



**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2016



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, 2015 through June 30, 2016. 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

March 27, 2017

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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, 2016, 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, 2016, 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, and schedules of net pension liabilities and pension contributions listed in the table of contents, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2016, 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

December 29, 2016

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The management's discussion and analysis of the Maplewood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. 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 2016 are as follows:

- In total, net position of governmental activities decreased \$237,686 which represents a 3 percent decrease from fiscal year 2015.
- General revenues accounted for \$8,706,445 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 \$1,239,010 or 12 percent of total revenues of \$9,945,455.
- The District had \$10,183,141 in expenses related to governmental activities; \$1,239,010 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 \$8,706,445 were not quite adequate to provide for these programs as evidences by the overall decrease in net position of \$237,686.
- The District's major governmental fund is the general fund. The general fund had \$8,674,836 in revenues and \$8,702,384 in expenditures. During fiscal year 2016, the general fund balance decreased \$27,548, or 1 percent.
- The District's total net pension liability increased to \$12,146,534 from \$10,507,681. For more information on this liability see Note 12 to the basic financial statements.

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.

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

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 2016?" 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 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 near the end of this management's discussion and analysis. 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.

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

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.

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2016 and June 30, 2015.

Net Position (Table 1)
Governmental Activities

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Assets			
Current and Other Assets	\$7,552,463	\$7,258,169	\$294,294
Capital Assets, Net	<u>16,819,431</u>	<u>17,517,269</u>	<u>(697,838)</u>
<i>Total Assets</i>	<u>24,371,894</u>	<u>24,775,438</u>	<u>(403,544)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	45,201	51,296	(6,095)
Pension	<u>1,362,885</u>	<u>780,755</u>	<u>582,130</u>
<i>Total Deferred Outflows of Resources</i>	<u>1,408,086</u>	<u>832,051</u>	<u>576,035</u>
Liabilities			
Current Liabilities	854,383	853,204	1,179
Long-Term Liabilities			
Due within One Year	187,595	166,817	20,778
Due in More than One Year:			
Net Pension Liability	12,146,534	10,507,681	1,638,853
Other Amounts	<u>1,914,801</u>	<u>2,089,148</u>	<u>(174,347)</u>
<i>Total Liabilities</i>	<u>15,103,313</u>	<u>13,616,850</u>	<u>1,486,463</u>
Deferred Inflows of Resources			
Property Taxes	2,798,181	2,764,256	33,925
Pension	<u>791,805</u>	<u>1,902,016</u>	<u>(1,110,211)</u>
<i>Total Deferred Inflows of Resources</i>	<u>3,589,986</u>	<u>4,666,272</u>	<u>(1,076,286)</u>
Net Position			
Net Investment in Capital Assets	15,392,404	15,951,598	(559,194)
Restricted	1,018,968	805,948	213,020
Unrestricted (Deficit)	<u>(9,324,691)</u>	<u>(9,433,179)</u>	<u>108,488</u>
<i>Total Net Position</i>	<u>\$7,086,681</u>	<u>\$7,324,367</u>	<u>(\$237,686)</u>

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The net pension liability (NPL) is the largest single liability reported by the District and is reported pursuant to GASB Statement No 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net pension and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB No. 27 focused on a funding approach. This approach limited pension costs to contributions manually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB No. 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the District, part of a bargained-for benefit to the employee, and should accordingly be reported by the District as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both Houses of the General Assembly, and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the District. In the event that contributions, investment returns and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)*

In accordance with GASB No. 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability.

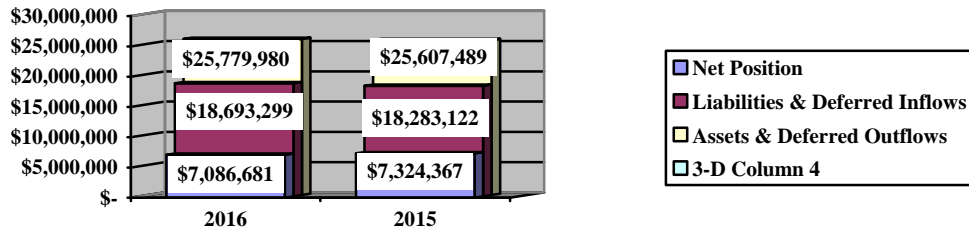
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the District's net position was \$7,086,681. Of this total, \$1,018,968 is restricted in use.

At year-end, capital assets represented 69 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, 2016, were \$15,392,404. 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, \$1,018,968 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a negative \$9,324,691.

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, 2016 and 2015:

Governmental Activities



Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The table below shows the change in Net Position for fiscal year 2016 and 2015.

