

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

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

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, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 6, 2008

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

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

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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, 2007, 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, 2007, 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 December 20, 2007, 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.

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

Julian & Grube, Inc.
December 20, 2007

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

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

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, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities increased \$217,230 which represents a 1.09% increase from 2006.
- General revenues accounted for \$8,220,851 in revenue or 85.28% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,419,305 or 14.72% of total revenues of \$9,640,156.
- The District had \$9,422,926 in expenses related to governmental activities; \$1,419,305 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 \$8,220,851 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$8,307,841 in revenues and other financing sources and \$7,603,565 in expenditures. During fiscal year 2007, the general fund's fund balance increased \$704,276 from a deficit of \$433,598 to a positive balance of \$270,678.

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.

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

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.

The District as a Whole

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

	Net Assets	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Assets</u>		
Current and other assets	\$ 4,944,054	\$ 3,530,497
Capital assets, net	<u>22,659,702</u>	<u>23,445,208</u>
Total assets	<u>27,603,756</u>	<u>26,975,705</u>
<u>Liabilities</u>		
Current liabilities	3,707,849	2,983,792
Long-term liabilities	<u>3,711,849</u>	<u>4,025,085</u>
Total liabilities	<u>7,419,698</u>	<u>7,008,877</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	20,417,939	21,061,511
Restricted	1,073,866	824,540
Unrestricted (deficit)	<u>(1,307,747)</u>	<u>(1,919,223)</u>
Total net assets	<u>\$ 20,184,058</u>	<u>\$ 19,966,828</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$20,184,058. Of this total, \$1,073,866 is restricted in use.

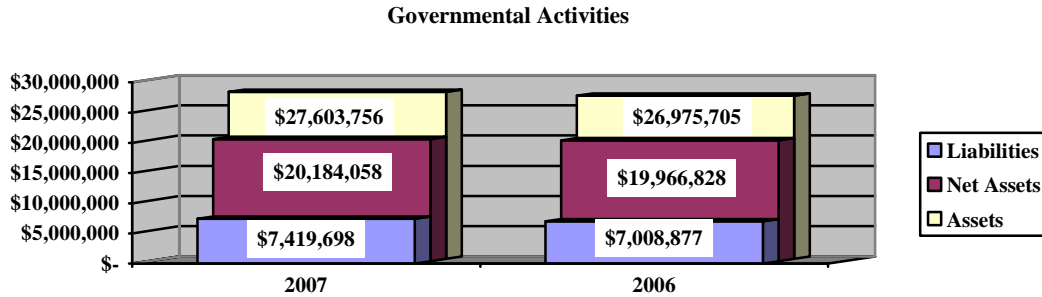
At year-end, capital assets represented 82.09% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$20,417,939. These capital assets are used 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, \$1,073,866, 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 \$1,307,747.

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

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

The graph below shows the District's governmental activities assets, liabilities and net assets at June 30, 2007 and 2006:



The table below shows the change in net assets for fiscal year 2007 and 2006. Certain revenue amounts for 2006 have been reclassified to conform to 2007 presentation.

Change in Net Assets

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 583,658	\$ 399,295
Operating grants and contributions	823,013	836,123
Capital grants and contributions	12,634	13,568
General revenues:		
Property taxes	2,568,696	2,207,697
Grants and entitlements	5,553,346	5,622,600
Investment earnings	57,026	25,975
Miscellaneous	41,783	69,290
Total revenues	<u>9,640,156</u>	<u>9,174,548</u>

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

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

Change in Net Assets

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,890,147	\$ 4,914,534
Special	553,168	602,457
Vocational	58,601	22,281
Adult	-	1,500
Support services:		
Pupil	397,284	376,968
Instructional staff	205,996	207,013
Board of education	91,457	31,685
Administration	707,682	883,899
Fiscal	215,401	195,083
Business	50,402	39,900
Operations and maintenance	855,816	983,383
Pupil transportation	521,855	486,551
Central	40,906	68,466
Operations of non-instructional services:		
Food service operations	392,803	401,271
Other non-instructional services	52,137	3,969
Extracurricular activities	236,029	222,511
Interest and fiscal charges	<u>153,242</u>	<u>172,078</u>
Total expenses	<u>9,422,926</u>	<u>9,613,549</u>
Change in net assets	217,230	(439,001)
Net assets at beginning of year	<u>19,966,828</u>	<u>20,405,829</u>
Net assets at end of year	<u>\$ 20,184,058</u>	<u>\$ 19,966,828</u>

Governmental Activities

Net assets of the District's governmental activities increased \$217,230. Total governmental expenses of \$9,422,926 were offset by program revenues of \$1,419,305 and general revenues of \$8,220,851. Program revenues supported 15.06% of the total governmental expenses.

