



**Auditor of State
Betty Montgomery**

MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Balance Sheet – All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - (Non GAAP Budgetary Basis)- All Governmental Fund Types	7
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types	9
Combined Statement of Cash Flows – All Proprietary Fund Types.....	10
Notes to the General Purpose Financial Statements.....	11
Schedule of Federal Awards Expenditures.....	39
Notes to the Schedule of Federal Awards Expenditures	40
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	41
Report of Independent Accountants on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	43
Schedule of Findings.....	45

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Maplewood Local School District
Trumbull County
2414 Greenville Rd.
Cortland, Ohio 44410

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Maplewood Local School District, Trumbull County, (the "District") as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Maplewood Local School District, Trumbull County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 15, 2004

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MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
ASSETS:				
Equity in pooled cash and cash equivalents	\$ 1,066,115	\$ 173,661	\$ 89,445	\$ 2,171,060
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent	1,747,445	34,079	222,182	160,167
Accounts	11,708	1,875	-	-
Accrued interest	6,764	-	-	-
Interfund loan receivable	46,943	-	-	-
Advances to other funds	21,904	-	-	-
Due from other governments	-	51,754	-	-
Prepayments	5,855	-	-	-
Materials and supplies inventory	11,162	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents	380,941	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-
OTHER DEBITS:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	\$ 3,298,837	\$ 261,369	\$ 311,627	\$ 2,331,227
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$ 62,671	\$ 2,327	\$ -	\$ 3,628
Contracts payable	-	-	-	623,260
Accrued wages and benefits	622,419	28,069	-	-
Compensated absences payable	6,889	-	-	-
Pension obligation payable	106,692	4,082	-	-
Interfund loan payable	-	46,943	-	-
Due to other governments	27,002	1,545	-	-
Advances from other funds	-	21,154	-	750
Deferred revenue	1,731,839	33,760	220,098	158,664
Due to other students	-	-	-	-
General obligations bonds payable	-	-	-	-
Capital lease obligation payable	-	-	-	-
Asbestos loan payable	-	-	-	33,985
Total liabilities	2,557,512	137,880	220,098	820,287
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets	-	-	-	-
Retained earnings: unreserved	-	-	-	-
Fund balances:				
Reserved for encumbrances	211,894	24,032	-	1,012,954
Reserved for advances	21,904	-	-	-
Reserved for materials and supplies inventory	11,162	-	-	-
Reserved for prepayments	5,855	-	-	-
Reserved for debt service	-	-	89,445	-
Reserved for tax revenue unavailable for appropriation	16,392	319	2,084	1,503
Reserved for budget stabilization	300,530	-	-	-
Reserved for instructional supplies	80,411	-	-	-
Unreserved-undesignated	93,177	99,138	-	496,483
Total equity and other credits	741,325	123,489	91,529	1,510,940
Total liabilities, equity and other credits	\$ 3,298,837	\$ 261,369	\$ 311,627	\$ 2,331,227

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$ 106	\$ 41,489	\$ -	\$ -	\$ 3,541,876
-	-	-	-	2,163,873
51	-	-	-	13,634
-	-	-	-	6,764
-	-	-	-	46,943
-	-	-	-	21,904
-	-	-	-	51,754
-	-	-	-	5,855
9,194	-	-	-	20,356
-	-	-	-	380,941
29,755	-	26,385,885	-	26,415,640
-	-	-	91,529	91,529
-	-	-	3,368,109	3,368,109
<u>\$ 39,106</u>	<u>\$ 41,489</u>	<u>\$ 26,385,885</u>	<u>\$ 3,459,638</u>	<u>\$ 36,129,178</u>
\$ -	\$ -	\$ -	\$ -	\$ 68,626
-	-	-	-	623,260
17,889	-	-	-	668,377
9,576	-	-	656,673	673,138
10,906	-	-	64,141	185,821
-	-	-	-	46,943
719	-	-	-	29,266
-	-	-	-	21,904
-	-	-	-	2,144,361
-	41,489	-	-	41,489
-	-	-	2,669,312	2,669,312
-	-	-	69,512	69,512
-	-	-	-	33,985
<u>39,090</u>	<u>41,489</u>	<u>-</u>	<u>3,459,638</u>	<u>7,275,994</u>
-	-	26,385,885	-	26,385,885
16	-	-	-	16
-	-	-	-	1,248,880
-	-	-	-	21,904
-	-	-	-	11,162
-	-	-	-	5,855
-	-	-	-	89,445
-	-	-	-	20,298
-	-	-	-	300,530
-	-	-	-	80,411
-	-	-	-	688,798
<u>16</u>	<u>-</u>	<u>26,385,885</u>	<u>-</u>	<u>28,853,184</u>
<u>\$ 39,106</u>	<u>\$ 41,489</u>	<u>\$ 26,385,885</u>	<u>\$ 3,459,638</u>	<u>\$ 36,129,178</u>