Table 2
Change in Net Position
Governmental Activities

	2016	2015	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services and Sales	\$632,079	\$589,540	\$42,539
Operating Grants and Contributions	606,931	596,128	10,803
<i>Total Program Revenues</i>	<u>1,239,010</u>	<u>1,185,668</u>	<u>53,342</u>
General Revenues			
Property Taxes	2,819,834	2,682,834	137,000
Intergovernmental	5,736,642	5,818,246	(81,604)
Investment Earnings	14,707	8,913	5,794
Miscellaneous	135,262	170,517	(35,255)
<i>Total General Revenues</i>	<u>8,706,445</u>	<u>8,680,510</u>	<u>25,935</u>
<i>Total Revenues</i>	<u>9,945,455</u>	<u>9,866,178</u>	<u>79,277</u>
Program Expenses			
Current:			
Instruction	5,698,025	5,704,411	(6,386)
Support Services	3,710,539	3,676,864	33,675
Operation of Non-Instructional Services	114,192	457,122	(342,930)
Operation of Food Services	330,757	0	330,757
Extracurricular Activities	254,710	249,144	5,566
Interest and Fiscal Charges	74,918	83,700	(8,782)
<i>Total Program Expenses</i>	<u>10,183,141</u>	<u>10,171,241</u>	<u>11,900</u>
<i>Change in Net Position</i>	<u>(237,686)</u>	<u>(305,063)</u>	<u>67,377</u>
Net Position Beginning of Year - Restated	<u>7,324,367</u>	<u>7,629,430</u>	<u>(305,063)</u>
<i>Net Position End of Year</i>	<u><u>\$7,086,681</u></u>	<u><u>\$7,324,367</u></u>	<u><u>(\$237,686)</u></u>

Governmental Activities

Net position of the District's governmental activities decreased \$237,686. Total governmental expenses of \$10,183,141 were partially offset by program revenues of \$1,239,010 and general revenues of \$8,706,455. Program revenues supported 12 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 \$5,698,025 or 56 percent of total governmental expenses for fiscal year 2016.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)*

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.

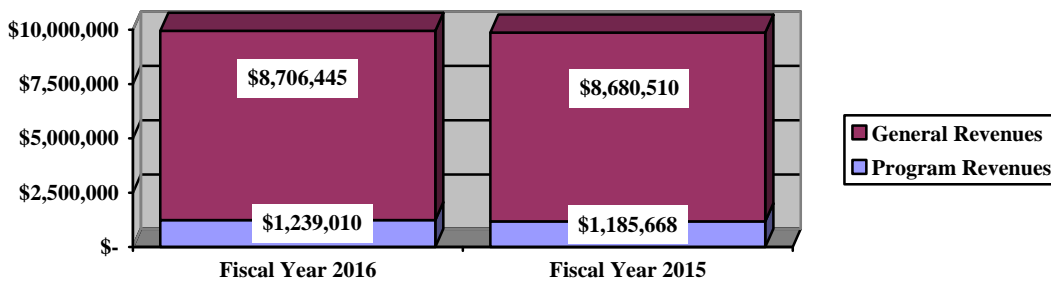
Table 3
Total and Net Cost of Program Services

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$5,698,025	\$4,871,936	\$5,704,411	\$4,892,572
Support Services	3,710,539	3,704,439	3,676,864	3,670,714
Operation of Non-Instructional Services	114,192	113,592	457,122	159,724
Food Service Operation	330,757	2,989	0	0
Extracurricular Activities	254,710	176,257	249,144	178,863
Interest and Fiscal Charges	74,918	74,918	83,700	83,700
Total Expenditures	\$10,183,141	\$8,944,131	\$10,171,241	\$8,985,573

The dependence upon tax and other general revenues for governmental activities is apparent; 49 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 2016 and 2015.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$3,564,417, which is more than last year's total of \$3,366,259. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)*

	<u>Fund Balance June 30, 2016</u>	<u>Fund Balance June 30, 2015</u>	<u>Increase (Decrease)</u>
General	\$2,596,006	\$2,623,554	(\$27,548)
Other Governmental	968,411	742,705	225,706
Total	<u>\$3,564,417</u>	<u>\$3,366,259</u>	<u>\$198,158</u>

General Fund

The District's general fund balance decreased \$27,548 during the fiscal year due to expenditures exceeding revenues by this amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2016 Amount</u>	<u>2015 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$2,433,753	\$2,347,916	3.7 %
Tuition and Fees	439,553	409,162	7.4 %
Earnings on investments	14,761	8,892	66.0 %
Intergovernmental	5,616,406	5,716,799	(1.8) %
Other revenues	170,363	203,653	(16.3) %
Total	<u>\$8,674,836</u>	<u>\$8,686,422</u>	<u>(0.1) %</u>
<u>Expenditures</u>			
Instruction	4,834,525	4,833,838	0.0 %
Support services	3,551,456	3,405,819	4.3 %
Operation of non-instructional services	113,592	76,750	48.0 %
Extracurricular activities	200,720	201,883	(0.6) %
Capital outlay	2,091	0	n/a %
Total	<u>\$8,702,384</u>	<u>\$8,518,290</u>	<u>2.2 %</u>

Property taxes, tuition and fees and intergovernmental revenues increased slightly from the previous fiscal year while interest and other revenues decreased slightly. Overall, revenues decreased by \$11,586 from the previous fiscal year, or less than 1 percent. Earnings on investments increased due to a market value adjustment upward, when compared to the previous fiscal year. Overall, expenses increased from the prior fiscal year by \$184,094 or 2 percent.