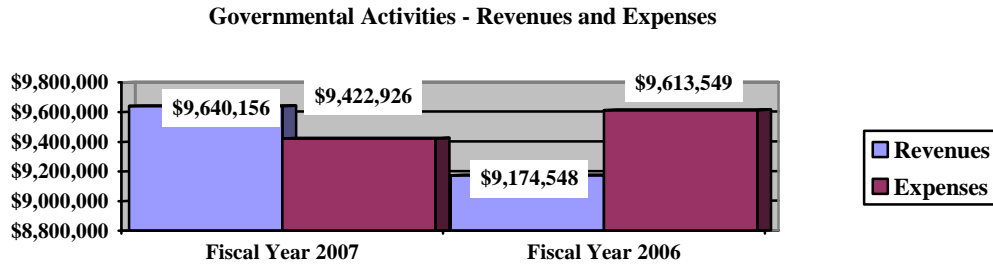
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 84.25% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,501,916 or 58.39% of total governmental expenses for fiscal 2007.

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

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

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



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The 2006 net cost of services for instruction-special has been restated to conform to 2007 presentation.

Governmental Activities

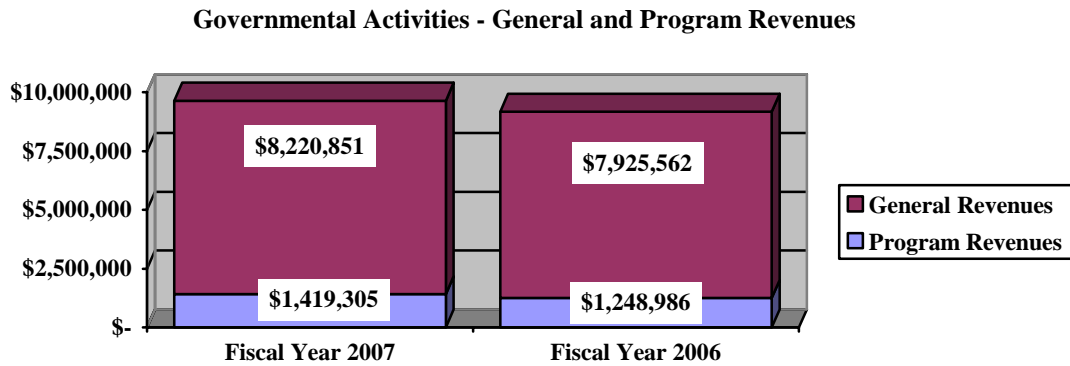
	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Program expenses				
Instruction:				
Regular	\$ 4,890,147	\$ 4,581,305	\$ 4,914,534	\$ 4,755,003
Special	553,168	13,072	602,457	56,754
Vocational	58,601	50,400	22,281	22,281
Adult	-	-	1,500	1,500
Support services:				
Pupil	397,284	397,284	376,968	376,968
Instructional staff	205,996	136,766	207,013	158,022
Board of education	91,457	91,457	31,685	31,685
Administration	707,682	702,514	883,899	855,425
Fiscal	215,401	214,951	195,083	195,083
Business	50,402	50,402	39,900	39,900
Operations and maintenance	855,816	854,658	983,383	983,383
Pupil transportation	521,855	493,894	486,551	480,214
Central	40,906	31,906	68,466	59,466
Operations of non-instructional services:				
Food service operations	392,803	62,419	401,271	58,041
Other non-instructional services	52,137	52,137	3,969	3,969
Extracurricular activities	236,029	117,214	222,511	144,791
Interest and fiscal charges	153,242	153,242	172,078	172,078
Total expenses	<u>\$ 9,422,926</u>	<u>\$ 8,003,621</u>	<u>\$ 9,613,549</u>	<u>\$ 8,394,563</u>

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

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

The dependence upon tax and other general revenues for governmental activities is apparent, 84.42% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.94%. 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 2007 and 2006. The amounts for 2006 have been reclassified to conform to 2007 presentation.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$956,519, which greater than last year's total fund balance of \$130,454. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance <u>June 30, 2007</u>	Fund Balance (Deficit) <u>June 30, 2006</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ 270,678	\$ (433,598)	\$ 704,276	162.43 %
Other Governmental	<u>685,841</u>	<u>564,052</u>	<u>121,789</u>	21.59 %
Total	<u>\$ 956,519</u>	<u>\$ 130,454</u>	<u>\$ 826,065</u>	633.22 %

