



**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Maplewood Local School District, Trumbull County, prepared by Canter and Company, for the audit period July 1, 2008 through June 30, 2009. 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

April 2, 2010

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**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet-Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Government Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds .....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)-General Fund .....	19
Statement of Fiduciary Net Assets – Fiduciary Fund.....	20
Notes to the Basic Financial Statements .....	21
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	49
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	51



20 E. McKinley Way, Suite 4  
Poland, Ohio 44514  
Ph: 330.707.9035  
Fax: 888.516.1186

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WWW.CANTERCPA.NET

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## INDEPENDENT ACCOUNTANTS' REPORT

Maplewood Local School District  
Trumbull County  
2414 Greenville Road NE  
Cortland, Ohio 44410

To the Board of Education:

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 (the "District"), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 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.

The management's discussion and analysis on pages 3 through 12, are not a required part of the basic financial statements but are 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.

CANTER & ASSOCIATES

A handwritten signature in blue ink that reads "Canter & Assoc" with a stylized flourish at the end.

Poland, Ohio

February 9, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009. 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 2009 are as follows:

- In total, net assets of governmental activities increased \$259,361 which represents a 1.27% increase from 2008.
- General revenues accounted for \$8,441,101 in revenue or 85.22% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,464,502 or 14.78% of total revenues of \$9,905,603.
- The District had \$9,646,242 in expenses related to governmental activities; \$1,464,502 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 \$8,441,101 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$8,616,238 in revenues and \$7,862,189 in expenditures. During fiscal year 2009, the general fund's fund balance increased \$754,049 from a balance of \$582,227 to \$1,336,276.

**Using these Basic Financial Statements**

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

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

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

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

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

***Fund Financial Statements***

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

***Governmental Funds***

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

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-48 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**The District as a Whole**

The table below provides a summary of the District's assets, liabilities and net assets for 2009 and 2008.

	<b>Net Assets</b>	
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 6,281,452	\$ 5,595,816
Capital assets, net	<u>21,279,950</u>	<u>21,937,797</u>
Total assets	<u>27,561,402</u>	<u>27,533,613</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,878,880	4,001,785
Long-term liabilities	<u>2,993,415</u>	<u>3,102,082</u>
Total liabilities	<u>6,872,295</u>	<u>7,103,867</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	19,234,495	19,811,573
Restricted	1,245,300	1,148,334
Unrestricted (deficit)	<u>209,312</u>	<u>(530,161)</u>
Total net assets	<u>\$ 20,689,107</u>	<u>\$ 20,429,746</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$20,689,107. Of this total, \$1,245,300 is restricted in use.

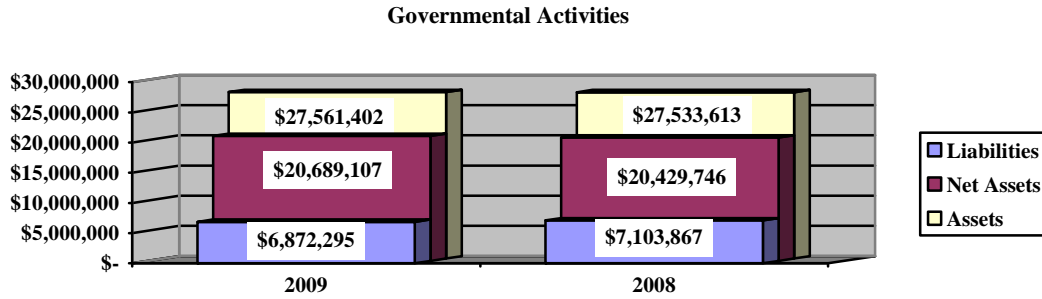
At year-end, capital assets represented 77.21% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$19,234,495. These capital assets are used 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, \$1,245,300 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$209,312.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The graph below shows the District's governmental activities assets, liabilities and net assets at June 30, 2009 and 2008:



The table below shows the change in net assets for fiscal year 2009 and 2008.