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 2016, the District amended its general fund budget two times. For the general fund, original and final budgeted revenues were \$8,429,784, which was less than the actual revenues by \$185,706. The actual amount exceeded both budget amounts due to a conservative worst case scenario approach utilized in the budget.

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

General fund original appropriations were \$8,611,588. Final appropriations were \$8,656,814, which was more than the original appropriations, by \$45,256, and was \$4,446 more than the actual expenditures of \$8,661,260. This variance was due to a conservative worst case scenario approach utilized in the budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the District had \$16,819,431 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, 2016 balances compared to June 30, 2015:

Capital Assets at June 30 (Net of Depreciation)

	2016	2015
Land	\$273,697	\$273,697
Land Improvements	89,690	92,995
Buildings and Improvements	16,114,910	16,700,732
Furniture, Fixtures and Equipment	147,963	191,579
Vehicles	193,171	258,266
<i>Total</i>	\$16,819,431	\$17,517,269

The overall decrease in capital assets of \$697,838 is due to depreciation expense of \$705,129 exceeding capital outlays of \$7,291 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, 2016, the District had \$1,400,000 in general obligation bonds outstanding, excluding an unamortized premium and deferred amount on refunding. Of this total, \$145,000 is due within one year and \$1,255,000 is due in more than one year. The following table summarizes the bonds outstanding.

Table 5
 Outstanding Long-Term Debt Obligations at Year End

	2016	2015
General Obligation Bonds	\$1,400,000	\$1,535,000
Unamortized Premium	72,228	81,967
<i>Total</i>	\$1,472,228	\$1,616,967

At June 30, 2016, the District's overall legal debt margin was \$7,879,358, and an unvoted debt margin of \$101,981. See Note 10 to the basic financial statements for additional information.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)*

Current Financial Related Activities

The Maplewood Local School District has continued to improve academically as shown by the State's report card rating Maplewood an excellent district. Enrollment has steadily declined over the last ten years.

The District is currently in negotiations with the certified staff and in the first year of a three year contract with non-certified staff. Percentage increases were 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, 2016*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,363,356
Accrued Interest Receivable	777
Accounts Receivable	12,486
Intergovernmental Receivable	50,202
Property Taxes Receivable	3,115,317
Inventory Held for Resale	8,770
Materials and Supplies Inventory	1,555
Nondepreciable Capital Assets	273,697
Depreciable Capital Assets, Net	16,545,734
<i>Total Assets</i>	<u>24,371,894</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	45,201
Pension:	
STRS	1,181,497
SERS	181,388
<i>Total Deferred Outflows of Resources</i>	<u>1,408,086</u>
Liabilities	
Accounts Payable	23,414
Accrued Wages and Benefits Payable	581,441
Intergovernmental Payable	228,223
Matured Compensated Absences Payable	15,166
Accrued Interest Payable	6,139
Long-Term Liabilities:	
Due Within One Year	187,595
Due In More Than One Year:	
Net Pension Liability (See Note 12)	12,146,534
Other Amounts Due in More than One Year	1,914,801
<i>Total Liabilities</i>	<u>15,103,313</u>
Deferred Inflows of Resources	
Property Taxes	2,798,181
Pension:	
STRS	723,271
SERS	68,534
<i>Total Deferred Inflows of Resources</i>	<u>3,589,986</u>
Net Position	
Net Investment in Capital Assets	15,392,404
Restricted for:	
Capital Projects	794,321
Debt Service	116,308
Other Purposes	108,339
Unrestricted	(9,324,691)
<i>Total Net Position</i>	<u>\$7,086,681</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, 2016