General Fund

The District's general fund's fund balance increased \$704,276. Revenues exceed expenditures for fiscal year 2007 by \$702,191. 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, 2007**

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 2,143,046	\$ 1,832,972	\$ 310,074	16.92 %
Tuition	217,536	72,460	145,076	200.22 %
Earnings on investments	43,764	20,213	23,551	116.51 %
Intergovernmental	5,845,739	5,910,305	(64,566)	(1.09) %
Other revenues	<u>55,671</u>	<u>79,006</u>	<u>(23,335)</u>	(29.54) %
Total	<u>\$ 8,305,756</u>	<u>\$ 7,914,956</u>	<u>\$ 390,800</u>	4.94 %
<u>Expenditures</u>				
Instruction	\$ 4,631,029	\$ 4,715,306	\$ (84,277)	(1.79) %
Support services	2,786,444	2,999,988	(213,544)	(7.12) %
Non-instructional services	52,137	3,969	48,168	1,213.61 %
Extracurricular activities	127,866	145,536	(17,670)	(12.14) %
Debt service	<u>6,089</u>	<u>41,326</u>	<u>(35,237)</u>	(85.27) %
Total	<u>\$ 7,603,565</u>	<u>\$ 7,906,125</u>	<u>\$ (302,560)</u>	(3.83) %

Tax revenue increased due to the passage of an additional emergency levy in May, 2006. Tuition revenue increased during the fiscal year due to the District receiving more in open enrollment revenue. Earnings on investments increased due to the District having more funds invested during fiscal year 2007 and because of higher interest rates when compared to the previous fiscal year. Other revenue decreased due to a decrease in other local revenues during the fiscal year. Instruction and support services expenditures decreased due to the District maintaining tight control on its expenditures, specifically wage and benefit costs. The District had approximately five fewer employees in fiscal year 2007 than in 2006. Debt service expenditures decreased as the District paid off the remaining capital lease obligation during the fiscal year.

Other Governmental Funds

The District's other governmental funds fund balances increased \$121,789 during fiscal year 2007. This increase can primarily be attributed to an increase in the fund balance of the District's permanent improvement fund. Expenditures in the permanent improvement fund were approximately \$123,000 less in 2007 versus 2006.

General Fund Budgeting Highlights

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

During the course of fiscal 2007, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,578,147 and final budgeted revenues and other financing sources were \$8,514,453. Actual revenues and other financing sources for fiscal 2007 was \$8,551,117. This represents a \$36,664 increase over final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) were \$8,237,098 and final appropriations were \$8,004,163. The actual budget basis expenditures for fiscal year 2007 totaled \$7,955,602, which was \$48,561 less than the final budget appropriations.

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

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the District had \$22,659,702 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2007 balances compared to 2006:

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

	Governmental Activities	
	2007	2006
Land	\$ 273,697	\$ 273,697
Land improvements	94,813	97,571
Building and improvements	21,345,808	21,930,630
Furniture and equipment	753,095	899,477
Vehicles	192,289	243,833
 Total	 \$ 22,659,702	 \$ 23,445,208

The overall decrease in capital assets of \$785,506 is due to depreciation expense of \$803,212 exceeding capital outlays of \$17,706 in the fiscal year.

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

Debt Administration

At June 30, 2007, the District had \$2,361,893 in general obligation bonds, \$500,000 in a long-term tax anticipation note and \$13,985 in an asbestos removal loan. Of this total, \$215,000 is due within one year and \$2,660,878 is due in more than one year. The following table summarizes the bonds, note and loan outstanding.

Outstanding Debt, at Year End

	Governmental	Governmental
	Activities	Activities
	2007	2006
General obligation bonds	\$ 2,361,893	\$ 2,440,837
Lease-purchase obligation	-	25,387
Tax anticipation note	500,000	500,000
Capital lease obligation	-	6,009
Asbestos removal loan	13,985	18,985
 Total	 \$ 2,875,878	 \$ 2,991,218

At June 30, 2007, the District's overall legal debt margin was \$6,170,992, and an unvoted debt margin of \$91,848.