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
From local sources:					
Taxes	\$ 1,624,339	\$ 31,762	\$ 197,660	\$ 152,069	\$ 2,005,830
Tuition	77,857	-	-	-	77,857
Earnings on investments	20,883	-	-	81,029	101,912
Extracurricular	-	68,350	-	-	68,350
Other local revenues	119,603	26,935	-	5,379	151,917
Intergovernmental - State	5,155,056	33,619	25,551	2,778,129	7,992,355
Intergovernmental - Federal	60,357	262,896	-	-	323,253
Total revenue	<u>7,058,095</u>	<u>423,562</u>	<u>223,211</u>	<u>3,016,606</u>	<u>10,721,474</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,990,572	49,919	-	-	4,040,491
Special	458,567	156,428	-	-	614,995
Other	4,643	-	-	-	4,643
Support services:					
Pupil	582,353	-	-	-	582,353
Instructional staff	110,697	118,481	-	43,700	272,878
Board of Education	30,849	-	-	-	30,849
Administration	729,677	12,191	-	-	741,868
Fiscal	191,191	580	3,253	2,517	197,541
Business	28,683	-	-	-	28,683
Operations and maintenance	895,349	500	-	-	895,849
Pupil transportation	415,679	-	-	-	415,679
Central	51,208	-	-	-	51,208
Community services	45,961	966	-	-	46,927
Extracurricular activities	129,728	87,415	-	-	217,143
Facilities acquisition and construction	-	-	-	5,921,504	5,921,504
Debt service:					
Principal retirement	18,009	-	90,000	-	108,009
Interest and fiscal charges	6,351	-	136,698	-	143,049
Total expenditures	<u>7,689,517</u>	<u>426,480</u>	<u>229,951</u>	<u>5,967,721</u>	<u>14,313,669</u>
Excess (deficiency) of revenues over (under) expenditures					
	(631,422)	(2,918)	(6,740)	(2,951,115)	(3,592,195)
Other financing sources (uses):					
Operating transfers in	-	18,353	-	-	18,353
Operating transfers out	(41,660)	-	-	-	(41,660)
Proceeds from sale of fixed assets	3,316	-	-	-	3,316
Total other financing sources (uses)	<u>(38,344)</u>	<u>18,353</u>	<u>-</u>	<u>-</u>	<u>(19,991)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)					
	(669,766)	15,435	(6,740)	(2,951,115)	(3,612,186)
Fund balances, July 1	1,403,892	108,054	98,269	4,462,055	6,072,270
Increase in reserve for inventory	7,199	-	-	-	7,199
Fund balances, June 30	<u>\$ 741,325</u>	<u>\$ 123,489</u>	<u>\$ 91,529</u>	<u>\$ 1,510,940</u>	<u>\$ 2,467,283</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 1,620,161	\$ 1,620,217	\$ 56	\$ 31,995	\$ 31,695	\$ (300)
Tuition	71,759	71,762	3	-	-	-
Earnings on investments	54,091	54,093	2	-	-	-
Extracurricular	-	-	-	68,998	68,350	(648)
Other local revenues	21,410	21,411	1	25,112	24,876	(236)
Intergovernmental - State	5,154,845	5,155,053	208	33,938	33,619	(319)
Intergovernmental - Federal	59,799	59,801	2	255,377	240,364	(15,013)
Total revenues	<u>6,982,065</u>	<u>6,982,337</u>	<u>272</u>	<u>415,420</u>	<u>398,904</u>	<u>(16,516)</u>
Expenditures:						
Current:						
Instruction:						
Regular	4,163,189	4,159,133	4,056	47,449	49,856	(2,407)
Special	465,188	464,715	473	148,572	156,109	(7,537)
Other	8,200	8,192	8	-	-	-
Support services:						
Pupil	582,636	582,042	594	-	-	-
Instructional staff	109,766	109,658	108	117,408	123,364	(5,956)
Board of Education	36,794	36,756	38	-	-	-
Administration	748,861	748,100	761	11,536	12,121	(585)
Fiscal	208,097	207,887	210	594	624	(30)
Business	60,292	60,230	62	-	-	-
Operations and maintenance	927,039	926,084	955	8,565	9,000	(435)
Pupil transportation	565,295	564,713	582	-	-	-
Central	45,598	45,551	47	-	-	-
Community services	58,311	58,251	60	919	966	(47)
Extracurricular activities	137,473	137,334	139	91,924	96,587	(4,663)
