



**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2014**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Maplewood Local School District, Trumbull County, prepared by Canter & Associates, for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted this report 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 29, 2015

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**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Maplewood Local School District (District), Trumbull County, Ohio, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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 the Maplewood Local School District, as of June 30, 2014, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maplewood Local School District's basic financial statements. The federal awards receipt and expenditures schedule is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The federal awards receipt and expenditures schedule are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the federal awards receipt and expenditures schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, on our consideration of the Maplewood Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Maplewood Local School District's internal control over financial reporting and compliance.

CANTER & ASSOCIATES



Poland, Ohio  
January 30, 2015

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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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, 2014. 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 fiscal year 2014 are as follows:

- In total, net position of governmental activities decreased \$442,258 which represents a 2 percent decrease from fiscal year 2013.
- General revenues accounted for \$8,660,372 in revenue or 88 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,141,881 or 12 percent of total revenues of \$9,802,253.
- The District had \$10,244,511 in expenses related to governmental activities; \$1,141,881 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,660,372 were not quite adequate to provide for these programs as evidences by the overall decrease in net position of \$442,258.
- The District's major governmental fund is the general fund. The general fund had \$8,512,016 in revenues and \$8,559,847 in expenditures. During fiscal year 2014, the general fund balance decreased \$47,831, or 2 percent.

**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 position* 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 is the only governmental fund reported as a major fund.

**Reporting the District as a Whole**

***Statement of Net Position 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 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and the changes in that position. This change in net position 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 position 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.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 11. 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 position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements.

***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 position. 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 after the basic financial statements.

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

**The District as a Whole**

The table below provides a summary of the District's net position at June 30, 2014 and June 30, 2013.

**Net Position (Table 1)**  
**Governmental Activities**

	2014	2013	Change
<b>Assets</b>			
Current and Other Assets	\$7,025,400	\$6,799,320	\$226,080
Capital Assets, Net	18,147,927	18,856,852	(708,925)
<i>Total Assets</i>	<u>25,173,327</u>	<u>25,656,172</u>	<u>(482,845)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	57,391	63,486	(6,095)
<b>Liabilities</b>			
Current Liabilities	794,552	704,370	90,182
Long-Term Liabilities			
Due within One Year	176,018	209,703	(33,685)
Due in More than One Year	2,153,457	2,271,825	(118,368)
<i>Total Liabilities</i>	<u>3,124,027</u>	<u>3,185,898</u>	<u>(61,871)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,675,404	2,660,215	15,189
<b>Net Position</b>			
Net Investment in Capital Assets	16,532,294	17,187,424	(655,130)
Restricted	856,063	708,421	147,642
Unrestricted (Deficit)	2,042,930	1,977,700	65,230
<i>Total Net Position</i>	<u>\$19,431,287</u>	<u>\$19,873,545</u>	<u>(\$442,258)</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's net position was \$19,431,287. Of this total, \$856,063 is restricted in use.

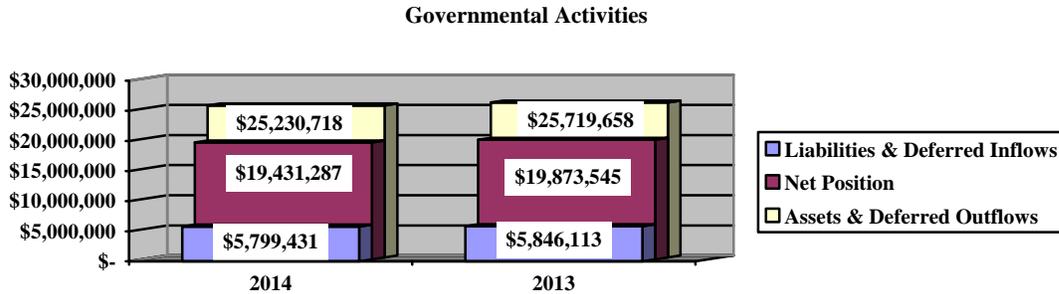
At year-end, capital assets represented 72 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2014, were \$16,532,294. These capital assets are 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 position, \$856,063 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$2,042,930.

The graph below shows the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position at June 30, 2014 and 2013:

**Maplewood Local School District  
Trumbull County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*



The table below shows the change in Net Position for fiscal year 2014 and 2013.