**Change in Net Assets**

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 582,666	\$ 568,388
Operating grants and contributions	867,498	868,485
Capital grants and contributions	14,338	7,086
General revenues:		
Property taxes	2,663,767	2,742,817
Grants and entitlements	5,661,985	5,750,664
Investment earnings	44,448	100,162
Miscellaneous	70,901	73,048
Total revenues	<u>9,905,603</u>	<u>10,110,650</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Change in Net Assets**

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,783,697	\$ 5,023,611
Special	697,818	631,376
Vocational	39,525	37,841
Other	17,722	-
Support services:		
Pupil	445,836	397,038
Instructional staff	159,552	186,991
Board of education	30,918	58,798
Administration	814,365	787,442
Fiscal	283,319	277,433
Business	59,836	60,861
Operations and maintenance	886,730	956,897
Pupil transportation	544,070	545,948
Central	50,198	53,000
Operations of non-instructional services:		
Food service operations	431,944	424,110
Other non-instructional services	-	13,494
Extracurricular activities	255,475	256,409
Interest and fiscal charges	<u>145,237</u>	<u>153,713</u>
Total expenses	<u>9,646,242</u>	<u>9,864,962</u>
Change in net assets	259,361	245,688
Net assets at beginning of year	<u>20,429,746</u>	<u>20,184,058</u>
Net assets at end of year	<u>\$ 20,689,107</u>	<u>\$ 20,429,746</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$259,361. Total governmental expenses of \$9,646,242 were offset by program revenues of \$1,464,502 and general revenues of \$8,441,101. Program revenues supported 15.18% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 84.05% of total governmental revenue.

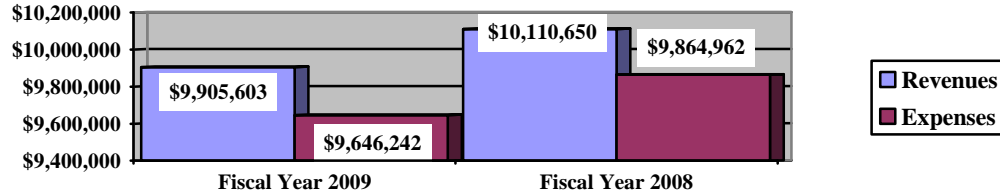
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,538,762 or 57.42% of total governmental expenses for fiscal 2009.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 and 2008.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,783,697	\$ 4,410,366	\$ 5,023,611	\$ 4,680,394
Special	697,818	161,567	631,376	61,107
Vocational	39,525	36,068	37,841	35,127
Other	17,722	692	-	-
Support services:				
Pupil	445,836	445,836	397,038	397,038
Instructional staff	159,552	104,631	186,991	123,672
Board of education	30,918	30,918	58,798	58,798
Administration	814,365	798,319	787,442	782,442
Fiscal	283,319	282,469	277,433	276,483
Business	59,836	59,836	60,861	60,861
Operations and maintenance	886,730	886,730	956,897	956,897
Pupil transportation	544,070	518,763	545,948	526,271
Central	50,198	41,198	53,000	44,000
Operations of non-instructional services:				
Food service operations	431,944	79,698	424,110	82,812
Other non-instructional services	-	-	13,494	13,494
Extracurricular activities	255,475	179,412	256,409	167,894
Interest and fiscal charges	145,237	145,237	153,713	153,713
<b>Total expenses</b>	<u>\$ 9,646,242</u>	<u>\$ 8,181,740</u>	<u>\$ 9,864,962</u>	<u>\$ 8,421,003</u>

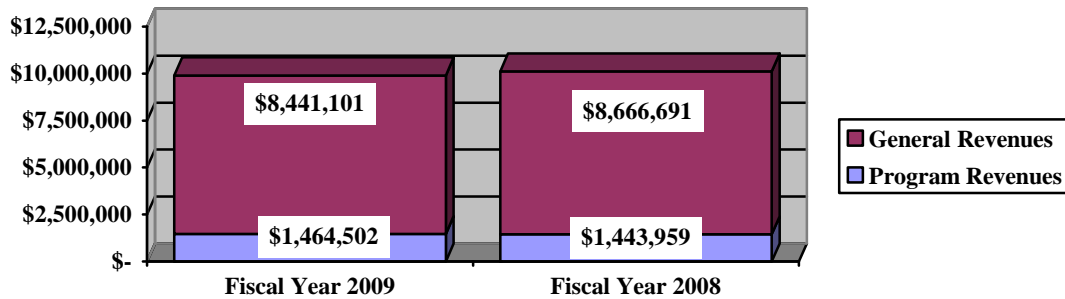
**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The dependence upon tax and other general revenues for governmental activities is apparent; 50.18% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.51%. 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 2009 and 2008.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$2,094,141, which is greater than last year's total of \$1,286,528. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance <u>June 30, 2009</u>	Fund Balance <u>June 30, 2008</u>	<u>Increase</u>	Percentage <u>Change</u>
General	\$ 1,336,276	\$ 582,227	\$ 754,049	129.51 %
Other Governmental	<u>757,865</u>	<u>704,301</u>	<u>53,564</u>	7.61 %
Total	<u>\$ 2,094,141</u>	<u>\$ 1,286,528</u>	<u>\$ 807,613</u>	62.77 %

