (206,551)</u>	3,045,902	<u>\$ 225,868</u>
Less: Unamortized deferred charge on refunding				(93,960)	
Add: Unamortized premium on bond issuance				<u>150,140</u>	
Total on statement of net assets				<u>\$ 3,102,082</u>	

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences: Compensated absences will be paid from the fund from which the employee is paid which, for the District is the general fund and the following nonmajor governmental funds: food service, Title VI-B and Title I.

- B.** On July 11, 2000, the District issued \$2,793,935 in general obligation bonds (series 2000, school facilities improvement bonds), which represent the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC). These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for as a governmental activities long-term obligation. Payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund). The source of payment is derived from a current 4.398 (average) mil bonded debt tax levy.

This original issue was comprised of current interest term bonds, par value \$1,550,000, current interest serial bonds, par value \$1,055,000, and capital appreciation bonds, par value \$188,935. On June 6, 2006, the current interest term bonds were advanced refunded by the series 2006 refunding bonds described below. At June 30, 2008, the balance of the current interest serial bonds was \$375,000. The capital appreciation bonds mature each December 1, 2011 through 2014 (effective interest 8.471%, 8.523%, 8.523%, and 8.575% respectively), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$540,000. Total accreted interest of \$171,236 has been included in the statement of net assets at June 30, 2008.

Principal and interest requirements to retire the series 2000 school facilities improvement bonds outstanding at June 30, 2008, are as follows:

Fiscal Year Ending June 30,	Current interest bonds			Capital appreciation bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 120,000	\$ 19,317	\$ 139,317	\$ -	\$ -	\$ -
2010	125,000	13,198	138,198	-	-	-
2011	130,000	6,760	136,760	-	-	-
2012	-	-	-	53,467	81,533	135,000
2013	-	-	-	48,999	86,001	135,000
2014 - 2018	-	-	-	86,469	183,531	270,000
Total	\$ 375,000	\$ 39,275	\$ 414,275	\$ 188,935	\$ 351,065	\$ 540,000

- C.** On June 6, 2006, the District issued series 2006 general obligation refunding bonds to advance refund the callable portion of the series 2000 current interest term bonds (principal \$1,550,000). Issuance proceeds totaling \$1,656,658 were deposited with an escrow agent and were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of current interest term bonds, par value \$1,545,000. These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for as a governmental activities long-term obligation. Payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund).

The reacquisition price exceeded the net carrying amount of the old debt by \$106,658. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the future debt service requirements to maturity for the series 2006 refunding bonds:

Fiscal Year Ending June 30,	Current interest bonds		
	Principal	Interest	Total
2009	\$ -	\$ 82,230	\$ 82,230
2010	-	82,230	82,230
2011	-	82,230	82,230
2012	-	82,230	82,230
2013	-	82,230	82,230
2014 - 2018	445,000	379,628	824,628
2019 - 2023	890,000	184,381	1,074,381
2024	210,000	5,775	215,775
Total	<u>\$ 1,545,000</u>	<u>\$ 980,934</u>	<u>\$ 2,525,934</u>

- D.** On April 16, 1993, the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District are pledged for repayment. Principal payments are made from the permanent improvement fund (a nonmajor governmental fund). The following schedule describes the asbestos removal loan outstanding at June 30, 2008:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 6/30/2007</u>	<u>Retired</u>	<u>Balance 06/30/08</u>
Asbestos removal	None	4/16/1993	5/13/2010	<u>\$ 13,985</u>	<u>\$ (5,000)</u>	<u>\$ 8,985</u>

The following is a summary of the District's future annual debt service requirements to maturity for the asbestos removal loan:

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30,	Asbestos removal loan		
	Principal	Interest	Total
2009	\$ 5,000	\$ -	\$ 5,000
2010	<u>3,985</u>	<u>-</u>	<u>3,985</u>
Total	<u>\$ 8,985</u>	<u>\$ -</u>	<u>\$ 8,985</u>

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$6,573,808 (including available funds of \$133,607) and an unvoted debt margin of \$94,990.