See Note 11 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, 2007**

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 and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact 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, 2007

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,883,589
Receivables:	
Taxes	2,925,122
Accounts	4,064
Intergovernmental	49,064
Accrued interest	10,458
Loan.	6,585
Prepayments	7,000
Materials and supplies inventory	7,191
Unamortized bond issue costs	50,981
Capital assets:	
Land	273,697
Depreciable capital assets, net	22,386,005
Capital assets, net.	22,659,702
Total assets.	27,603,756
Liabilities:	
Accounts payable.	30,747
Accrued wages and benefits	740,694
Pension obligation payable.	170,322
Intergovernmental payable	12,092
Accrued interest payable	10,642
Unearned revenue.	2,743,352
Long-term liabilities:	
Due within one year.	272,316
Due in more than one year	3,439,533
Total liabilities	7,419,698
Net Assets:	
Invested in capital assets, net	
of related debt.	20,417,939
Restricted for:	
Debt service.	125,215
Capital projects	415,767
Classroom facilities maintenance.	94,993
Locally funded programs.	6,000
State funded programs.	29,836
Federally funded programs.	98
Student activities.	34,006
Other purposes	367,951
Unrestricted (deficit).	(1,307,747)
Total net assets	\$ 20,184,058

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, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					Governmental Activities
Instruction:					
Regular	\$ 4,890,147	\$ 249,565	\$ 59,277	\$ -	\$ (4,581,305)
Special	553,168	-	540,096	-	(13,072)
Vocational	58,601	3,912	4,289	-	(50,400)
Support services:					
Pupil	397,284	-	-	-	(397,284)
Instructional staff	205,996	-	69,230	-	(136,766)
Board of education	91,457	-	-	-	(91,457)
Administration	707,682	-	5,168	-	(702,514)
Fiscal	215,401	-	450	-	(214,951)
Business	50,402	-	-	-	(50,402)
Operations and maintenance	855,816	1,158	-	-	(854,658)
Pupil transportation	521,855	12,209	3,118	12,634	(493,894)
Central	40,906	-	9,000	-	(31,906)
Operation of non-instructional services:					
Food service operations	392,803	200,162	130,222	-	(62,419)
Other non-instructional services	52,137	-	-	-	(52,137)
Extracurricular activities	236,029	116,652	2,163	-	(117,214)
Interest and fiscal charges	153,242	-	-	-	(153,242)
Total governmental activities	\$ 9,422,926	\$ 583,658	\$ 823,013	\$ 12,634	(8,003,621)

General Revenues:

Property taxes levied for:	
General purposes	2,164,453
Special revenue	32,443
Debt service	220,951
Capital projects	150,849
Grants and entitlements not restricted to specific programs	5,553,346
Investment earnings	57,026
Miscellaneous	41,783
Total general revenues	8,220,851
Change in net assets	217,230
Net assets at beginning of year	19,966,828
Net assets at end of year	\$ 20,184,058

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 784,692	\$ 730,946	\$ 1,515,638
Receivables:			
Taxes	2,516,508	408,614	2,925,122
Accounts	2,014	2,050	4,064
Intergovernmental	-	49,064	49,064
Accrued interest	10,458	-	10,458
Loan	6,585	-	6,585
Interfund loans	8,065	-	8,065
Prepayments	7,000	-	7,000
Materials and supplies inventory	-	7,191	7,191
Restricted assets:			
Equity in pooled cash and cash equivalents	367,951	-	367,951
 Total assets	 \$ 3,703,273	 \$ 1,197,865	 \$ 4,901,138
 Liabilities:			
Accounts payable	\$ 30,747	\$ -	\$ 30,747
Accrued wages and benefits	672,633	68,061	740,694
Compensated absences payable	44,785	-	44,785
Pension obligation payable	165,120	5,202	170,322
Intergovernmental payable	11,009	1,083	12,092
Interfund loans payable	-	8,065	8,065
Deferred revenue	148,173	46,389	194,562
Unearned revenue	2,360,128	383,224	2,743,352
 Total liabilities	 3,432,595	 512,024	 3,944,619
 Fund Balances:			
Reserved for materials and supplies inventory	-	7,191	7,191
Reserved for prepayments	7,000	-	7,000
Reserved for property tax unavailable for appropriation	11,393	1,849	13,242
Reserved for debt service	-	122,609	122,609
Reserved for instructional materials	367,951	-	367,951
Unreserved, undesignated (deficit), reported in:			
General fund	(115,666)	-	(115,666)
Special revenue funds	-	148,394	148,394
Capital projects funds	-	405,798	405,798
Total fund balances	270,678	685,841	956,519
 Total liabilities and fund balances	 \$ 3,703,273	 \$ 1,197,865	 \$ 4,901,138

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, 2007

Total governmental fund balances		\$	956,519
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			22,659,702
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	168,528	
Intergovernmental revenue		22,848	
Accrued interest		3,186	
Total		194,562	194,562
Unamortized bond issuance costs are not recognized in the funds.			50,981
Unamortized premiums on bond issuance are not recognized in the funds.			(159,879)
Unamortized deferred charges on refundings are not recognized in the funds.			100,055
Accrued interest payable is not due and payable in the current period and is therefore not reported in the funds.			(10,642)
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		731,362	
Asbestos removal loan		13,985	
Tax anticipation note		500,000	
General obligation bonds		2,361,893	
Total		(3,607,240)	(3,607,240)
Net assets of governmental activities		\$	20,184,058