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

	2014	2013	Increase (Decrease)
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$538,815	\$572,469	(\$33,654)
Operating Grants and Contributions	603,066	705,426	(102,360)
<b>Total Program Revenues</b>	<b>1,141,881</b>	<b>1,277,895</b>	<b>(136,014)</b>
<b>General Revenues</b>			
Property Taxes	2,705,423	2,695,054	10,369
Intergovernmental	5,690,089	5,751,033	(60,944)
Investment Earnings	40,979	(2,401)	43,380
Miscellaneous	223,881	151,784	72,097
<b>Total General Revenues</b>	<b>8,660,372</b>	<b>8,595,470</b>	<b>64,902</b>
<b>Total Revenues</b>	<b>9,802,253</b>	<b>9,873,365</b>	<b>(71,112)</b>
<b>Program Expenses</b>			
Current:			
Instruction	5,850,801	5,801,522	49,279
Support Services	3,608,056	3,560,844	47,212
Operation of Non-Instructional Services	450,444	455,775	(5,331)
Extracurricular Activities	241,103	233,313	7,790
Interest and Fiscal Charges	94,107	103,598	(9,491)
<b>Total Program Expenses</b>	<b>10,244,511</b>	<b>10,155,052</b>	<b>89,459</b>
Special Item	0	160,477	(160,477)
<b>Change in Net Position</b>	<b>(442,258)</b>	<b>(121,210)</b>	<b>(321,048)</b>
Net Position Beginning of Year	19,873,545	19,994,755	(121,210)
<b>Net Position End of Year</b>	<b>\$19,431,287</b>	<b>\$19,873,545</b>	<b>(\$442,258)</b>

**Maplewood Local School District  
Trumbull County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

**Governmental Activities**

Net position of the District's governmental activities decreased \$442,258. Total governmental expenses of \$10,244,511 were offset by program revenues of \$1,141,881 and general revenues of \$8,660,372. Program revenues supported 11 percent 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 86 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,850,801 or 57 percent of total governmental expenses for fiscal year 2014.

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.

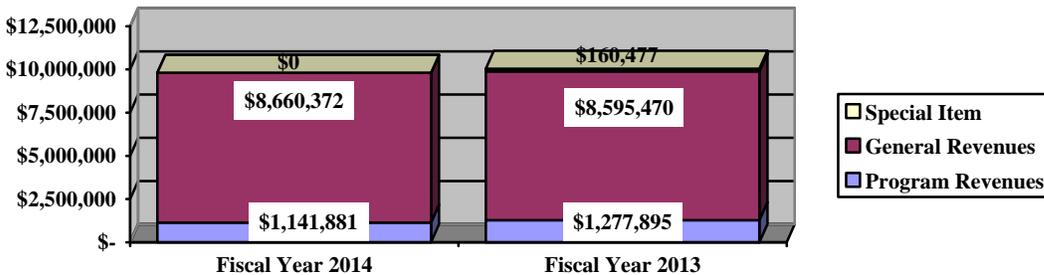
**Table 3**  
Total and Net Cost of Program Services

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$5,850,801	\$5,085,665	\$5,801,522	\$4,972,019
Support Services	3,608,056	3,587,643	3,560,844	3,535,925
Operation of Non-Instructional Services	450,444	164,858	455,775	123,032
Extracurricular Activities	241,103	170,357	233,313	142,583
Interest and Fiscal Charges	94,107	94,107	103,598	103,598
<i>Total Expenditures</i>	<u>\$10,244,511</u>	<u>\$9,102,630</u>	<u>\$10,155,052</u>	<u>\$8,877,157</u>

The dependence upon tax and other general revenues for governmental activities is apparent; 46 percent of instruction activities are supported through property taxes. For all governmental activities, general revenue support is 85 percent. 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 2014 and 2013.

**Governmental Activities - General and Program Revenues**



**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$3,236,823, which is more than last year's total of \$3,189,402. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Increase (Decrease)
General	\$2,455,422	\$2,503,253	(\$47,831)
Other Governmental	781,401	686,149	95,252
Total	\$3,236,823	\$3,189,402	\$47,421

**General Fund**

The District's general fund balance decreased \$47,831 during the fiscal year due to revenues exceeding expenditures by this amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2014 Amount	2013 Amount	Percentage Change
<b><u>Revenues</u></b>			
Taxes	\$2,287,411	\$2,386,809	(4.2) %
Tuition and Fees	345,183	355,636	(2.9) %
Earnings on investments	40,965	(2,614)	1,667.1 %
Intergovernmental	5,591,577	5,659,042	(1.2) %
Other revenues	246,880	23,621	945.2 %
Total	\$8,512,016	\$8,422,494	1.1 %
<b><u>Expenditures</u></b>			
Instruction	4,950,688	4,835,908	2.4 %
Support services	3,334,699	3,141,768	6.1 %
Operation of non-instructional services	58,358	71,025	(17.8) %
Extracurricular activities	194,408	198,207	(1.9) %
Capital outlay	21,694	72,833	(70.2) %
Total	\$8,559,847	\$8,319,741	2.9 %

Property taxes, tuition and fees and intergovernmental revenues decreased slightly from the previous fiscal year while interest and other revenues increased slightly. Overall, revenues increased by \$89,522 from the previous fiscal year, or just over 1 percent. Earnings on investments increased due to slightly higher interest rates and a market value adjustment upward, when compared to the previous fiscal year. Overall, expenses increased from the prior fiscal year by \$240,106 or just under 3 percent. Wage increases from the prior fiscal year were a significant factor in the overall expenditure increase.