**General Fund**

The District's general fund's fund balance increased \$754,049. Revenues exceed expenditures for fiscal year 2009 by \$754,049. 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, 2009

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,276,206	\$ 2,345,034	\$ (68,828)	(2.94) %
Tuition	301,165	263,061	38,104	14.48 %
Transportation fees	9,176	9,618	(442)	(4.60) %
Earnings on investments	44,318	88,600	(44,282)	(49.98) %
Classroom materials and fees	28,383	31,680	(3,297)	(10.41) %
Intergovernmental	5,902,163	6,056,757	(154,594)	(2.55) %
Other revenues	<u>54,827</u>	<u>44,692</u>	<u>10,135</u>	22.68 %
 Total	 <u>\$ 8,616,238</u>	 <u>\$ 8,839,442</u>	 <u>\$ (223,204)</u>	 (2.53) %
 <b><u>Expenditures</u></b>				
Instruction	\$ 4,723,500	\$ 4,876,933	\$ (153,433)	(3.15) %
Support services	2,972,518	2,992,253	(19,735)	(0.66) %
Non-instructional services	-	930	(930)	- %
Extracurricular activities	149,074	136,016	13,058	9.60 %
Debt service	<u>17,097</u>	<u>22,097</u>	<u>(5,000)</u>	(22.63) %
 Total	 <u>\$ 7,862,189</u>	 <u>\$ 8,028,229</u>	 <u>\$ (166,040)</u>	 (2.07) %

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

***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 2009, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,922,885 and final budgeted revenues and other financing sources were \$8,791,020. Actual revenues and other financing sources for fiscal 2009 was \$8,791,020. This is the same as final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) were \$8,125,222 and final appropriations were \$8,125,222. The actual budget basis expenditures for fiscal year 2009 totaled \$8,125,222, which was the same as the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2009, the District had \$21,279,950 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 2009 balances compared to 2008:

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

	Governmental Activities	
	2009	2008
Land	\$ 273,697	\$ 273,697
Land improvements	89,297	92,055
Building and improvements	20,215,664	20,760,986
Furniture and equipment	481,632	601,611
Vehicles	219,660	209,448
Total	\$ 21,279,950	\$ 21,937,797

The overall decrease in capital assets of \$657,847 is due to depreciation expense of \$767,270 exceeding capital outlays of \$109,423 in the fiscal year.

See Note 7 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2009, the District had \$2,190,855 in general obligation bonds and \$3,985 in an asbestos removal loan outstanding. Of this total, \$128,985 is due within one year and \$2,065,855 is due in more than one year. The following table summarizes the bonds and loan outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2009	2008
General obligation bonds	\$ 2,190,855	\$ 2,280,171
Asbestos removal loan	3,985	8,985
Total	\$ 2,194,840	\$ 2,289,156

At June 30, 2009, the District's overall legal debt margin was \$6,552,530, and an unvoted debt margin of \$93,454.

See Note 8 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, 2009**

**Current Financial Related Activities**

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

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

**Contacting the District's Financial Management**

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

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 3,293,719
Receivables:	
Taxes . . . . .	2,899,263
Accounts . . . . .	4,473
Intergovernmental . . . . .	28,406
Accrued interest . . . . .	4,177
Prepayments . . . . .	1,184
Materials and supplies inventory . . . . .	5,460
Unamortized bond issue costs. . . . .	44,770
Capital assets:	
Land . . . . .	273,697
Depreciable capital assets, net . . . . .	21,006,253
Capital assets, net. . . . .	21,279,950
 Total assets. . . . .	 27,561,402
 <b>Liabilities:</b>	
Accounts payable. . . . .	687
Accrued wages and benefits . . . . .	685,668
Pension obligation payable. . . . .	194,789
Intergovernmental payable . . . . .	15,198
Accrued interest payable . . . . .	8,895
Unearned revenue. . . . .	2,673,643
Note payable . . . . .	300,000
Long-term liabilities:	
Due within one year . . . . .	206,188
Due in more than one year . . . . .	2,787,227
 Total liabilities . . . . .	 6,872,295
 <b>Net assets:</b>	
Invested in capital assets, net of related debt. . . . .	19,234,495
Restricted for:	
Debt service. . . . .	138,581
Capital projects . . . . .	513,270
Classroom facilities maintenance . . . . .	41,240
Locally funded programs . . . . .	2
Student activities . . . . .	27,007
Other purposes . . . . .	525,200
Unrestricted . . . . .	209,312
 Total net assets . . . . .	 \$ 20,689,107