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, 2007

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ 2,143,046	\$ 409,478	\$ 2,552,524
Tuition.	217,536	-	217,536
Transportation fees.	12,209	-	12,209
Earnings on investments.	43,764	10,534	54,298
Charges for services.	-	199,672	199,672
Extracurricular.	-	109,704	109,704
Classroom materials and fees	17,174	18,645	35,819
Other local revenues.	26,288	29,341	55,629
Intergovernmental - State.	5,824,911	106,809	5,931,720
Intergovernmental - Federal	20,828	405,926	426,754
Total revenue	8,305,756	1,290,109	9,595,865
Expenditures:			
Current:			
Instruction:			
Regular	4,265,748	106,367	4,372,115
Special.	313,155	194,191	507,346
Vocational.	52,126	-	52,126
Support services:			
Pupil.	397,234	-	397,234
Instructional staff	126,846	79,188	206,034
Board of education	91,457	-	91,457
Administration.	619,755	2,017	621,772
Fiscal	203,750	9,806	213,556
Business	50,138	-	50,138
Operations and maintenance.	795,555	73,962	869,517
Pupil transportation	469,803	-	469,803
Central.	31,906	9,000	40,906
Operation of non-instructional services:			
Food service operations	-	309,962	309,962
Other non-instructional services.	52,137	-	52,137
Extracurricular activities.	127,866	110,434	238,300
Facilities acquisition and construction	-	6,193	6,193
Debt service:			
Principal retirement	6,009	135,387	141,396
Interest and fiscal charges	80	131,813	131,893
Total expenditures	7,603,565	1,168,320	8,771,885
Excess of revenues over expenditures	702,191	121,789	823,980
Other financing sources:			
Sale of assets.	2,085	-	2,085
Total other financing sources	2,085	-	2,085
Net change in fund balances	704,276	121,789	826,065
Fund balances (deficit) at beginning			
of year.	(433,598)	564,052	130,454
Fund balances at end of year.	\$ 270,678	\$ 685,841	\$ 956,519

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, 2007

Net change in fund balances - total governmental funds	\$	826,065
<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	\$ 17,706	
Depreciation expense	(803,212)	
Total		(785,506)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	16,172	
Intergovernmental	22,848	
Accrued interest	3,186	
Total		42,206
Repayment of bond, asbestos removal loan, capital lease obligation, and lease-purchase obligation principal is recorded as an expenditure in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		
		141,396
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:		
Decrease in accrued interest payable	4,169	
Accreted interest on "capital appreciation bonds"	(26,056)	
Amortization of bond issuance costs	(3,105)	
Amortization of bond premiums	9,738	
Amortization of deferred charges on refundings	(6,095)	
Total		(21,349)
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.		
		14,418
Change in net assets of governmental activities	\$	217,230

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Taxes	\$ 2,154,233	\$ 2,138,238	\$ 2,147,445	\$ 9,207
Tuition.	218,446	216,824	217,758	934
Transportation fees.	11,732	11,645	11,695	50
Earnings on investments.	42,398	42,083	42,264	181
Classroom materials and fees	17,228	17,100	17,174	74
Other local revenues	26,371	26,175	26,288	113
Intergovernmental - State	5,843,324	5,799,936	5,824,911	24,975
Intergovernmental - Federal.	20,894	20,739	20,828	89
Total revenue	<u>8,334,626</u>	<u>8,272,740</u>	<u>8,308,363</u>	<u>35,623</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,484,051	4,357,248	4,330,813	26,435
Special.	341,432	331,777	329,764	2,013
Vocational.	47,424	46,083	45,803	280
Support services:				
Pupil.	411,141	399,514	397,090	2,424
Instructional staff	135,085	131,265	130,469	796
Board of education	79,695	77,440	76,970	470
Administration.	758,638	737,185	732,713	4,472
Fiscal	209,287	203,369	202,135	1,234
Business	58,986	57,318	56,970	348
Operations and maintenance.	1,003,423	975,047	969,131	5,916
Pupil transportation	474,680	461,257	458,459	2,798
Central.	35,707	34,697	34,486	211
Operation of non-instructional services:				
Other non-instructional services	48,661	47,285	46,998	287
Extracurricular activities.	133,492	129,717	128,930	787
Total expenditures	<u>8,221,702</u>	<u>7,989,202</u>	<u>7,940,731</u>	<u>48,471</u>
Excess of revenues over expenditures.	<u>112,924</u>	<u>283,538</u>	<u>367,632</u>	<u>84,094</u>
Other financing sources (uses):				
Refund of prior year expenditure.	237,110	235,349	236,362	1,013
Refund of prior year (receipt).	(228)	(222)	(221)	1
Advances in	4,319	4,288	4,307	19
Advances (out)	(15,168)	(14,739)	(14,650)	89
Sale of assets.	2,092	2,076	2,085	9
Total other financing sources (uses)	<u>228,125</u>	<u>226,752</u>	<u>227,883</u>	<u>1,131</u>
Net change in fund balance	341,049	510,290	595,515	85,225
Fund balance at beginning of year.	503,361	503,361	503,361	-
Prior year encumbrances appropriated . .	59,539	59,539	59,539	-
Fund balance at end of year	<u>\$ 903,949</u>	<u>\$ 1,073,190</u>	<u>\$ 1,158,415</u>	<u>\$ 85,225</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, 2007