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				
Current:				
Instruction:				
Regular	\$4,705,262	\$377,373	\$31,935	(\$4,295,954)
Special	883,175	50,153	354,601	(478,421)
Vocational	109,588	12,027	0	(97,561)
Support Services:				
Pupils	529,793	0	0	(529,793)
Instructional Staff	174,450	0	0	(174,450)
Board of Education	144,601	0	0	(144,601)
Administration	772,297	0	0	(772,297)
Fiscal	333,678	0	700	(332,978)
Business	48,603	0	0	(48,603)
Operation and Maintenance of Plant	1,098,123	0	0	(1,098,123)
Pupil Transportation	514,808	0	0	(514,808)
Central	94,186	0	5,400	(88,786)
Operation of Non-Instructional Services	114,192	0	600	(113,592)
Operation of Food Services	330,757	127,796	199,972	(2,989)
Extracurricular Activities	254,710	64,730	13,723	(176,257)
Interest and Fiscal Charges	74,918	0	0	(74,918)
<i>Total Governmental Activities</i>	<u>\$10,183,141</u>	<u>\$632,079</u>	<u>\$606,931</u>	<u>(8,944,131)</u>
		General Revenues		
		Property Taxes Levied for:		
		General Purposes		2,461,307
		Debt Service		171,419
		Capital Outlay		154,063
		Other Purposes		33,045
		Grants and Entitlements not		
		Restricted to Specific Programs		5,736,642
		Investment Earnings		14,707
		Miscellaneous		135,262
		<i>Total General Revenues</i>		<u>8,706,445</u>
		Change in Net Position		(237,686)
		<i>Net Position Beginning of Year</i>		7,324,367
		<i>Net Position End of Year</i>		<u>\$7,086,681</u>

See accompanying notes to the basic financial statements

Maplewood Local School District

Trumbull County, Ohio

*Balance Sheet
Governmental Funds
June 30, 2016*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,337,534	\$1,025,822	\$4,363,356
Accrued Interest Receivable	777	0	777
Accounts Receivable	12,486	0	12,486
Intergovernmental Receivable	16,971	33,231	50,202
Property Taxes Receivable	2,682,614	432,703	3,115,317
Inventory Held for Resale	0	8,770	8,770
Materials and Supplies Inventory	0	1,555	1,555
<i>Total Assets</i>	<u>\$6,050,382</u>	<u>\$1,502,081</u>	<u>\$7,552,463</u>
Liabilities			
Accounts Payable	\$19,287	\$4,127	\$23,414
Accrued Wages and Benefits Payable	536,146	45,295	581,441
Intergovernmental Payable	211,976	16,247	228,223
Matured Compensated Absences Payable	11,884	3,282	15,166
<i>Total Liabilities</i>	<u>779,293</u>	<u>68,951</u>	<u>848,244</u>
Deferred Inflows of Resources			
Property Taxes	2,408,349	389,832	2,798,181
Unavailable Revenue - Property Taxes	266,734	41,656	308,390
Unavailable Revenue - Intergovernmental	0	33,231	33,231
<i>Total Deferred Inflows of Resources</i>	<u>2,675,083</u>	<u>464,719</u>	<u>3,139,802</u>
Fund Balances			
Nonspendable	2,286	1,555	3,841
Restricted	0	992,147	992,147
Committed	0	1,006	1,006
Assigned	14,641	0	14,641
Unassigned (Deficit)	2,579,079	(26,297)	2,552,782
<i>Total Fund Balances</i>	<u>2,596,006</u>	<u>968,411</u>	<u>3,564,417</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,050,382</u>	<u>\$1,502,081</u>	<u>\$7,552,463</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, 2016*

Total Governmental Fund Balances	\$3,564,417
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	16,819,431
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	308,390
Intergovernmental	33,231
Total	341,621
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	
STRS	(10,056,750)
SERS	(2,089,784)
Total	(12,146,534)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions:	
STRS	1,181,497
SERS	181,388
Total	1,362,885
Deferred inflows of resources related to pensions:	
STRS	(723,271)
SERS	(68,534)
Total	(791,805)
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(6,139)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(1,400,000)
Unamortized Premium	(72,228)
Deferred Outflow on Refunding	45,201
Compensated Absences	(630,168)
Total	(2,057,195)
 <i>Net Position of Governmental Activities</i>	 \$7,086,681

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, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$2,433,753	\$354,587	\$2,788,340
Tuition and Fees	439,553	0	439,553
Interest	14,761	(54)	14,707
Charges for Services	0	127,796	127,796
Extracurricular Activities	27,084	37,646	64,730
Contributions and Donations	12,417	2,025	14,442
Intergovernmental	5,616,406	683,639	6,300,045
Miscellaneous	130,862	4,400	135,262
<i>Total Revenues</i>	<u>8,674,836</u>	<u>1,210,039</u>	<u>9,884,875</u>
Expenditures			
Current:			
Instruction:			
Regular	4,236,147	39,074	4,275,221
Special	514,284	337,983	852,267
Vocational	84,094	0	84,094
Support Services:			
Pupils	527,966	0	527,966
Instructional Staff	149,774	700	150,474
Board of Education	144,601	0	144,601
Administration	760,122	0	760,122
Fiscal	341,057	6,361	347,418
Business	48,979	0	48,979
Operation and Maintenance of Plant	1,036,169	67,676	1,103,845
Pupil Transportation	451,839	511	452,350
Central	90,949	2,700	93,649
Operation of Non-Instructional Services	113,592	600	114,192
Operation of Food Services	0	256,011	256,011
Extracurricular Activities	200,720	53,503	254,223
Capital Outlay	2,091	5,200	7,291
Debt Service:			
Principal Retirement	0	135,000	135,000
Interest and Fiscal Charges	0	79,014	79,014
<i>Total Expenditures</i>	<u>8,702,384</u>	<u>984,333</u>	<u>9,686,717</u>
<i>Net Change in Fund Balances</i>	(27,548)	225,706	198,158
<i>Fund Balances Beginning of Year</i>	2,623,554	742,705	3,366,259
<i>Fund Balances End of Year</i>	<u>\$2,596,006</u>	<u>\$968,411</u>	<u>\$3,564,417</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, 2016*