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, 2009

	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental activities:</b>						
Instruction:						
Regular . . . . .	\$ 4,783,697	\$ 323,912	\$ 49,419	\$ -	\$ (4,410,366)	
Special . . . . .	697,818	5,636	530,615	-	(161,567)	
Vocational . . . . .	39,525	-	3,457	-	(36,068)	
Other . . . . .	17,722	-	17,030	-	(692)	
Support services:						
Pupil. . . . .	445,836	-	-	-	(445,836)	
Instructional staff. . . . .	159,552	-	54,921	-	(104,631)	
Board of education . . . . .	30,918	-	-	-	(30,918)	
Administration. . . . .	814,365	-	16,046	-	(798,319)	
Fiscal. . . . .	283,319	-	850	-	(282,469)	
Business. . . . .	59,836	-	-	-	(59,836)	
Operations and maintenance . . . . .	886,730	-	-	-	(886,730)	
Pupil transportation. . . . .	544,070	9,176	1,793	14,338	(518,763)	
Central . . . . .	50,198	-	9,000	-	(41,198)	
Operation of non-instructional services:						
Food service operations . . . . .	431,944	171,106	181,140	-	(79,698)	
Extracurricular activities. . . . .	255,475	72,836	3,227	-	(179,412)	
Interest and fiscal charges . . . . .	145,237	-	-	-	(145,237)	
<b>Total governmental activities . . . . .</b>	<b>\$ 9,646,242</b>	<b>\$ 582,666</b>	<b>\$ 867,498</b>	<b>\$ 14,338</b>	<b>(8,181,740)</b>	

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	2,302,677
Special revenue . . . . .	187,642
Debt service. . . . .	141,436
Capital projects . . . . .	32,012
Grants and entitlements not restricted to specific programs. . . . .	
Investment earnings . . . . .	44,448
Miscellaneous . . . . .	70,901
<b>Total general revenues. . . . .</b>	<b>8,441,101</b>
Change in net assets . . . . .	259,361
<b>Net assets at beginning of year. . . . .</b>	<b>20,429,746</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 20,689,107</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 2,034,255	\$ 776,970	\$ 2,811,225
Receivables:			
Taxes . . . . .	2,491,151	408,112	2,899,263
Accounts . . . . .	4,473	-	4,473
Intergovernmental . . . . .	-	28,406	28,406
Accrued interest . . . . .	4,177	-	4,177
Prepayments . . . . .	1,184	-	1,184
Materials and supplies inventory . . . . .	-	5,460	5,460
Restricted assets:			
Equity in pooled cash and cash investments . . . . .	482,494	-	482,494
<b>Total assets . . . . .</b>	<b>\$ 5,017,734</b>	<b>\$ 1,218,948</b>	<b>\$ 6,236,682</b>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 687	\$ -	\$ 687
Accrued wages and benefits . . . . .	648,683	36,985	685,668
Compensated absences payable . . . . .	52,946	-	52,946
Pension obligation payable. . . . .	178,025	16,764	194,789
Intergovernmental payable. . . . .	14,372	826	15,198
Deferred revenue. . . . .	188,247	30,155	218,402
Unearned revenue . . . . .	2,297,290	376,353	2,673,643
Accrued interest payable. . . . .	1,208	-	1,208
Note payable. . . . .	300,000	-	300,000
<b>Total liabilities . . . . .</b>	<b>3,681,458</b>	<b>461,083</b>	<b>4,142,541</b>
<b>Fund balances:</b>			
Reserved for encumbrances . . . . .	2,562	3,486	6,048
Reserved for materials and supplies inventory. . . . .	-	5,460	5,460
Reserved for prepayments . . . . .	1,184	-	1,184
Reserved for property tax unavailable for appropriation . . . . .	9,791	1,604	11,395
Reserved for debt service. . . . .	-	129,765	129,765
Reserved for instructional materials. . . . .	482,494	-	482,494
Unreserved, undesignated, reported in:			
General fund . . . . .	840,245	-	840,245
Special revenue funds. . . . .	-	116,871	116,871
Capital projects funds. . . . .	-	500,679	500,679
<b>Total fund balances . . . . .</b>	<b>1,336,276</b>	<b>757,865</b>	<b>2,094,141</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 5,017,734</b>	<b>\$ 1,218,948</b>	<b>\$ 6,236,682</b>