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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**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 year 2014, the District amended its general fund budget one time. For the general fund, original budgeted revenues were \$8,103,108. Final and actual budgeted revenues were \$8,461,434, or \$180,043 more than original, which was due to a conservative worst case scenario approach utilized in the original budget.

General fund original appropriations were \$8,427,498 and final appropriations were \$8,429,367. The actual budget basis expenditures for fiscal year 2014 totaled \$8,448,462, which was \$19,095 more than the final budget appropriations.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2014, the District had \$18,147,927 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2014 balances compared to June 30, 2013:

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

	<u>2014</u>	<u>2013</u>
Land	\$273,697	\$273,697
Land Improvements	96,300	99,605
Buildings and Improvements	17,286,554	17,872,376
Furniture, Fixtures and Equipment	241,777	315,657
Vehicles	<u>249,599</u>	<u>295,517</u>
<i>Total</i>	<u>\$18,147,927</u>	<u>\$18,856,852</u>

The overall decrease in capital assets of \$708,925 is due to depreciation expense of \$733,794 exceeding capital outlays of \$24,869 in the fiscal year.

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

**Debt Administration**

At June 30, 2014, the District had \$1,669,559 in general obligation bonds outstanding, excluding an unamortized premium and deferred amount on refunding. Of this total, \$134,559 is due within one year and \$1,535,000 is due in more than one year. The following table summarizes the bonds outstanding.

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2014*  
*(Unaudited)*

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**Table 5**  
Outstanding Long-Term Debt Obligations at Year End

	<u>2014</u>	<u>2013</u>
General Obligation Bonds	\$1,669,559	\$1,793,917
Unamortized Premium	<u>91,706</u>	<u>101,445</u>
<i>Total</i>	<u><u>\$1,761,265</u></u>	<u><u>\$1,895,362</u></u>

At June 30, 2014, the District's overall legal debt margin was \$7,033,662, and an unvoted debt margin of \$94,636. See Note 10 to the basic financial statements for additional information.

**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 excellent district. Enrollment has remained fairly constant over the years providing for a stable planning base.

The District is in the second year of a new three year contract for both certified and classified employees. Percentage increases will be given in all three years. With insurance benefits as major contributor to the financial restraints of the District, all employees are contributing a percentage to their healthcare coverage.

**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.

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Net Position*

*June 30, 2014*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,980,211
Intergovernmental Receivable	47,444
Property Taxes Receivable	2,987,420
Inventory Held for Resale	8,770
Materials and Supplies Inventory	1,555
Nondepreciable Capital Assets	273,697
Depreciable Capital Assets, Net	17,874,230
<i>Total Assets</i>	<u>25,173,327</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	<u>57,391</u>
<b>Liabilities</b>	
Accounts Payable	40,693
Accrued Wages and Benefits Payable	527,096
Intergovernmental Payable	208,480
Matured Compensated Absences Payable	11,676
Accrued Interest Payable	6,607
Long-Term Liabilities:	
Due Within One Year	176,018
Due In More Than One Year	2,153,457
<i>Total Liabilities</i>	<u>3,124,027</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>2,675,404</u>
<b>Net Position</b>	
Net Investment in Capital Assets	16,532,294
Restricted for:	
Capital Projects	658,505
Debt Service	113,274
Other Purposes	84,284
Unrestricted	2,042,930
<i>Total Net Position</i>	<u>\$19,431,287</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2014*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$4,778,752	\$300,169	\$33,661	(\$4,444,922)
Special	983,801	38,829	386,292	(558,680)
Vocational	88,248	6,185	0	(82,063)
Support Services:				
Pupils	479,008	0	0	(479,008)
Instructional Staff	154,304	0	13,697	(140,607)
Board of Education	41,792	0	0	(41,792)
Administration	817,515	0	0	(817,515)
Fiscal	356,753	0	650	(356,103)
Business	49,820	0	0	(49,820)
Operation and Maintenance of Plant	1,026,753	0	0	(1,026,753)
Pupil Transportation	591,449	0	666	(590,783)
Central	90,662	0	5,400	(85,262)
Operation of Non-Instructional Services	59,123	0	0	(59,123)
Operation of Food Services	391,321	124,010	161,576	(105,735)
Extracurricular Activities	241,103	69,622	1,124	(170,357)
Interest and Fiscal Charges	94,107	0	0	(94,107)
<i>Total Governmental Activities</i>	<u>\$10,244,511</u>	<u>\$538,815</u>	<u>\$603,066</u>	<u>(9,102,630)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
				2,320,819
				202,144
				150,112
				32,348
Grants and Entitlements not				
				5,690,089
				40,979
				223,881
<i>Total General Revenues</i>				<u>8,660,372</u>
				(442,258)
				19,873,545
				<u>\$19,431,287</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Balance Sheet  
Governmental Funds  
June 30, 2014*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,160,015	\$820,196	\$3,980,211
Intergovernmental Receivable	8,690	38,754	47,444
Property Taxes Receivable	2,545,226	442,194	2,987,420
Inventory Held for Resale	0	8,770	8,770
Materials and Supplies Inventory	0	1,555	1,555
<i>Total Assets</i>	<u>\$5,713,931</u>	<u>\$1,311,469</u>	<u>\$7,025,400</u>
<b>Liabilities</b>			
Accounts Payable	\$36,627	\$4,066	\$40,693
Accrued Wages and Benefits Payable	494,555	32,541	527,096
Intergovernmental Payable	187,772	20,708	208,480
Matured Compensated Absences Payable	11,676	0	11,676
<i>Total Liabilities</i>	<u>730,630</u>	<u>57,315</u>	<u>787,945</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,278,118	397,286	2,675,404
Unavailable Revenue - Property Taxes	249,761	41,991	291,752
Unavailable Revenue - Intergovernmental	0	33,476	33,476
<i>Total Deferred Inflows of Resources</i>	<u>2,527,879</u>	<u>472,753</u>	<u>3,000,632</u>
<b>Fund Balances</b>			
Nonspendable	2,401	1,555	3,956
Restricted	0	817,382	817,382
Committed	0	934	934
Assigned	36,275	0	36,275
Unassigned (Deficit)	2,416,746	(38,470)	2,378,276
<i>Total Fund Balances</i>	<u>2,455,422</u>	<u>781,401</u>	<u>3,236,823</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$5,713,931</u>	<u>\$1,311,469</u>	<u>\$7,025,400</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
For the Fiscal Year Ended June 30, 2014*