Net Change in Fund Balances - Total Governmental Funds \$198,158

***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	7,291
Current Year Depreciation	<u>(705,129)</u>

Total (697,838)

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

Property Taxes	31,494
Intergovernmental	<u>29,086</u>

Total 60,580

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.

135,000

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	452
Amortization of Premium	9,739
Amortization of Deferred Outflow on Advance Refunding	<u>(6,095)</u>

Total 4,096

Governmental funds report district pension contributions as expenditures.

However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Direct pension contributions	
STRS	545,139
SERS	<u>143,376</u>

Total 688,515

Cost of benefits earned net of employee contributions

STRS	(501,785)
SERS	<u>(133,242)</u>

Total (635,027)

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.

8,830

Change in Net Position of Governmental Activities

(\$237,686)

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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,421,457	\$2,421,457	\$2,449,447	\$27,990
Tuition and Fees	451,263	451,263	464,910	13,647
Interest	9,919	9,919	10,219	300
Intergovernmental	5,458,352	5,458,352	5,599,435	141,083
Miscellaneous	88,793	88,793	91,479	2,686
<i>Total Revenues</i>	<u>8,429,784</u>	<u>8,429,784</u>	<u>8,615,490</u>	<u>185,706</u>
Expenditures				
Current:				
Instruction:				
Regular	4,181,775	4,203,753	4,203,753	0
Special	512,773	515,468	515,468	0
Vocational	79,408	79,826	79,826	0
Support Services:				
Pupils	524,815	527,573	527,573	0
Instructional Staff	150,220	151,009	151,009	0
Board of Education	145,205	145,967	145,967	0
Administration	764,092	768,108	768,108	0
Fiscal	343,028	344,831	344,831	0
Business	49,657	49,918	49,918	0
Operation and Maintenance of Plant	1,039,598	1,045,060	1,049,106	(4,046)
Pupil Transportation	457,957	460,363	460,763	(400)
Central	91,073	91,551	91,551	0
Operation of Non-Instructional Services	118,770	119,395	119,395	0
Extracurricular Activities	153,187	153,992	153,992	0
<i>Total Expenditures</i>	<u>8,611,558</u>	<u>8,656,814</u>	<u>8,661,260</u>	<u>(4,446)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(181,774)</u>	<u>(227,030)</u>	<u>(45,770)</u>	<u>181,260</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditure	0	0	17,333	17,333
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>17,333</u>	<u>17,333</u>
<i>Net Change in Fund Balance</i>	<u>(181,774)</u>	<u>(227,030)</u>	<u>(28,437)</u>	<u>198,593</u>
<i>Fund Balance Beginning of Year</i>	<u>3,325,239</u>	<u>3,325,239</u>	<u>3,325,239</u>	<u>0</u>
Prior Year Encumbrances Appropriated	14,898	14,898	14,898	0
<i>Fund Balance End of Year</i>	<u>\$3,158,363</u>	<u>\$3,113,107</u>	<u>\$3,311,700</u>	<u>\$198,593</u>

See accompanying notes to the basic financial statements

Maplewood Local School District

Trumbull County, Ohio

Statement of Net Position

Fiduciary Fund

June 30, 2016

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$56,022</u>
Liabilities	
Due to Students	<u>\$56,022</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, 2016

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 501st 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 42 non-certified and 61 certified personnel to provide services to approximately 772 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, 2016

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, 2016

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, 2016

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, 2016

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 and pension 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. The deferred outflows of resources related to pension are explained in Note 12.

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, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 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. Deferred inflows of resources related to pension are reported on the government-wide of statement of net position (see Note 12).

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.

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For the Fiscal Year Ended June 30, 2016

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 2016 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 2016.

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, 2016; 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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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 2016, 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 and federal farm credit bureau bonds. 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 2016 amounted to \$14,761, of which 3,317 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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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 2016, 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, 2016.

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, 2016 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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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, pensions 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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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 2016.

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
For the Fiscal Year Ended June 30, 2016

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.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Note 3 – Change in Accounting Principle

For fiscal year 2016, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application”, Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and Statement No. 79, “Certain External Investment Pools and Pool Participants”, and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73”.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the District’s fiscal year 2016 financial statements, however, there was no effect on beginning net position or fund balance.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes, all of their investment at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. The District does not participate in STAR Ohio which implemented GASB Statement No. 79 for fiscal year 2016. The District has incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position or fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the District’s fiscal year 2016 financial statements; however, there was no effect on beginning net position or fund balance.