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, 2009

<b>Total governmental fund balances</b>		\$ 2,094,141
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		21,279,950
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 214,225	
Accrued interest receivable	4,177	
Total		218,402
Unamortized bond issuance costs are not recognized in the funds.		44,770
Unamortized premiums on bond issuance are not recognized in the funds.		(140,401)
Unamortized deferred charges on refundings are not recognized in the funds.		87,866
Accrued interest payable is not due and payable in the current period and is therefore not reported in the funds.		(7,687)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	693,094	
Asbestos removal loan	3,985	
General obligation bonds	2,190,855	
Total		(2,887,934)
<b>Net assets of governmental activities</b>		<b>\$ 20,689,107</b>

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, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 2,276,206	\$ 356,710	\$ 2,632,916
Tuition. . . . .	301,165	-	301,165
Transportation fees. . . . .	9,176	-	9,176
Earnings on investments. . . . .	44,318	4,886	49,204
Charges for services. . . . .	-	171,027	171,027
Extracurricular. . . . .	-	70,415	70,415
Classroom materials and fees . . . . .	28,383	-	28,383
Other local revenues. . . . .	54,827	25,650	80,477
Intergovernmental - State. . . . .	5,891,512	169,301	6,060,813
Intergovernmental - Federal . . . . .	10,651	464,058	474,709
Total revenue . . . . .	<u>8,616,238</u>	<u>1,262,047</u>	<u>9,878,285</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	4,200,002	80,635	4,280,637
Special. . . . .	485,615	185,292	670,907
Vocational. . . . .	37,883	-	37,883
Other. . . . .	-	17,722	17,722
Support services:			
Pupil. . . . .	443,831	-	443,831
Instructional staff . . . . .	110,758	45,978	156,736
Board of education . . . . .	30,918	-	30,918
Administration. . . . .	720,579	35,431	756,010
Fiscal . . . . .	271,860	12,484	284,344
Business . . . . .	59,644	-	59,644
Operations and maintenance. . . . .	809,890	70,556	880,446
Pupil transportation . . . . .	484,470	69,423	553,893
Central. . . . .	40,568	9,000	49,568
Operation of non-instructional services:			
Food service operations . . . . .	-	349,940	349,940
Extracurricular activities. . . . .	149,074	105,914	254,988
Facilities acquisition and construction . . . . .	-	2,620	2,620
Debt service:			
Principal retirement . . . . .	-	125,000	125,000
Interest and fiscal charges . . . . .	17,097	98,488	115,585
Total expenditures . . . . .	<u>7,862,189</u>	<u>1,208,483</u>	<u>9,070,672</u>
Net change in fund balances . . . . .	754,049	53,564	807,613
<b>Fund balances at beginning of year . . . . .</b>	<u>582,227</u>	<u>704,301</u>	<u>1,286,528</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,336,276</u>	<u>\$ 757,865</u>	<u>\$ 2,094,141</u>

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, 2009

<b>Net change in fund balances - total governmental funds</b>	\$	807,613
<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	\$ 109,423	
Depreciation expense	(767,270)	
Total		(657,847)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	30,851	
Interest revenue	(3,533)	
Total		27,318
Repayment of bond and asbestos removal loan principal is recorded as an expenditure in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets.		
		125,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in additional interest being recorded in the statement of activities:		
Decrease in accrued interest payable	493	
Accreted interest on "capital appreciation bonds"	(30,684)	
Amortization of bond issuance costs	(3,106)	
Amortization of bond premiums	9,739	
Amortization of deferred charges on refundings	(6,094)	
Total		(29,652)
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.		
		(13,071)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>259,361</b>