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 34,799
Total assets.	\$ 34,799
Liabilities:	
Loan payable.	\$ 6,585
Due to students	28,214
Total liabilities	\$ 34,799

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, 2007**

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 477th largest by enrollment among the 876 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 certificated personnel to provide services to approximately 1,023 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, 2007**

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.

Northeast Ohio Special Education Regional Resource Center (NEO/SERRC)

NEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct federal and state grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 220 Youngstown, Ohio 44512-7019.

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

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

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

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.

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.

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

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

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

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.

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.

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

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

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

All 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.

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.

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

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

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

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

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

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization, is 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 2007 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the 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 June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Certificates of Estimated Resources issued for fiscal year 2007.

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

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

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund type 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 type 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.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2007; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
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 15 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 Cash Equivalents" on the basic financial statements.

During fiscal year 2007, 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 2007 amounted to \$43,764, which includes \$13,817 assigned from other funds.

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

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

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

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

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

G. Inventory

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

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

H. Capital Assets

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 2007, 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.

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

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

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

J. Compensated Absences

Compensated absences of the District consist of vacation leave and severance 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.

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

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

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.

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

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

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

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 11.A.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds 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 instructional materials (see Note 17).

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.

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

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

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

P. Estimates

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

Q. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish an instructional materials reserve. This reserve is required by State statute. A schedule of statutory reserves is presented in Note 17.

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 2007.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

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

<u>Nonmajor Governmental Funds</u>	<u>Deficit</u>
Poverty Aid	\$ 9
Title VI-B	34,101
Title I	8,906
Reducing Class Size	7,753

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.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$926,608. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$751,654 of the District's bank balance of \$951,654 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.

B. Investments

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

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
FHLB	\$ 981,720	\$ -	\$ -	\$ 492,030	\$ 489,690
U.S. government money market mutual fund	10,060	10,060	-	-	-
Total	\$ 991,780	\$ 10,060	\$ -	\$ 492,030	\$ 489,690

The weighted average maturity of investments is 1.49 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.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

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, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 981,720	98.99
U.S. government money market mutual fund	<u>10,060</u>	<u>1.01</u>
	<u>\$ 991,780</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 footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 926,608
Investments	<u>991,780</u>
Total	<u>\$ 1,918,388</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 1,883,589
Agency fund	<u>34,799</u>
Total	<u>\$ 1,918,388</u>

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

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

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2007, 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>
General	Nonmajor governmental fund	<u>\$ 8,065</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.

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, 2007:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency	<u>\$ 6,585</u>

The primary purpose of the loan is to cover various expenses incurred during fiscal year 2007 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 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, and will be 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

The District receives property taxes from 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, 2007, are available to finance fiscal year 2007 operations. The amount 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). These amounts have been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$15,792 in the general fund, \$1,961 in the bond retirement fund (a nonmajor governmental fund), \$1,416 in the permanent improvement fund (a nonmajor governmental fund) and \$300 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, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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.