Maplewood Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 4 - 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.

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

General Fund	
GAAP Basis	(\$27,548)
Net Adjustment for Revenue Accruals	(42,013)
Net Adjustment for Expenditure Accruals	46,627
Net Adjustment for Funds Budgeted as Special Revenue	(1,057)
Adjustment for Encumbrances	(4,446)
Budget Basis	(\$28,437)

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.

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For the Fiscal Year Ended June 30, 2016

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.

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.

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For the Fiscal Year Ended June 30, 2016

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, 2016, the carrying amount of all District deposits was \$3,389,233. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$3,239,849 of the District's bank balance of \$3,489,849 was exposed to custodial risk as discussed below, while \$250,000 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, 2016, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>
Money Market Mutual Funds	\$6,021	Less than One Year
Federal Farm Credit Bureau Bonds	95,253	Less than One Year
Federal National Mortgage Association Bonds/Notes	522,530	One to Three Years
Federal Home Loan Bank Bonds	60,533	One to Three Years
Federal Farm Credit Bureau Bonds	125,211	One to Three Years
Federal Home Loan Mortgage Corporation Bonds/Notes	<u>220,597</u>	Three to Five Years
Total Portfolio	<u><u>\$1,030,145</u></u>	

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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 held by the District at June 30, 2016:

Investment	Percent of Total
Money Market Mutual Funds	0.58%
Federal Home Loan Bank	5.88%
Federal National Mortgage Association	50.72%
Federal Farm Credit Bureau	21.41%
Federal Home Loan Mortgage Corporation	21.41%
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, 2016:

<u>Cash and investments per note:</u>		<u>Cash and investments per statement of net position:</u>	
Carrying amount of deposits	\$ 3,389,233	Governmental activities	\$ 4,363,356
Investments	1,030,145	Agency fund	56,022
Total	\$ 4,419,378	Total	\$ 4,419,378

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
<i>Nonspendable</i>			
Inventory	\$0	\$1,555	\$1,555
Unclaimed Funds	2,286	0	2,286
<i>Total Nonspendable</i>	2,286	1,555	3,841
<i>Restricted for</i>			
Food Service Operations	0	42,306	42,306
Classroom Maintenance	0	49,111	49,111
Athletics & Music	0	19,318	19,318
Other Purposes	0	2,700	2,700
Debt Service Payments	0	101,111	101,111
Capital Improvements	0	777,601	777,601
<i>Total Restricted</i>	0	992,147	992,147
<i>Committed to</i>			
College Scholarships	0	1,006	1,006
<i>Assigned to</i>			
Other Purposes	14,641	0	14,641
<i>Unassigned (Deficit)</i>	2,579,079	(26,297)	2,552,782
<i>Total Fund Balances</i>	\$2,596,006	\$968,411	\$3,564,417

Maplewood Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 2016 represent collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2014, were levied after April 1, 2015 and are collected in 2016 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, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$7,531 in the general fund, \$632 in the bond retirement fund, \$478 in the permanent improvement fund and \$105 in the classroom facilities maintenance fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2015 was \$23,225 in the general fund, \$1,963 in the bond retirement fund, \$1,494 in the permanent improvement fund and \$327 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, 2016 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.

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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 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 92,317,116	97.55%	\$ 99,685,958	97.75%
Public utility personal	<u>2,318,574</u>	2.45%	<u>2,294,562</u>	2.25%
Total	<u>\$ 94,635,690</u>	<u>100.00%</u>	<u>\$ 101,980,520</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$40.40		\$39.85	
Bond	2.55		2.25	
Permanent improvement	5.00		5.00	
Classroom facilities maintenance	0.50		0.50	

Note 8 – Receivables

Receivables at June 30, 2016 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:

Governmental Activities:	
Property Taxes	\$3,115,317
Accounts	12,486
Intergovernmental	50,202
Accrued Interest	<u>777</u>
Total Receivables	<u><u>\$3,178,782</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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	<u>06/30/15</u>			<u>06/30/16</u>
Governmental activities:				
<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	1,768,328	7,291	-	1,775,619
Vehicles	883,204	-	-	883,204
	<u>26,222,021</u>	<u>7,291</u>	<u>-</u>	<u>26,229,312</u>
 <i>Less: accumulated depreciation</i>				
Land improvements	(32,618)	(3,305)	-	(35,923)
Buildings and improvements	(6,744,144)	(585,822)	-	(7,329,966)
Furniture and equipment	(1,576,749)	(50,907)	-	(1,627,656)
Vehicles	(624,938)	(65,095)	-	(690,033)
	<u>(8,978,449)</u>	<u>(705,129)</u>	<u>-</u>	<u>(9,683,578)</u>
 Total accumulated depreciation	 <u>(8,978,449)</u>	 <u>(705,129)</u>	 <u>-</u>	 <u>(9,683,578)</u>
 Governmental activities capital assets, net	 <u>\$ 17,517,269</u>	 <u>\$ (697,838)</u>	 <u>\$ -</u>	 <u>\$ 16,819,431</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$443,133
Special	45,025
Support Services:	
Instructional Staff	635
Administration	71,251
Pupil Transportation	65,095
Operation of Food Services	79,503
Extracurricular	487
Total Depreciation Expense	<u><u>\$705,129</u></u>