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,192,238	\$ 2,159,840	\$ 2,159,840	\$ -
Tuition. . . . .	305,682	301,165	301,165	-
Transportation fees. . . . .	9,314	9,176	9,176	-
Earnings on investments. . . . .	44,983	44,318	44,318	-
Classroom materials and fees . . . . .	28,833	28,407	28,407	-
Other local revenues . . . . .	54,805	53,995	53,995	-
Intergovernmental - State . . . . .	5,979,884	5,891,512	5,891,512	-
Intergovernmental - Federal. . . . .	10,811	10,651	10,651	-
Total revenue . . . . .	<u>8,626,550</u>	<u>8,499,064</u>	<u>8,499,064</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,357,469	4,357,469	4,357,469	-
Special. . . . .	453,609	453,609	453,609	-
Vocational. . . . .	37,521	37,521	37,521	-
Support services:				
Pupil. . . . .	443,410	443,410	443,410	-
Instructional staff . . . . .	111,528	111,528	111,528	-
Board of education . . . . .	30,912	30,912	30,912	-
Administration. . . . .	716,968	716,968	716,968	-
Fiscal . . . . .	268,286	268,286	268,286	-
Business . . . . .	59,211	59,211	59,211	-
Operations and maintenance. . . . .	981,096	981,096	981,096	-
Pupil transportation . . . . .	478,226	478,226	478,226	-
Central. . . . .	39,864	39,864	39,864	-
Extracurricular activities. . . . .	147,122	147,122	147,122	-
Total expenditures . . . . .	<u>8,125,222</u>	<u>8,125,222</u>	<u>8,125,222</u>	<u>-</u>
Excess of revenues over expenditures. . . . .	<u>501,328</u>	<u>373,842</u>	<u>373,842</u>	<u>-</u>
<b>Other financing sources :</b>				
Refund of prior year expenditure. . . . .	295,850	291,478	291,478	-
Advances in . . . . .	485	478	478	-
Total other financing sources . . . . .	<u>296,335</u>	<u>291,956</u>	<u>291,956</u>	<u>-</u>
Net change in fund balance . . . . .	797,663	665,798	665,798	-
<b>Fund balance at beginning of year. . . . .</b>	<u>1,848,389</u>	<u>1,848,389</u>	<u>1,848,389</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,646,052</u>	<u>\$ 2,514,187</u>	<u>\$ 2,514,187</u>	<u>\$ -</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, 2009

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 50,358
Total assets. . . . .	\$ 50,358
<b>Liabilities:</b>	
Intergovernmental payable . . . . .	\$ 5
Due to students . . . . .	50,353
Total liabilities . . . . .	\$ 50,358

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, 2009**

**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 494<sup>th</sup> largest by enrollment among the 922 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 56 non-certified and 75 certified personnel to provide services to approximately 946 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 Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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 districts' elected boards, which possesses its own budgeting and taxing authority. Financial information may be obtained by contacting the Treasurer of the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Northeast Ohio Instructional Media Center (NEOIMC)

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

Region 12 Professional Development Center (Center)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Trumbull County Schools Employee Insurance Benefits Consortium

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

*PROPRIETARY FUNDS*

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*FIDUCIARY FUNDS*

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

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5).

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, are recorded as deferred revenue.

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2009 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2009.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparison for the general fund at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2009; 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 13 provides a reconciliation of the budgetary and GAAP basis of accounting.

**F. Cash and Investments**

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

During fiscal year 2009, investments were limited to 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 2009 amounted to \$44,318, of which \$8,587 was assigned from other funds.

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

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

**G. Inventory**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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 2009, 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>	Governmental Activities <u>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 governmental funds are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans at June 30, 2009.

**J. Compensated Absences**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

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

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

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 8.A.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and loans 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 encumbrances, 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 for food services, public school support, a scholarship fund and by State statute for textbooks/instructional materials (See Note 15).

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, 2009

**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 a textbooks/instructional materials reserve. This reserve is required by State statute. A schedule of statutory reserves is presented in Note 15.

**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 2009.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Poverty aid	\$ 11
Title VI-B	2,663
Reducing class size	8,687

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

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

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, 2009, the carrying amount of all District deposits was \$3,344,069. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$1,727,180 of the District's bank balance of \$3,427,180 was exposed to custodial risk as discussed below, while \$1,700,000 was covered by the FDIC.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

**B. Investments**

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> <u>6 months or less</u>
U.S. Government money market	\$ 8	\$ 8

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

*Credit Risk:* The U.S. Government money market fund carries a rating of AAAM by Standard & Poor's.

*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 U.S. Government money market is 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*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, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government money market	\$ <u>8</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,344,069
Investments	<u>8</u>
Total	<u>\$ 3,344,077</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 3,293,719
Agency fund	<u>50,358</u>
Total	<u>\$ 3,344,077</u>

**NOTE 5 - 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 property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 5 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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.