NOTE 10 - NOTE PAYABLE

On June 29, 2006 the District issued a tax anticipation note in advance of property tax collections, par value \$500,000 and bearing an interest rate of 5.00%, for the purpose of providing for the emergency requirements of the District. The note proceeds were deposited in the general fund and the note is reported as a liability of the general fund. Activity during the fiscal year was as follows:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance	Issued	Retired	Balance
				06/30/07			06/30/08
Tax anticipation note	5.00%	6/29/2006	12/1/2011	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ 400,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for the tax anticipation note:

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 10 - NOTE PAYABLE - (Continued)

Fiscal Year Ending June 30,	<u>Tax anticipation note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 100,000	\$ 17,500	\$ 117,500
2010	100,000	12,500	112,500
2011	100,000	7,500	107,500
2012	<u>100,000</u>	<u>2,500</u>	<u>102,500</u>
Total	<u>\$ 400,000</u>	<u>\$ 40,000</u>	<u>\$ 440,000</u>

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles and general liability.

Vehicle policies include liability coverage for bodily injury and property damage. The liability limits are \$1,000,000 for each accident, with a collision deductible of \$250.

Real property and contents are fully insured. Real property is 90% co-insured. Limits of insurance on real property and equipment are \$9,856,402 with a deductible of \$250.

The District liability policy has a limit of \$1,000,000 for each occurrence and \$3,000,000 aggregate.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2007.

B. Employee Health, Dental, Vision and Life Insurance

The District has joined together with other school districts in the State to form the Trumbull County Schools Employee Insurance Benefit Consortium (the "Consortium"), a public entity risk pool currently operating as a common risk management and insurance program for 16 member school districts in Trumbull County. The District pays a monthly premium to the Consortium for its insurance coverage. It is intended that the Consortium will be self-supporting through member premiums. The monthly premium includes a specific and aggregate stoploss premium paid to General American Insurance. The specific individual stoploss is \$100,000 per year. The aggregate stoploss is 105% of yearly anticipated claims.

The District provides health, dental, vision and life insurance coverage for employees. The health insurance coverage is administered by Medical Mutual of Ohio, a third party administrator. Core Source administers the dental and vision coverage. Medical Life Insurance Company provides the life insurance coverage. The District pays the insurance premiums, as a fringe benefit for most employees. Classified employees hired after July 1, 2002 are required to pay 20% of the monthly premiums.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 11 - RISK MANAGEMENT - (Continued)

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

C. Workers' Compensation Group Rating

For fiscal year 2008, the District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP.

A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniserve provides administrative, cost control and actuarial services to the GRP.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$92,857, \$91,820 and \$97,592, respectively; 49.93 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$513,098, \$518,203 and \$513,964, respectively; 84.46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$3,829 made by the District and \$12,887 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$56,145, \$44,255 and \$50,496, respectively; 49.93 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$6,691, \$6,244 and \$7,768, respectively; 49.93 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$39,469, \$39,862 and \$39,536, respectively; 84.46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 689,974
Net adjustment for revenue accruals	196,243
Net adjustment for expenditure accruals	178,861
Net adjustment for other sources/uses	<u>(251,515)</u>
GAAP basis	<u>\$ 813,563</u>

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 16 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2007	\$ 367,951	\$ (3,175,478)
Current year set-aside requirement	162,576	162,576
Offsets	-	(151,198)
Qualifying disbursements	<u>(82,274)</u>	<u>(253,361)</u>
Total	<u>\$ 448,253</u>	<u>\$ (3,417,461)</u>
Balance carried forward to FY 2009	<u>\$ 448,253</u>	<u>\$ (3,175,478)</u>
A schedule of the restricted assets at June 30, 2008 follows:		
Amounts restricted for textbooks/instructional materials	<u>\$ 448,253</u>	
Total restricted assets	<u>\$ 448,253</u>	

The District had qualifying expenditures during the year and an offset at the beginning of the year that reduced the set-aside amount below zero for the capital acquisition reserve. Because the District was involved in an Ohio School Facilities Commission project, this negative amount may be used to reduce the set-aside requirement for future years, and is therefore presented as being carried forward to the next fiscal year. The District did not have enough qualifying disbursements to reduce the set-aside amount below zero for the textbooks/instructional materials reserve, and thus the unspent amount is both a restricted asset and a reservation of fund balance in the general fund.