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 10 – Long-Term Obligations

During the fiscal year 2016, the following changes occurred in long-term obligations:

Governmental activities:	<u>Balance</u> <u>06/30/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/16</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<i>General obligation bonds:</i>					
<i>Series 2006 refunding bonds:</i>					
Current interest bonds	\$ 1,535,000	\$ -	\$ (135,000)	\$ 1,400,000	\$ 145,000
Total general obligation bonds	<u>1,535,000</u>	<u>-</u>	<u>(135,000)</u>	<u>1,400,000</u>	<u>145,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	638,998	22,987	(31,817)	630,168	42,595
Total other long-term obligations	<u>638,998</u>	<u>22,987</u>	<u>(31,817)</u>	<u>630,168</u>	<u>42,595</u>
Total before net pension liability	<u>2,173,998</u>	<u>22,987</u>	<u>(166,817)</u>	<u>2,030,168</u>	<u>187,595</u>
<i>Net pension liability:</i>					
STRS	8,659,981	1,933,631	(536,862)	10,056,750	-
SERS	<u>1,847,700</u>	<u>386,880</u>	<u>(144,796)</u>	<u>2,089,784</u>	<u>-</u>
Total net pension liability	<u>10,507,681</u>	<u>2,320,511</u>	<u>(681,658)</u>	<u>12,146,534</u>	<u>-</u>
Total long-term obligations	<u>\$ 12,681,679</u>	<u>\$ 2,343,498</u>	<u>\$ (848,475)</u>	<u>\$ 14,176,702</u>	<u>\$ 187,595</u>
Add: Unamortized premium on bond issuance				<u>72,228</u>	
Total on statement of net position				<u>\$ 14,248,930</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.

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.

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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
2017	\$145,000	\$72,315	\$217,315
2018	155,000	64,253	219,253
2019	160,000	55,788	215,788
2020	170,000	46,918	216,918
2021	180,000	37,400	217,400
2022 - 2024	590,000	50,051	640,051
Total	\$ 1,400,000	\$ 326,725	\$ 1,726,725

The District pays obligations related to employee compensation from the fund benefitting from their service.

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006.

In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2016, are a voted debt margin of \$7,879,358 (including available funds of \$101,111) and an unvoted debt margin of \$101,981.

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.

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Limits of insurance on business blanket personal property is \$3,875,000 with a deductible of \$500 and is 90% co-insured.

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 2015.

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.

C. Workers' Compensation Group Rating

For fiscal year 2016, 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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 12 – Defined Benefit Pension Plans

A. Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. A liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. School Employees Retirement System

Plan Description - District non-teaching employees participate in the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. 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, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained on SERS' website at www.ohsers.org, under *Employers/Audit Resources*.

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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

Age and service requirements for retirement are as follows:

	Eligible to Retire on or Before August 1, 2017*	Eligible to Retire on or After August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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 by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ending June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The District's contractually required contribution to SERS was \$143,376 for the fiscal year ended June 30, 2016. Of this amount \$75,855 was reported as an intergovernmental payable.

C. State Teachers Retirement System of Ohio

Plan Description - District licensed teachers and other faculty members participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase

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Notes to the Basic Financial Statements
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periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$545,139 for the fiscal year ended June 30, 2016. Of this amount \$108,274 was reported as an intergovernmental payable.

D. Pension Liabilities, Pension Expense and Deferred Outflows of resources and Deferred inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Districts proportion of the net pension liability was based on the Districts share of contributions to the pension plan relative to the projected contributions of all participating entities.