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<b>Total Governmental Fund Balances</b>	<b>\$3,236,823</b>
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***Amounts reported for governmental activities in the  
statement of net position are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 18,147,927

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.

Property Taxes	291,752
Intergovernmental	<u>33,476</u>

Total	325,228
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In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due. (6,607)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(1,540,000)
Capital Appreciation Bonds	(41,318)
Accretion on Bonds	(88,241)
Unamortized Premium	(91,706)
Deferred Outflow on Refunding	57,391
Compensated Absences	<u>(568,210)</u>

Total	<u>(2,272,084)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$19,431,287</u></u>
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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, 2014*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$2,287,411	\$378,217	\$2,665,628
Tuition and Fees	345,183	0	345,183
Interest	40,965	14	40,979
Charges for Services	0	124,010	124,010
Extracurricular Activities	22,448	47,174	69,622
Rentals	0	0	0
Contributions and Donations	1,124	650	1,774
Intergovernmental	5,591,577	666,328	6,257,905
Miscellaneous	223,308	573	223,881
<i>Total Revenues</i>	<u>8,512,016</u>	<u>1,216,966</u>	<u>9,728,982</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,317,815	39,459	4,357,274
Special	546,505	389,240	935,745
Vocational	86,368	0	86,368
Support Services:			
Pupils	476,102	0	476,102
Instructional Staff	133,612	0	133,612
Board of Education	41,792	0	41,792
Administration	742,576	5,676	748,252
Fiscal	342,253	12,636	354,889
Business	49,820	0	49,820
Operation and Maintenance of Plant	941,766	82,254	1,024,020
Pupil Transportation	527,834	666	528,500
Central	78,944	8,100	87,044
Operation of Non-Instructional Services	58,358	765	59,123
Operation of Food Services	0	311,409	311,409
Extracurricular Activities	194,408	46,208	240,616
Capital Outlay	21,694	3,175	24,869
Debt Service:			
Principal Retirement	0	140,000	140,000
Interest and Fiscal Charges	0	82,126	82,126
<i>Total Expenditures</i>	<u>8,559,847</u>	<u>1,121,714</u>	<u>9,681,561</u>
<i>Net Change in Fund Balances</i>	(47,831)	95,252	47,421
<i>Fund Balances Beginning of Year</i>	2,503,253	686,149	3,189,402
<i>Fund Balances End of Year</i>	<u>\$2,455,422</u>	<u>\$781,401</u>	<u>\$3,236,823</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, 2014*

**Net Change in Fund Balances - Total Governmental Funds** **\$47,421**

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

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

Capital Outlay	24,869	
Current Year Depreciation	(733,794)	
<b>Total</b>		<b>(708,925)</b>

The net effect of various transactions involving capital assets  
(i.e.; disposals, sales and donations) is no change in net position.

Assets Disposed	(311,036)	
Accumulated Depreciation on Disposals	311,036	
<b>Total</b>		<b>0</b>

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

Property Taxes	39,795	
Intergovernmental	33,476	
<b>Total</b>		<b>73,271</b>

Repayment of long-term debt principal is an expenditure in the  
governmental funds, but the repayment reduces long-term  
liabilities in the statement of net position. 140,000

Some expenses reported in the statement of activities do not require  
the use of current financial resources and therefore are not reported  
as expenditures in governmental funds.