Facilities acquisition and construction	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>8,116,739</u>	<u>8,108,646</u>	<u>8,093</u>	<u>426,967</u>	<u>448,627</u>	<u>(21,660)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,134,674)</u>	<u>(1,126,309)</u>	<u>8,365</u>	<u>(11,547)</u>	<u>(49,723)</u>	<u>(38,176)</u>
Other financing sources (uses):						
Advances in	21,241	21,241	-	47,388	46,943	(445)
Advances out	(40,352)	(46,944)	(6,592)	(20,216)	(21,242)	(1,026)
Operating transfers in	145,726	145,733	7	18,527	18,353	(174)
Operating transfers out	(194,226)	(187,392)	6,834	-	-	-
Proceeds from sale of fixed assets	3,316	3,316	-	-	-	-
Refund of prior year expenditure	94,301	94,305	4	6,583	6,521	(62)
Total other financing sources (uses)	<u>30,006</u>	<u>30,259</u>	<u>253</u>	<u>52,282</u>	<u>50,575</u>	<u>(1,707)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(1,104,668)</u>	<u>(1,096,050)</u>	<u>8,618</u>	<u>40,735</u>	<u>852</u>	<u>(39,883)</u>
Fund balances (deficit), July 1	2,190,474	2,190,474	-	138,432	138,432	-
Prior year encumbrances appropriated	78,067	78,067	-	8,882	8,882	-
Fund balances, June 30	<u>\$ 1,163,873</u>	<u>\$ 1,172,491</u>	<u>\$ 8,618</u>	<u>\$ 188,049</u>	<u>\$ 148,166</u>	<u>\$ (39,883)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 197,061	\$ 197,061	\$ -	\$ 438,979	\$ 151,756	\$ (287,223)	\$ 2,288,196	\$ 2,000,729	\$ (287,467)
-	-	-	-	-	-	71,759	71,762	3
-	-	-	234,390	81,029	(153,361)	288,481	135,122	(153,359)
-	-	-	-	-	-	68,998	68,350	(648)
-	-	-	15,557	5,378	(10,179)	62,079	51,665	(10,414)
25,551	25,551	-	8,036,197	2,778,129	(5,258,068)	13,250,531	7,992,352	(5,258,179)
-	-	-	-	-	-	315,176	300,165	(15,011)
<u>222,612</u>	<u>222,612</u>	<u>-</u>	<u>8,725,123</u>	<u>3,016,292</u>	<u>(5,708,831)</u>	<u>16,345,220</u>	<u>10,620,145</u>	<u>(5,725,075)</u>
-	-	-	-	-	-	4,210,638	4,208,989	1,649
-	-	-	-	-	-	613,760	620,824	(7,064)
-	-	-	-	-	-	8,200	8,192	8
-	-	-	-	-	-	582,636	582,042	594
-	-	-	44,007	43,997	10	271,181	277,019	(5,838)
-	-	-	-	-	-	36,794	36,756	38
-	-	-	-	-	-	760,397	760,221	176
3,253	3,253	-	2,518	2,517	1	214,462	214,281	181
-	-	-	-	-	-	60,292	60,230	62
-	-	-	5,000	4,999	1	940,604	940,083	521
-	-	-	-	-	-	565,295	564,713	582
-	-	-	-	-	-	45,598	45,551	47
-	-	-	-	-	-	59,230	59,217	13
-	-	-	-	-	-	229,397	233,921	(4,524)
-	-	-	9,337,101	9,335,066	2,035	9,337,101	9,335,066	2,035
90,000	90,000	-	-	-	-	90,000	90,000	-
136,698	136,698	-	-	-	-	136,698	136,698	-
<u>229,951</u>	<u>229,951</u>	<u>-</u>	<u>9,388,626</u>	<u>9,386,579</u>	<u>2,047</u>	<u>18,162,283</u>	<u>18,173,803</u>	<u>(11,520)</u>
<u>(7,339)</u>	<u>(7,339)</u>	<u>-</u>	<u>(663,503)</u>	<u>(6,370,287)</u>	<u>(5,706,784)</u>	<u>(1,817,063)</u>	<u>(7,553,658)</u>	<u>(5,736,595)</u>
-	-	-	-	-	-	68,629	68,184	(445)
-	-	-	(23,750)	(23,745)	5	(84,318)	(91,931)	(7,613)
-	-	-	-	-	-	164,253	164,086	(167)
-	-	-	-	-	-	(194,226)	(187,392)	6,834
-	-	-	-	-	-	3,316	3,316	-
-	-	-	-	-	-	100,884	100,826	(58)
-	-	-	<u>(23,750)</u>	<u>(23,745)</u>	<u>5</u>	<u>58,538</u>	<u>57,089</u>	<u>(1,449)</u>
(7,339)	(7,339)	-	(687,253)	(6,394,032)	(5,706,779)	(1,758,525)	(7,496,569)	(5,738,044)
96,784	96,784	-	1,214,943	1,214,943	-	3,640,633	3,640,633	-
-	-	-	5,710,307	5,710,307	-	5,797,256	5,797,256	-
<u>\$ 89,445</u>	<u>\$ 89,445</u>	<u>\$ -</u>	<u>\$ 6,237,997</u>	<u>\$ 531,218</u>	<u>\$ (5,706,779)</u>	<u>\$ 7,679,364</u>	<u>\$ 1,941,320</u>	<u>\$ (5,738,044)</u>

MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees	\$ 16,109
Sales/charges for services	188,834
Other operating revenues	395
Total operating revenues	205,338
Operating expenses:	
Personal services	165,987
Contract services	5,667
Materials and supplies	139,109
Depreciation	342
Other	627
Total operating expenses	311,732
Operating loss	(106,394)
Nonoperating revenues:	
Operating grants	54,809
Federal commodities	15,990
Gain on the sale of fixed assets	100
Total nonoperating revenues	70,899
Net income before operating transfers	(35,495)
Operating transfer in	23,307
Net income	(12,188)
Retained earnings, July 1	12,204
Retained earnings, June 30	\$ 16

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 16,082
Cash received from sales/service charges	188,834
Cash received from other operations.	452
Cash payments for personal services.	(166,370)
Cash payments for contract services.	(6,203)
Cash payments for materials and supplies	(125,095)
Cash payments for other expenses.	(627)
Net cash used in operating activities	(92,927)
 Cash flows from noncapital financing activities:	
Cash received from grants and subsidies	54,809
Cash received from operating transfers	23,307
Net cash provided by noncapital financing activities	78,116
 Cash flows from capital and related financing activities:	
Gain on sale of capital assets.	100
Acquisition of capital assets	(627)
Net cash used in capital and related financing activities	(527)
 Net decrease in cash and cash equivalents	(15,338)
 Cash and cash equivalents at beginning of year	15,444
Cash and cash equivalents at end of year.	\$ 106
 Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	\$ (106,394)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	342
Federal donated commodities	15,990
Changes in assets and liabilities:	
Decrease in accounts receivable	31
Increase in materials and supplies inventory	(1,811)
Decrease in accounts payable.	(702)
Decrease in accrued wages and benefits	(50)
Increase in compensated absences payable.	3,518
Increase in due to other governments.	302
Decrease in pension obligation payable.	(4,153)
Net cash used in operating activities.	\$ (92,927)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District is the 480 largest by enrollment among the 740 public and community school districts in the state. It currently operates one elementary school and one comprehensive middle/high school. The District is staffed by 51 non-certified and 77 certificated personnel to provide services to approximately 1,081 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or 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 for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among 28 school districts and 2 county educational service centers. NEOMIN 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 governments of these schools supports NEOMIN based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contribution. NEOMIN is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in NEOMIN because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information is available from Lori Simione, Treasurer for the Trumbull County Educational Service Center, (fiscal agent), at 347 N. Park Avenue, Warren, Ohio 44481.