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and public utility/minerals real estate	\$ 86,536,870	93.55	\$ 87,266,080	93.79
Commercial/industrial real estate	2,708,150	2.93	2,674,430	3.31
Public utility personal	2,979,040	3.22	2,875,770	2.66
Tangible personal property	<u>286,567</u>	<u>0.30</u>	<u>231,990</u>	<u>0.24</u>
Total	<u>\$ 92,510,627</u>	<u>100.00</u>	<u>\$ 93,048,270</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 45.30		\$ 50.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007 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	\$ 2,925,122
Accounts	4,064
Intergovernmental	49,064
Accrued interest	10,458
Loan	<u>6,585</u>
Total	<u>\$ 2,995,293</u>

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

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

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

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/07</u>
<i>Governmental Activities</i>				
<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	1,505,639	17,706	-	1,523,345
Vehicles	640,779	-	-	640,779
Total capital assets, being depreciated	<u>25,655,022</u>	<u>17,706</u>	<u>-</u>	<u>25,672,728</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(6,157)	(2,758)	-	(8,915)
Buildings and improvements	(1,474,246)	(584,822)	-	(2,059,068)
Furniture and equipment	(606,162)	(164,088)	-	(770,250)
Vehicles	(396,946)	(51,544)	-	(448,490)
Total accumulated depreciation	<u>(2,483,511)</u>	<u>(803,212)</u>	<u>-</u>	<u>(3,286,723)</u>
Governmental activities capital assets, net	<u>\$ 23,445,208</u>	<u>\$ (785,506)</u>	<u>\$ -</u>	<u>\$ 22,659,702</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 538,035
Special	44,175
<u>Support Services:</u>	
Administration	86,330
Pupil transportation	51,544
Food service operations	82,641
Extracurricular	<u>487</u>
Total depreciation expense	<u>\$ 803,212</u>

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

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

NOTE 9 - CAPITAL LEASE - LESSEE DISCLOSURE

In a prior fiscal year, the District entered into a capitalized lease for the acquisition of data processing and reproduction equipment. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital assets acquired by lease have been capitalized in the amount of \$54,809, which is equal to the present value of the future minimum lease payments at the date of inception. This amount represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2007 was \$52,069, leaving a current book value of \$2,740. This lease obligation was paid off during fiscal year 2007.

In the general fund, capital lease payments have been reclassified and are reflected as debt service expenditures. Principal and interest payments totaled \$6,009 and \$80, respectively, in the general fund during fiscal 2007. These expenditures are reflected as program/function expenditures on a budgetary basis.

NOTE 10 - LEASE-PURCHASE AGREEMENT

On October 3, 2004 the District entered into a lease-purchase agreement with Fifth Third Bank for \$218,901 for fitness equipment. The source of revenue to fund the principal and interest payments is derived from general operating revenues of the District. During fiscal year 2007, the District made \$25,387 and \$172 in principal and interest payments, respectively. Principal and interest payments on the lease-purchase agreement are being made from the permanent improvements fund (a nonmajor governmental fund).

Capital assets acquired by lease-purchase agreement have been capitalized in the amount of \$218,901, which is equal to the present value of the future minimum lease payments at the date of inception. Accumulated depreciation as of June 30, 2007 was \$87,560, leaving a current book value of \$131,341. This lease-purchase obligation was paid off during fiscal year 2007.

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

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

NOTE 11 - LONG-TERM OBLIGATIONS

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

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/07</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental Activities					
Series 2000 school facilities bonds:					
Current interest bonds	\$ 590,000	\$ -	\$ (105,000)	\$ 485,000	\$ 110,000
Capital appreciation bonds	188,935	-	-	188,935	-
Accreted interest on capital appreciation bonds	116,902	26,056	-	142,958	-
Series 2006 refunding bonds:					
Current interest bonds	1,545,000	-	-	1,545,000	-
Asbestos removal loan	18,985	-	(5,000)	13,985	5,000
Tax anticipation note	500,000	-	-	500,000	100,000
Capital lease obligation	6,009	-	(6,009)	-	-
Lease-purchase obligation	25,387	-	(25,387)	-	-
Early retirement incentive	72,000	-	(72,000)	-	-
Compensated absences	<u>898,400</u>	<u>49,640</u>	<u>(171,893)</u>	<u>776,147</u>	<u>57,316</u>
Total	<u>\$ 3,961,618</u>	<u>\$ 75,696</u>	<u>\$ (385,289)</u>	3,652,025	<u>\$ 272,316</u>
Less: Unamortized deferred charge on refunding				(100,055)	
Add: Unamortized premium on bond issuance				<u>159,879</u>	
Total on statement of net assets				<u>\$ 3,711,849</u>	

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.

Early retirement incentive: The District's early retirement incentive was paid from the general fund.

Capital lease obligation: See Note 9 for more detail on the District's capital lease obligation.

Lease-purchase obligation: See Note 10 for more detail on the District's lease-purchase obligation.

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) mill bonded debt tax levy.

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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, 2007, the balance of the current interest serial bonds was \$485,000. 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 \$142,958 has been included in the statement of net assets at June 30, 2007.