Accrued Interest on Bonds	17	
Accreted Interest on Bonds	(15,642)	
Amortization of Premium	9,739	
Amortization of Deferred Outflow on Advance Refunding	(6,095)	
<b>Total</b>		<b>(11,981)</b>

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. 17,956

*Change in Net Position of Governmental Activities* **(\$442,258)**

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 (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,222,258	\$2,283,781	\$2,283,781	\$0
Tuition and Fees	335,884	345,183	345,183	0
Interest	27,600	28,364	28,364	0
Intergovernmental	5,432,490	5,582,887	5,582,887	0
Miscellaneous	84,876	87,226	87,226	0
<i>Total Revenues</i>	<u>8,103,108</u>	<u>8,327,441</u>	<u>8,327,441</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,294,188	4,295,141	4,295,141	0
Special	530,930	531,048	531,055	(7)
Vocational	82,635	82,653	82,653	0
Support Services:				
Pupils	463,284	463,387	463,387	0
Instructional Staff	128,914	128,943	128,943	0
Board of Education	42,134	42,143	42,174	(31)
Administration	736,215	736,377	736,456	(79)
Fiscal	337,200	337,275	337,874	(599)
Business	49,386	49,397	49,397	0
Operation and Maintenance of Plant	920,840	921,045	938,575	(17,530)
Pupil Transportation	552,340	552,463	553,271	(808)
Central	81,842	81,859	81,900	(41)
Operation of Non-Instructional Services	56,532	56,545	56,545	0
Extracurricular Activities	151,058	151,091	151,091	0
<i>Total Expenditures</i>	<u>8,427,498</u>	<u>8,429,367</u>	<u>8,448,462</u>	<u>(19,095)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(324,390)</u>	<u>(101,926)</u>	<u>(121,021)</u>	<u>(19,095)</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditure	0	133,993	133,993	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>133,993</u>	<u>133,993</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(324,390)</u>	<u>32,067</u>	<u>12,972</u>	<u>(19,095)</u>
<i>Fund Balance Beginning of Year</i>	<u>3,095,549</u>	<u>3,095,549</u>	<u>3,095,549</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>11,597</u>	<u>11,597</u>	<u>11,597</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,782,756</u>	<u>\$3,139,213</u>	<u>\$3,120,118</u>	<u>(\$19,095)</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Net Position*

*Fiduciary Fund*

*June 30, 2014*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$54,571</u>
<b>Liabilities</b>	
Due to Students	<u>\$54,571</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**Note 1 - Description of the 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 501<sup>st</sup> largest by enrollment among the 905 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 55 non-certified and 62 certified personnel to provide services to approximately 845 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'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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 ad No. 34". 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, 2014*

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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. 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.

**State Support Team Region 5 (the "Team")**

The Team is a jointly governed organization among the school districts located in Trumbull, Mahoning, Ashtabula 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.

The Team is governed by a Board made up of nineteen representatives of the participating school districts, the business community, and Youngstown State University whose term rotates every year. 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 at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 220, Youngstown, Ohio 44512.

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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**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 Benefit Consortium**

The District participates in the Trumbull County Schools Employee Insurance Benefit 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, deferred outflows of resources, liabilities and deferred inflows of resources 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) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) grants and other resources whose use is restricted, committed or assigned to a particular purpose; and (c) 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, 2014*

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**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. 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 position 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

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

**D. Basis of Accounting**

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

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2014*

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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 7).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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, 2014*

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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 2013 is as follows:

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.

By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.

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 2014.

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.

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

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.

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, 2014; 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.

**Maplewood Local School District**  
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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 the general fund, encumbrances outstanding at year end appear as a component of assigned fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting.

**F. Cash and Investments**

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

During fiscal year 2014, investments were limited to U.S. government money market mutual funds, federal home loan bank bonds/notes, federal home loan mortgage corporation bonds, federal national mortgage association bonds, federal farm credit bureau bonds and a U.S. Treasury note. Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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 2014 amounted to \$40,965, of which \$8,195 was assigned from other District 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 5.

**G. Inventory**

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

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

**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 position, but are not reported in the fund financial statements.

**Maplewood Local School District**  
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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 2014, the District maintained a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	<u>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 positions. The District had no interfund loans at June 30, 2014.

**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.

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, 2014 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.

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**K. Bond Premium/Deferred Outflow on Refunding**

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 a deferred outflow of resources.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

**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**

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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**Assigned** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

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

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

**N. Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The net position held in trust for scholarships signify the legal restrictions on the use of principal.

**O. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

**P. Estimates**

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

**Maplewood Local School District**  
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*Notes to the Basic Financial Statements*  
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**Q. 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.

**Note 3 – Change in Accounting Principles**

For fiscal year 2014, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”, Statement No. 67, “Financial Reporting for Pension Plans”, and Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

GASB Statement No. 67 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**Note 4 – Fund Deficits**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
Food Service	\$16,455
IDEA Part B	787
Title I	19,673

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

**Maplewood Local School District**  
**Trumbull County, Ohio**

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**Note 5 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, 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.

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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, 2014, the carrying amount of all District deposits was \$1,476,622. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$1,073,671 of the District's bank balance of \$1,487,377 was exposed to custodial risk as discussed below, while \$413,706 was covered by the FDIC.