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, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$9,791 in the general fund, \$833 in the bond retirement fund (a nonmajor governmental fund), \$636 in the permanent improvement fund (a nonmajor governmental fund) and \$135 in the classroom facilities maintenance fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$10,925 in the general fund, \$937 in the bond retirement fund (a nonmajor governmental fund), \$697 in the permanent improvement fund (a nonmajor governmental fund) and \$153 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 87,982,490	92.24	\$ 88,599,070	94.49
Commercial/industrial real estate	4,891,980	5.13	2,774,460	2.96
Public utility personal	2,215,780	2.32	2,212,860	2.36
Tangible personal property	<u>297,763</u>	<u>0.31</u>	<u>175,940</u>	<u>0.19</u>
<b>Total</b>	<b><u>\$ 95,388,013</u></b>	<b><u>100.00</u></b>	<b><u>\$ 93,762,330</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation	\$50.80		\$48.45	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. 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	\$ 2,899,263
Accounts	4,473
Intergovernmental	28,406
Accrued interest	<u>4,177</u>
<b>Total</b>	<b><u>\$ 2,936,319</u></b>

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

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	<u>06/30/08</u>			<u>06/30/09</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 273,697	\$ -	\$ -	\$ 273,697
<b>Total capital assets, not being depreciated</b>	<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	40,000	-	23,444,876
Furniture and equipment	1,536,612	-	-	1,536,612
Vehicles	<u>709,576</u>	<u>69,423</u>	<u>-</u>	<u>778,999</u>
<b>Total capital assets, being depreciated</b>	<u>25,754,792</u>	<u>109,423</u>	<u>-</u>	<u>25,864,215</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(11,673)	(2,758)	-	(14,431)
Buildings and improvements	(2,643,890)	(585,322)	-	(3,229,212)
Furniture and equipment	(935,001)	(119,979)	-	(1,054,980)
Vehicles	<u>(500,128)</u>	<u>(59,211)</u>	<u>-</u>	<u>(559,339)</u>
<b>Total accumulated depreciation</b>	<u>(4,090,692)</u>	<u>(767,270)</u>	<u>-</u>	<u>(4,857,962)</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 21,937,797</u></b>	<b><u>\$ (657,847)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 21,279,950</u></b>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 7 - CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 504,451
Special	43,370
 <u>Support services:</u>	
Administration	77,383
Pupil transportation	59,211
Extracurricular	487
Food service operations	<u>82,368</u>
Total depreciation expense	<u>\$ 767,270</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	06/30/08	Additions	Reductions	06/30/09	Due in
<b>Governmental activities:</b>					One Year
<i>General obligation bonds:</i>					
<i>Series 2000 school facilities bonds:</i>					
Current interest bonds	\$ 375,000	\$ -	\$ (120,000)	\$ 255,000	\$ 125,000
Capital appreciation bonds	188,935	-	-	188,935	-
Accreted interest on capital appreciation bonds	171,236	30,684	-	201,920	-
<i>Series 2006 refunding bonds:</i>					
Current interest bonds	<u>1,545,000</u>	<u>-</u>	<u>-</u>	<u>1,545,000</u>	<u>-</u>
Total general obligation bonds	<u>2,280,171</u>	<u>30,684</u>	<u>(120,000)</u>	<u>2,190,855</u>	<u>125,000</u>
<i>Other long-term obligations:</i>					
Asbestos removal loan	8,985	-	(5,000)	3,985	3,985
Compensated absences	<u>756,746</u>	<u>63,889</u>	<u>(74,595)</u>	<u>746,040</u>	<u>77,203</u>
Total other long-term obligations	<u>765,731</u>	<u>63,889</u>	<u>(79,595)</u>	<u>750,025</u>	<u>81,188</u>
Total long-term obligations	<u>\$ 3,045,902</u>	<u>\$ 94,573</u>	<u>\$ (199,595)</u>	2,940,880	<u>\$ 206,188</u>
Add: Unamortized premium on bond issuance				140,401	
Less: Unamortized deferred charge on refunding				<u>(87,866)</u>	
Total on statement of net assets				<u>\$ 2,993,415</u>	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

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

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

This original issue was comprised of current interest term bonds, par value \$1,550,000, current interest serial bonds, par value \$1,055,000, and capital appreciation bonds, par value \$188,935. On June 6, 2006, the current interest term bonds were advanced refunded by the series 2006 refunding bonds described below. At June 30, 2009, the balance of the current interest serial bonds was \$255,000. The capital appreciation bonds mature each December 1, 2011 through 2014 (stated 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 \$201,920 has been included in the statement of net assets at June 30, 2009.