Principal and interest requirements to retire the Series 2000 school facilities improvement bonds outstanding at June 30, 2007, are as follows:

Fiscal Year Ending June 30,	Current interest bonds			Capital appreciation bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 110,000	\$ 24,873	\$ 134,873	\$ -	\$ -	\$ -
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 - 2015	-	-	-	135,468	269,532	405,000
Total	<u>\$ 485,000</u>	<u>\$ 64,148</u>	<u>\$ 549,148</u>	<u>\$ 188,935</u>	<u>\$ 351,065</u>	<u>\$ 540,000</u>

- 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.

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.

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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
2008	\$ -	\$ 82,230	\$ 82,230
2009	-	82,230	82,230
2010	-	82,230	82,230
2011	-	82,230	82,230
2012	-	82,230	82,230
2013 - 2017	290,000	397,603	687,603
2018 - 2022	850,000	231,723	1,081,723
2023 - 2024	405,000	22,688	427,688
Total	\$ 1,545,000	\$ 1,063,164	\$ 2,608,164

- 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, 2007:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 6/30/2006</u>	<u>Retired</u>	<u>Balance 06/30/07</u>
Asbestos removal	None	4/16/1993	5/13/2010	\$ 18,985	\$ (5,000)	\$ 13,985

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

Fiscal Year Ending June 30.	Asbestos Removal Loan		
	Principal	Interest	Total
2008	\$ 5,000	\$ -	\$ 5,000
2009	5,000	-	5,000
2010	3,985	-	3,985
Total	\$ 13,985	\$ -	\$ 13,985

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

- E.** On June 29, 2006 the District issued a long-term tax anticipation note, par value \$500,000, and bearing an interest rate of 5.00%. This note is a general obligation of the District for which the full faith and credit of the District are pledged for repayment. Principal and interest payments related to this note will be paid from the bond retirement fund (a nonmajor governmental fund). The following schedule describes the long-term tax anticipation note outstanding at June 30, 2007:

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

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

Fiscal Year Ending <u>June 30,</u>	<u>Tax Anticipation Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 100,000	\$ 22,500	\$ 122,500
2009	100,000	17,500	117,500
2010	100,000	12,500	112,500
2011	100,000	7,500	107,500
2012	100,000	2,500	102,500
Total	<u>\$ 500,000</u>	<u>\$ 62,500</u>	<u>\$ 562,500</u>

F. 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, 2007, are a voted debt margin of \$6,170,992 (including available funds of \$123,574) and an unvoted debt margin of \$91,848.

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

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

NOTE 12 - 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 2006.

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.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

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

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

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation Group Rating

For fiscal year 2007, 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 13 - PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended June 30, 2007, 2006, and 2005 were \$98,064, \$105,360, and \$113,888; 49.75 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$49,278 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

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

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

NOTE 13 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

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

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

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$518,203, \$513,964 and \$524,831; 83.52 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$85,388 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$3,249 made by the District and \$13,001 made by the plan members.

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

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

NOTE 13 - PENSION PLANS - (Continued)

C. Social Security System

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

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$39,862 for fiscal year 2007.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the District paid \$44,255 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

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

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

NOTE 15 - 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).

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	\$ 595,515
Net adjustment for revenue accruals	(2,607)
Net adjustment for expenditure accruals	337,166
Net adjustment for other sources/uses	(225,798)
GAAP basis	\$ 704,276

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

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

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 17 - STATUTORY RESERVES

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

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2006	\$ 249,596	\$ (3,175,478)
Current year set-aside requirement	165,069	165,069
Qualifying disbursements	<u>(46,714)</u>	<u>(229,569)</u>
Total	<u>\$ 367,951</u>	<u>\$ (3,239,978)</u>
Balance carried forward to FY 2008	<u>\$ 367,951</u>	<u>\$ (3,175,478)</u>

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

Amounts restricted for instructional materials	\$ <u>367,951</u>
Total restricted assets	\$ <u>367,951</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 instructional materials, and thus the unspent amount is both a restricted asset and a reservation of fund balance in the general fund.

NOTE 18 - FISCAL CAUTION

The Superintendent of Public Instruction declared the District to be in a state of fiscal caution effective September 12, 2005. The District is currently working with the State to meet criteria for terminating the fiscal caution status.



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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, 2007, which collectively comprise Maplewood Local School District's basic financial statements and have issued our report thereon dated December 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 December 20, 2007.

This report is intended solely for the information and use of the management and Board of Education of Maplewood Local School District and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
December 20, 2007



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 6, 2008