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 percent 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, 2014, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>
Money Market Mutual Funds	\$1,034,799	Less than One Year
Federal Home Loan Mortgage Corporation Bonds	100,103	Less than One Year
Federal National Mortgage Association Bonds	70,000	Less than One Year
Federal Home Loan Bank Bonds	55,097	Less than One Year
Federal Farm Credit Bureau Bonds	514,179	One to Three Years
Federal Home Loan Mortgage Corporation Bonds	270,031	One to Three Years
Federal Home Loan Mortgage Corporation Note	104,976	One to Three Years
Federal National Mortgage Association Bonds	204,964	One to Three Years
Federal Home Loan Bank Bonds	79,777	One to Three Years
U. S. Treasury Obligations	75,096	Three to Five Years
Federal National Mortgage Association Bonds	49,138	Three to Five Years
Total Portfolio	<u>\$2,558,160</u>	

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*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.

*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, 2014:

Investment	Percent of Total
Money Market Mutual Funds	40.45%
United States Treasury Obligations	2.94%
Federal Home Loan Bank	5.27%
Federal National Mortgage Association	12.67%
Federal Farm Credit Bureau	20.10%
Federal Home Loan Mortgage Corporation	18.57%
Total	100.00%

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

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 positions as of June 30, 2014:

<u>Cash and investments per note:</u>	
Carrying amount of deposits	\$ 1,476,622
Investments	2,558,160
Total	\$ 4,034,782
 <u>Cash and investments per statement of net position:</u>	
Governmental activities	\$ 3,980,211
Agency fund	54,571
Total	\$ 4,034,782

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**Note 6 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Nonmajor Governmental	Total
<b><i>Nonspendable</i></b>			
Inventory	\$0	\$1,555	\$1,555
Unclaimed Funds	2,401	0	2,401
<i>Total Nonspendable</i>	<u>2,401</u>	<u>1,555</u>	<u>3,956</u>
<b><i>Restricted for</i></b>			
Technology Improvements	0	19	19
Classroom Maintenance	0	28,846	28,846
Athletics & Music	0	42,829	42,829
Teacher Development	0	2,700	2,700
Classroom Size Reduction	0	2,371	2,371
Other Purposes	0	700	700
Debt Service Payments	0	97,768	97,768
Capital Improvements	0	642,149	642,149
<i>Total Restricted</i>	<u>0</u>	<u>817,382</u>	<u>817,382</u>
<b><i>Committed to</i></b>			
College Scholarships	0	934	934
<b><i>Assigned to</i></b>			
Other Purposes	20,080	0	20,080
Encumbrances	16,195	0	16,195
<i>Total Assigned</i>	<u>36,275</u>	<u>0</u>	<u>36,275</u>
<b><i>Unassigned (Deficit)</i></b>	<u>2,416,746</u>	<u>(38,470)</u>	<u>2,378,276</u>
<b><i>Total Fund Balances</i></b>	<u><u>\$2,455,422</u></u>	<u><u>\$781,401</u></u>	<u><u>\$3,236,823</u></u>

**Note 7 – 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 and public utility property located in the School District. Real property tax revenue received in calendar 2014 represent collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$17,347 in the general fund, \$1,536 in the bond retirement fund, \$1,136 in the permanent improvement fund and \$245 in the classroom facilities maintenance fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2013 was \$13,717 in the general fund, \$1,169 in the bond retirement fund, \$895 in the permanent improvement fund and \$193 in the classroom facilities maintenance 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 and public utility property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue. The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 92,114,030	97.55	\$ 92,317,116	97.55
Public utility personal	<u>2,316,330</u>	<u>2.45</u>	<u>2,318,574</u>	<u>2.45</u>
<b>Total</b>	<b><u>\$ 94,430,360</u></b>	<b><u>100.00</u></b>	<b><u>\$ 94,635,690</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation for:				
General	\$40.45		\$40.40	
Bond	2.40		2.55	
Permanent improvement	5.00		5.00	
Classroom facilities maintenance	0.50		0.50	

**Note 8 – Receivables**

Receivables at June 30, 2014 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 position follows:

**Maplewood Local School District**  
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**Governmental Activities:**

Property Taxes	\$2,987,420
Intergovernmental	<u>47,444</u>
Total Receivables	<u><u>\$3,034,864</u></u>