Principal and interest requirements to retire the series 2000 school facilities improvement bonds outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 125,000	\$ 11,979	\$ 136,979	\$ -	\$ -	\$ -
2011	130,000	3,380	133,380	-	-	-
2012	-	-	-	53,467	81,533	135,000
2013	-	-	-	48,999	86,001	135,000
2014	-	-	-	45,151	89,849	135,000
2015	-	-	-	41,318	93,682	135,000
Total	<u>\$ 255,000</u>	<u>\$ 15,359</u>	<u>\$ 270,359</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

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

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

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

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2010	\$ -	\$ 82,230	\$ 82,230
2011	-	82,230	82,230
2012	-	82,230	82,230
2013	-	82,230	82,230
2014	5,000	82,126	87,126
2015 - 2019	600,000	353,288	953,288
2020 - 2024	<u>940,000</u>	<u>134,370</u>	<u>1,074,370</u>
Total	<u>\$ 1,545,000</u>	<u>\$ 898,704</u>	<u>\$ 2,443,704</u>

- D.** On April 16, 1993, the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District are pledged for repayment. Principal payments are made from the permanent improvement fund (a nonmajor governmental fund). The following schedule describes the asbestos removal loan outstanding at June 30, 2009:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 06/30/08</u>	<u>Retired</u>	<u>Balance 06/30/09</u>
Asbestos removal	None	4/16/1993	5/13/2010	<u>\$ 8,985</u>	<u>\$ (5,000)</u>	<u>\$ 3,985</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

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

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

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$6,552,530 (including available funds of \$130,598) and an unvoted debt margin of \$93,454.

**NOTE 9 - NOTE PAYABLE**

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 06/30/08</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/09</u>
Tax anticipation note	5.00%	6/29/2006	12/1/2011	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ 300,000</u>



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 9 - NOTE PAYABLE - (Continued)**

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

Fiscal Year Ending June 30,	Tax anticipation note		
	Principal	Interest	Total
2010	\$ 100,000	\$ 12,500	\$ 112,500
2011	100,000	7,500	107,500
2012	100,000	2,500	102,500
Total	<u>\$ 300,000</u>	<u>\$ 22,500</u>	<u>\$ 322,500</u>

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

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

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

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

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2008.

**B. Employee Health, Dental, Vision and Life Insurance**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 10 - RISK MANAGEMENT - (Continued)**

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

**C. Workers' Compensation Group Rating**

For fiscal year 2009, 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 11 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$96,879, \$92,857 and \$91,820, respectively; 39.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 11 - PENSION PLANS - (Continued)**

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

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

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

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$504,552, \$513,098 and \$518,203, respectively; 83.69 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$4,245 made by the District and \$13,222 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$59,820, \$56,145 and \$44,255, respectively; 39.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$7,993, \$6,691 and \$6,244, respectively; 39.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$38,812, \$39,469 and \$39,862, respectively; 83.69 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 13 - 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 revenues, 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); and,
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 665,798
Net adjustment for revenue accruals	117,174
Net adjustment for expenditure accruals	260,471
Net adjustment for other sources/uses	(291,956)
Adjustment for encumbrances	<u>2,562</u>
GAAP basis	<u>\$ 754,049</u>

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 15 - 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, 2009, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2008	\$ 448,253	\$ (3,175,478)
Current year set-aside requirement	158,936	158,936
Offsets	-	(139,596)
Qualifying disbursements	<u>(124,695)</u>	<u>(60,167)</u>
Total	<u>\$ 482,494</u>	<u>\$ (3,175,478)</u>
Balance carried forward to fiscal year 2010	<u>\$ 482,494</u>	

A schedule of the restricted assets at June 30, 2009 follows:

Amounts restricted for textbooks/instructional materials	<u>\$ 482,494</u>
Total restricted assets	<u>\$ 482,494</u>

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



20 E. McKinley Way, Suite 4  
Poland, Ohio 44514  
Ph: 330.707.9035  
Fax: 888.516.1186

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INDEPENDENT ACCOUNTANTS' 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*

Maplewood Local School District  
Trumbull County  
2414 Greenville Road NE  
Cortland, Ohio 44410

To the Board of Education:

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, (the "District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 9, 2010. 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 the 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 the District's financial statements that is more than inconsequential will not be prevented or detected by the 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 the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the District in a separate letter dated February 9, 2010.

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

CANTER & ASSOCIATES

A handwritten signature in blue ink that reads "Canter & Assoc" with a stylized flourish at the end.

Poland, Ohio

February 9, 2010



20 E. McKinley Way, Suite 4  
Poland, Ohio 44514  
Ph: 330.707.9035  
Fax: 888.516.1186

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### **Independent Accountants' Report on Applying Agreed-Upon Procedures**

Maplewood Local School District  
Trumbull County  
2414 Greenville Road NE  
Cortland, Ohio 44410

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Maplewood Local School District, (the "District") has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on November 20, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - (6) A procedure for documenting any prohibited incident that is reported;
  - (7) A procedure for responding to and investigating any reported incident;
  - (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



**Canter & Associates**

February 9, 2010





**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  
APRIL 15, 2010