SUPPLEMENTARY DATA

**MAPLEWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>(E) PASS - THROUGH GRANT NUMBER</u>	<u>(D) CASH FEDERAL RECEIPTS</u>	<u>OTHER FEDERAL RECEIPTS</u>	<u>(D) CASH FEDERAL DISBURSEMENTS</u>	<u>OTHER FEDERAL DISBURSEMENTS</u>
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
(B) Food Donation	10.550	2008	\$ -	\$ 21,098	\$ -	\$ 21,098
Nutrition Cluster:						
(A), (C) School Breakfast Program	10.553	2008	30,229		30,229	
(A), (C) National School Lunch Program	10.555	2008	117,316		117,316	
Total Nutrition Cluster			<u>147,545</u>		<u>147,545</u>	
Total U.S. Department of Agriculture			<u>147,545</u>	<u>21,098</u>	<u>147,545</u>	<u>21,098</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE N/A (DIRECT PROGRAMS)						
Impact Aid	84.041	N/A	61,769		61,769	
Impact Aid	84.041	N/A	53,534		53,534	
Total Impact Aid			<u>115,303</u>		<u>115,303</u>	
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
Title I - Grants to Local Educational Agencies:	84.010	2008	63,431		57,875	
Special Education - Grants to States	84.027	2007	11,170		3,105	
Special Education - Grants to States	84.027	2008	209,592		206,998	
Total Special Education			<u>220,762</u>		<u>210,103</u>	
Safe and Drug-Free Schools and Communities - State Grant:	84.186	2008	2,472		2,472	
State Grants for Innovative Programs	84.298	2008	1,379		-	
Education Technology State Grants	84.318	2007	98		-	
Education Technology State Grants	84.318	2008	653		653	
Total Education Technology State Grants			<u>751</u>		<u>653</u>	
Improving Teacher Quality State Grants	84.367	2008	37,252		37,252	
Total U.S. Department of Education			<u>441,350</u>		<u>423,658</u>	
Total Federal Financial Assistance			<u>\$ 588,895</u>	<u>\$ 21,098</u>	<u>\$ 571,203</u>	<u>\$ 21,098</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs
- (B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at their entitlement values
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis
- (D) This schedule was prepared on the cash basis of accounting
- (E) OAKS did not assign pass-through numbers for fiscal year 2008



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Serving Ohio Local Governments

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

Board of Education
Maplewood Local School District
2414 Greenville Road NE
Cortland, Ohio 44410

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Maplewood Local School District's basic financial statements and have issued our report thereon dated January 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

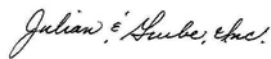
Board of Education
Maplewood Local School District

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Maplewood Local School District in a separate letter dated January 21, 2009.

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



Julian & Grube, Inc.
January 21, 2009



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

Board of Education
Maplewood Local School District
2414 Greenville Road NE
Cortland, Ohio 44410

Compliance

We have audited the compliance of Maplewood Local School District, Trumbull County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008. Maplewood Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Maplewood Local School District's management. Our responsibility is to express an opinion on Maplewood Local School District's compliance based on our audit.

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

In our opinion, Maplewood Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008.

Board of Education
Maplewood Local School District

Internal Control Over Compliance

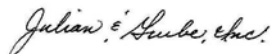
The management of Maplewood Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Maplewood Local School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Maplewood Local School District's internal control over compliance.

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

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

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

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



Julian & Grube, Inc.
January 21, 2009

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Special Education – Grants to States - CFDA #84.027; Impact Aid – CFDA #84.041
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 17, 2009