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

**Note 9 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/14</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 273,697	\$ -	\$ -	\$ 273,697
<i>Capital assets, being depreciated:</i>				
Land improvements	125,613	-	-	125,613
Buildings and improvements	23,444,876	-	-	23,444,876
Furniture and equipment	1,742,140	7,733	-	1,749,873
Vehicles	<u>1,099,042</u>	<u>17,136</u>	<u>(311,036)</u>	<u>805,142</u>
Total capital assets, being depreciated	<u>26,411,671</u>	<u>24,869</u>	<u>(311,036)</u>	<u>26,125,504</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(26,008)	(3,305)	-	(29,313)
Buildings and improvements	(5,572,500)	(585,822)	-	(6,158,322)
Furniture and equipment	(1,426,483)	(81,613)	-	(1,508,096)
Vehicles	<u>(803,525)</u>	<u>(63,054)</u>	<u>311,036</u>	<u>(555,543)</u>
Total accumulated depreciation	<u>(7,828,516)</u>	<u>(733,794)</u>	<u>311,036</u>	<u>(8,251,274)</u>
Governmental activities capital assets, net	<u>\$ 18,856,852</u>	<u>\$ (708,925)</u>	<u>\$ -</u>	<u>\$ 18,147,927</u>

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$456,656
Special	55,039
<b>Support Services:</b>	
Instructional Staff	10,177
Administration	68,314
Pupil Transportation	63,054
Operation of Food Services	80,067
Extracurricular	<u>487</u>
Total Depreciation Expense	<u><u>\$733,794</u></u>

**Maplewood Local School District**  
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**Note 10 – Long-Term Obligations**

During the fiscal year 2014, the following changes occurred in long-term obligations:

<b>Governmental activities:</b>	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/14</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<i>General obligation bonds:</i>					
<i>Series 2000 school facilities bonds:</i>					
Capital appreciation bonds	\$ 86,469	\$ -	\$ (45,151)	\$ 41,318	\$ 41,318
Accreted interest on capital appreciation bonds	162,448	15,642	(89,849)	88,241	88,241
<i>Series 2006 refunding bonds:</i>					
Current interest bonds	<u>1,545,000</u>	<u>-</u>	<u>(5,000)</u>	<u>1,540,000</u>	<u>5,000</u>
Total general obligation bonds	<u>1,793,917</u>	<u>15,642</u>	<u>(140,000)</u>	<u>1,669,559</u>	<u>134,559</u>
<i>Other long-term obligations:</i>					
Compensated absences	<u>586,166</u>	<u>61,393</u>	<u>(79,349)</u>	<u>568,210</u>	<u>41,459</u>
Total other long-term obligations	<u>586,166</u>	<u>61,393</u>	<u>(79,349)</u>	<u>568,210</u>	<u>41,459</u>
Total long-term obligations	<u>\$ 2,380,083</u>	<u>\$ 77,035</u>	<u>\$ (219,349)</u>	2,237,769	<u>\$ 176,018</u>
Add: Unamortized premium on bond issuance				<u>91,706</u>	
Total on statement of net position				<u>\$ 2,329,475</u>	

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

On July 11, 2000, the District issued \$2,793,935 in general obligation bonds (series 2000, school facilities improvement bonds), which represent the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC). These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for as a governmental activities long-term obligation. Payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. 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. The capital appreciation bonds mature each December 1, 2011 through 2014 (stated interest rates 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 \$88,241 has been included on the statement of net position at June 30, 2014.

**Maplewood Local School District**  
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Principal and interest requirements to retire the series 2000 school facilities improvement bonds outstanding at June 30, 2014, are as follows:

Fiscal Year Ending <u>June 30,</u>	Capital Appreciation Bonds		
	Principal	Interest	Total
	2015	\$ 41,318	\$ 93,682

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 position.

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.

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 <u>June 30,</u>	Current Interest Bonds		
	Principal	Interest	Total
2015	\$5,000	\$81,919	\$86,919
2016	135,000	79,014	214,014
2017	145,000	72,315	217,315
2018	155,000	64,253	219,253
2019	160,000	55,788	215,788
2020 - 2024	940,000	134,368	1,074,368
Total	\$ 1,540,000	\$ 487,657	\$ 2,027,657

**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.

**Maplewood Local School District**  
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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, 2014, are a voted debt margin of \$7,033,662 (including available funds of \$97,768) and an unvoted debt margin of \$94,636.

**Note 11 – Risk Management**

**A. Comprehensive**

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

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

Real property and contents are fully insured. Real property is 90% co-insured. Limits of insurance on real property and equipment are \$34,467,061 with a deductible of \$500.

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 2013.

**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 School 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 percent 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 percent of the monthly premiums.

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

**Maplewood Local School District**  
**Trumbull County, Ohio**

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**C. Workers' Compensation Group Rating**

For fiscal year 2014, 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.

Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniserve provides administrative, cost control and actuarial services to the GRP.

**Note 12 – Pension Plans**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$137,459, \$138,448, and \$143,759, respectively. For fiscal year 2014, 47 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

**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 is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

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Plan Options – New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 9.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members may transfer to a different STRS Ohio retirement plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 9.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – For members who select the Combined Plan, 10 percent of the 11 percent member contribution rate is deposited into the member’s defined contribution account and the remaining amount is applied to the DB Plan. Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying one percent of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service credit. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

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The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 11 percent of covered payroll for members and 14 percent for employers. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$487,215, \$503,975 and \$542,215, respectively. For fiscal year 2014, 85 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. Member and employer contributions actually made for the DC and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2014 *Comprehensive Annual Financial Report* will be available after December 31, 2014.