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Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.03650900%	0.03560341%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.03662370%</u>	<u>0.03638862%</u>	
Change in Proportionate Share	<u>0.00011470%</u>	<u>0.00078521%</u>	
Proportionate Share of the Net Pension Liability	\$2,089,784	\$10,056,750	\$12,146,534
Pension Expense	\$133,242	\$501,785	\$635,027

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$33,613	\$457,082	\$490,695
Change in proportionate share and difference between District contributions and proportionate share of contributions	4,399	179,276	183,675
District contributions subsequent to the measurement date	<u>143,376</u>	<u>545,139</u>	<u>688,515</u>
Total Deferred Outflows of Resources	<u>\$181,388</u>	<u>\$1,181,497</u>	<u>\$1,362,885</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$68,534</u>	<u>\$723,271</u>	<u>\$791,805</u>
Total Deferred Inflows of Resources	<u>\$68,534</u>	<u>\$723,271</u>	<u>\$791,805</u>

\$688,515 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2017	(\$23,517)	(\$118,744)	(\$142,261)
2018	(23,517)	(118,744)	(142,261)
2019	(23,674)	(118,746)	(142,420)
2020	<u>40,186</u>	<u>269,321</u>	<u>309,507</u>
Total	<u>(\$30,522)</u>	<u>(\$86,913)</u>	<u>(\$117,435)</u>

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Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 Percent
Future Salary Increases, Including Inflation	4.00 Percent to 22 Percent
COLA or Ad hoc COLA	3 Percent
Investment Rate of Return	7.75 Percent Net of Investments Expense, Including Inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
U.S. Stocks	22.50	5.00
Non-U.S. Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's Proportionate Share of the Net Pension Liability	\$2,897,779	\$2,089,784	\$1,409,385

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Projected Salary Increases	2.75 Percent at Age 70 to 12.25 Percent at Age 20
Investment Rate of Return	7.75 Percent, Net of Investment Expenses
Cost of Living Adjustments (COLA)	2% Simple Applied as Follows: For Members Retiring Before August 1, 2013, 2% per Year, For Members Retiring August 1, 2013, or later, 2% COLA paid on Fifth Anniversary of Retirement Date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

Maplewood Local School District
Trumbull County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Fixed Income	18.00	3.75
Alternatives	14.00	8.00
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

<u></u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's Proportionate Share of the Net Pension Liability	\$13,969,585	\$10,056,750	\$6,747,865

E. 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, 2016, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Maplewood Local School District
Trumbull County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 13 – Postemployment Benefits

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$16,317.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$9,228 and \$1,494, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly 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. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, STRS Ohio did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$41,302 respectively. The full amount has been contributed for all three fiscal years.

Maplewood Local School District
Trumbull County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2016, if applicable, cannot be determined at this time.

B. Litigation

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

C. School District Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

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 Acquisition</u>
Set-aside balance as of June 30, 2015	\$ -
Current year set-aside requirement	134,232
Offsets	(178,412)
Qualifying disbursements	<u>-</u>
Total	<u>\$ (44,180)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>

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, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio (SERS)

Last Three Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.03662370%	0.03650900%	0.03650900%
School District's Proportionate Share of the Net Pension Liability	\$2,089,784	\$1,847,700	\$2,171,073
School District's Covered-Employee Payroll	\$1,087,832	\$1,066,898	\$1,056,854
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	192.11%	173.18%	205.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Maplewood Local School District

Trumbull County, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio (STRS)

Last Three Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.036388620%	0.035603410%	0.035603410%
School District's Proportionate Share of the Net Pension Liability	\$10,056,750	\$8,659,981	\$10,315,713
School District's Covered-Employee Payroll	\$3,893,850	\$4,131,208	\$3,876,734
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	258.27%	209.62%	266.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

Maplewood Local School District

Trumbull County, Ohio

*Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio (SERS)
Last Ten Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$143,376	\$144,796	\$147,872	\$146,269
Contributions in Relation to the Contractually Required Contribution	(\$143,376)	(\$144,796)	(\$147,872)	(\$146,269)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,024,114	\$1,098,607	\$1,066,898	\$1,056,854
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
\$152,249	\$140,630	\$147,109	\$104,872	\$99,548	\$98,064
(\$152,249)	(\$140,630)	(\$147,109)	(\$104,872)	(\$99,548)	(\$98,064)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,131,963	\$1,118,775	\$1,086,477	\$1,065,772	\$1,013,727	\$918,202
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Maplewood Local School District

Trumbull County, Ohio

*Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$545,139	\$536,862	\$537,057	\$503,975
Contributions in Relation to the Contractually Required Contribution	(\$545,139)	(\$536,862)	(\$537,057)	(\$503,975)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$3,893,850	\$3,834,726	\$4,131,208	\$3,876,734
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
\$542,215	\$531,580	\$522,501	\$504,552	\$513,098	\$518,203
(\$542,215)	(\$531,580)	(\$522,501)	(\$504,552)	(\$513,098)	(\$518,203)
\$0	\$0	\$0	\$0	\$0	\$0
\$4,170,885	\$4,089,077	\$4,019,238	\$3,881,169	\$3,946,908	\$3,986,177
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Maplewood Local School District

Trumbull County, Ohio

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2016*

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2015 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015 and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2015 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015 and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.



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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.
Cortland, OH 44410

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, 2016, 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 December 29, 2016.

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 opinions 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 do not express an opinion on the effectiveness of Maplewood Local School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

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

December 29, 2016

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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
APRIL 11, 2017