Trumbull Career and Technical Center

The Trumbull Career and Technical Center is a jointly governed organization among fifteen school districts. The 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 fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write the Trumbull Career and Technical Center, Gary Ghizzoni, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

North East 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 District. 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 JVS, 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 at the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

North East Ohio Special Education Regional Resource Center (NEO/SERRC)

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Region 12 Professional Development Center (Center)

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

The District is also a participant in two public entity risk sharing pool, discussed in Note 12.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose, provided it is expended or transferred in accordance with applicable Ohio statute.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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 where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type:

Enterprise Funds - The enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Agency Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have measurement focus. Agency funds are reported on a cash basis, with note disclosure regarding items which, in other fund types, would be subject to accrual.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2003, but which are intended to finance fiscal 2004 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as advances on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2003, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available. 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.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exceptions: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost such as depreciation and amortization, are not recognized in governmental funds.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense, with a like amount reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2003 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2003.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. 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. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

8. Appropriation 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 during fiscal 2003.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting. The enterprise funds had no encumbrances outstanding at year-end.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal 2003, investments were limited to certificates of deposit, which 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. The Capital Project funds earned \$81,029 during fiscal 2003. Interest revenue credited to the general fund during fiscal 2003 amounted to \$20,883, which included \$6,785 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 Treasurer's investment account at year-end is provided in Note 4.

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. 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 capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed asset account group.

2. Proprietary Funds

Furniture and equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture and equipment	5 - 20

H. Compensated Absences

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

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

I. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

J. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, advances, supplies inventory, prepayments, debt service, tax advance unavailable for appropriation, budget stabilization, and instructional supplies. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under state statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

K. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year. The District had short-term interfund loans receivable and payable at June 30, 2003.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term interfund loans receivable and payable at June 30, 2003.

An analysis of the District's interfund transactions for fiscal year 2003 is presented in Note 5.

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish an instructional materials and other reserves. This reserve is required by state statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. The District has also received State monies that are restricted for school bus purchases. A fund balance reserve has also been established. See Note 18 for statutory reserves.

M. Estimates

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

N. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balances at June 30, 2003 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Entry Year Programs	\$ 15
DPIA 3,892	
Ohio Reads	32
Title I	78,660
<u>Capital Projects Fund</u>	
Emergency Repair Grant	750

These GAAP-basis deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The general fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur. This fund complied with state statute which does not allow for a negative fund balance at year-end.

B. Agency Funds

The following is an accrual for the agency funds, which, in another fund type, would be recognized in the combined balance sheet:

<u>ASSETS</u>	
Accounts receivable	\$46

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

State statutes require the classification of monies held by the District into three categories:

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two 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 accounts, including passbook accounts.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

Interim monies may be invested or deposited 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 or 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 division (1) or (2) of this section 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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days 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 investments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end the carrying amount of the District's deposits was \$3,922,817 and the bank balance was \$3,959,782 (both exclusive of payroll clearance accounts, but inclusive of \$750,000 in non-negotiable certificates of deposits). Of the bank balance:

1. \$300,000 was covered by federal deposit insurance; and
2. \$3,659,782 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to Section 135.81, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC

For purposes of GASB Statement No. 3, the District had no investments at year-end.

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2003, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$46,943	\$ -
<u>Special Revenue Funds</u>		
Title I	-	3,537
Title VI-B	-	36,556
Miscellaneous Federal Grants	-	6,614
Title II-A	-	236
	-	-
Total interfund loans	<u>\$46,943</u>	<u>\$46,943</u>

- B.** Interfund balances at June 30, 2003 consist of the following long-term advances:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	\$21,904	\$ -
<u>Special Revenue Fund</u>		
Title I	-	21,154
<u>Capital Projects Fund</u>		
Emergency Repair	-	750
	-	-
Total long-term advances	<u>\$21,904</u>	<u>\$21,904</u>

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

C. The following is a reconciliation of the District's operating transfers during fiscal year 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$41,660
<u>Special Revenue Funds</u>		
Extracurricular Activities	322	-
Title I	18,031	-
<u>Enterprise Funds</u>		
Food Service	22,007	-
Uniform School Supplies	<u>1,300</u>	<u>-</u>
Total transfers	<u>\$41,660</u>	<u>\$41,660</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, and railroads, which are assessed at 29% of market value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed value upon which the 2002 taxes were collected was \$79,229,561. Agricultural/residential and public utility/minerals real estate represented 91.9% or \$72,791,170 of this total; commercial & industrial real estate represented 2.6% or \$2,059,760 of this total, public utility tangible represented 4.3% or \$3,421,660 of this total and general tangible property represented 1.2% or \$956,971 of this total. The voted general tax rate at the fiscal year ended June 30, 2003 was \$46.30 per \$1,000.00 of assessed valuation for operations.