Additional information or copies of STRS Ohio's 2014 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

### **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, 2014, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

### **Note 13 – Postemployment Benefits**

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

In addition to a cost-sharing multiple-employer defined benefit pension plan for School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan – The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of SERS' health care plans.

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The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is 0.76 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$7,975, \$7,821 and \$8,490, respectively. For fiscal year 2014, 47 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$27,338, \$28,173 and \$30,945, respectively. For fiscal year 2014, 47 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

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

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

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Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issued a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. Effective July 1, 2014, 0 percent of covered payroll was allocated to post-employment health care. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$37,478, \$38,767 and \$41,709, respectively. For fiscal year 2014, 85 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

**Note 14 - Budgetary Basis of Accounting**

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

The statement of 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); and
- (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 an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) \*Certain funds have legally separate adopted budgets (budget basis) but are included in the general fund (GAAP basis).

\*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes the public school support special revenue fund.

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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**

	<b>General Fund</b>	
GAAP Basis		(\$47,831)
Net Adjustment for Revenue Accruals		(50,582)
Net Adjustment for Expenditure Accruals		132,861
Net Adjustment for Funds Budgeted as Special Revenue		(2,383)
Adjustment for Encumbrances		(19,093)
Budget Basis		<u>\$12,972</u>

**Note 15 - Contingencies**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not involved in material litigation as either plaintiff or defendant.

**Note 16 – Statutory Reserves**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Capital</u> <u>Acquisition</u>
Set-aside balance as of June 30, 2013	\$ -
Current year set-aside requirement	144,360
Offsets	(241,533)
Qualifying disbursements	<u>-</u>
Total	<u>\$ (97,173)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>

**Maplewood Local School District**  
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Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	N/A	10.555	\$16,819	\$16,819
Cash Assistance:				
National School Lunch Program	FY2014	10.555	144,210	144,210
National School Breakfast Program	FY2014	10.553	37,995	37,995
<b>Total - Nutrition Cluster</b>			<b>199,024</b>	<b>199,024</b>
Child Nutrition Program	FY2013	10.560	<b>765</b>	<b>765</b>
<b>Total U.S. Department of Agriculture</b>			<b>199,789</b>	<b>199,789</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Direct Program:</i>				
Impact Aid - Section 8002	FY2014	84.041	<b>71,927</b>	<b>71,927</b>
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to State (IDEA Part B)	FY 2013	84.027		46
Special Education Grants to State (IDEA Part B)	FY 2014	84.027	167,358	167,358
<b>Total Special Education Cluster</b>			<b>167,358</b>	<b>167,404</b>
Title I Grants to Local Educational Agencies	FY 2013	84.010	21,324	27,510
Title I Grants to Local Educational Agencies	FY 2014	84.010	199,121	197,613
<b>Total Title I Grants to Local Educational Agencies</b>			<b>220,445</b>	<b>225,123</b>
Improving Teacher Quality State Grants	FY 2014	84.367	<b>28,383</b>	<b>27,039</b>
Race to the Top-Stimulus	FY 2014	84.395	<b>700</b>	
<b>Total U.S. Department of Education</b>			<b>488,813</b>	<b>491,493</b>
<b>Total</b>			<b>\$688,602</b>	<b>\$691,282</b>

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the District's federal award program's receipts and disbursements. The Schedule has been prepared on a cash basis of accounting.

**NOTE B- CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATED PROGRAM**

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

**NOTE D – MATCHING REQUIREMENTS**

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



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Maplewood Local School District  
Trumbull County  
2414 Greenville Rd.  
Poland, OH 44514

To the Board of Education:

We have audited, in accordance with the 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, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Maplewood Local School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Maplewood Local School District's basic financial statements and have issued our report thereon dated January 30, 2015.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Maplewood Local School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion(s) on the financial statements, but not to the extent necessary to opine on the effectiveness of the Maplewood Local School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Maplewood Local School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

**Compliance and Other Matters**

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

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Maplewood Local School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Maplewood Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CANTER & ASSOCIATES**

Poland, Ohio

January 30, 2015



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

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

To the Board of Education:

**Report on Compliance for Each Major Federal Program**

We have audited Maplewood Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal programs for the fiscal year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

***Management's Responsibility***

Maplewood Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Maplewood Local School District's compliance for the Maplewood Local School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Maplewood Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our compliance opinion on the Maplewood Local School District's major programs. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2014.

**Report on Internal Control over Compliance**

Maplewood Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**CANTER & ASSOCIATES**

Poland, Ohio

January 30, 2015

**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED JUNE 30, 2014**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	UNMODIFIED
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	UNMODIFIED
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	NO
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster - CFDA's 10.553 & 10.555 Title 1 – CFDA 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	NO

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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NONE

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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NONE

**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Semi-annual certification and time and effort certification will be completed by employee paid with federal funding.	Yes	



# Dave Yost • 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  
MAY 12, 2015