The District passed a 4.398 mill levy in November 1999 to fund the construction of a new school. The collection of this levy began in the second half of fiscal year 2000.

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.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Trumbull County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2003 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2003 totaled \$16,392 in the general fund, \$2,084 in the debt service fund, \$1,503 in the Permanent Improvements capital projects fund, and \$319 in the Classroom Facilities special revenue fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2003 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, short-term interfund loans, long-term interfund loans, and intergovernmental grants (to the extent such grants relate to the current fiscal year). Intergovernmental grants receivable have been presented as "Due From Other Governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of the principal items of receivables follows:

	<u>Amount</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$1,747,445
Accounts	11,708
Accrued interest	6,764
Interfund loan receivable	46,943
Advances to other funds	21,904
 <u>Special Revenue Funds</u>	
Taxes - current and delinquent	34,079
Accounts	1,875
Due from other governments	51,754

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 7 - RECEIVABLES - (Continued)

<u>Debt Service Fund</u>	
Taxes - current and delinquent	222,182
<u>Capital Projects Funds</u>	
Taxes - current and delinquent	160,167

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2003</u>
Land/improvements	\$ 273,697	\$ -	\$ -	\$ 273,697
Buildings/improvements	1,706,653	-	-	1,706,653
Furniture/equipment	1,684,789	216,642	(1,732)	1,899,699
Vehicles	846,859	104,650	(28,163)	923,346
Construction in progress	<u>15,311,435</u>	<u>6,271,055</u>	<u>-</u>	<u>21,582,490</u>
 Total	 <u>\$19,823,433</u>	 <u>\$6,592,347</u>	 <u>\$(29,895)</u>	 <u>\$26,385,885</u>

A summary of the proprietary fixed assets at June 30, 2003 follows:

Furniture and equipment	\$90,692
Less: accumulated depreciation	<u>(62,937)</u>
Net fixed assets	<u>\$ 29,755</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District entered into capitalized leases for the acquisition of data processing and reproduction equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Fixed assets acquired by lease have been capitalized in the general fixed asset account group in the amount of \$156,216, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group.

In the general fund, capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Principal payments totaled \$18,009 in the general fund during fiscal 2003. These expenditures are reflected as program/function expenditures on a budgetary basis.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2003.

<u>Fiscal Year</u> <u>Ending June 30, 2004</u>	<u>Amount</u>
2004	\$24,360
2005	24,360
2006	24,360
2007	<u>6,089</u>
Total minimum lease payments	79,169
Less: amount representing interest	<u>(9,657)</u>
Present value of minimum lease payments	<u><u>\$69,512</u></u>

NOTE 10 - LONG-TERM OBLIGATIONS

- A. 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). OSFC has awarded the District a \$12.5 million grant for the project, and will make quarterly disbursements to the District until the project is completed. 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 in the general long-term obligations account group. Payments of principal and interest relating to these bonds are recorded as an expenditure in the debt service fund. The source of payment is derived from a current 4.398 (average) mill bonded debt tax levy.

This issue is comprised of current interest term bonds, par value \$1,550,000, current interest serial bonds, par value \$1,055,000, and capital appreciation bonds, par value \$540,000. The capital appreciation bonds mature each December 1, 2011 through 2014 (effective interest 8.471%, 8.523%, 8.523%, and 8.575% respectively), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the general long-term obligations account group at June 30, 2003 was \$2,430,000. Total accreted interest of \$50,377 has been included in the general long-term obligations account group at June 30, 2003.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 10 - LONG -TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023.

The following is a description of the District's bonds outstanding as of June 30, 2003:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance July 1, 2002</u>	<u>(Retired)/ Accreted During Fiscal 2003</u>	<u>Balance June 30, 2003</u>
School facilities improvement:							
Serial and term	5.744	7/11/00	12/01/23	\$2,605,000	\$2,520,000	\$(90,000)	\$2,430,000
Capital appreciation	8.471-8.575	7/11/00	12/01/11-14	188,935	188,935	-	188,935
Accreted interest	NA	NA	NA	-	31,589	18,788	50,377
Total, general obligation bonds				<u>\$2,793,935</u>	<u>\$2,740,524</u>	<u>\$(71,212)</u>	<u>\$2,669,312</u>

B. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2003, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Current Interest General Obligation Bonds</u>	<u>Capital Appreciation General Obligation Bonds</u>	<u>Total</u>
2004	\$ 227,234	\$ -	\$ 227,234
2005	222,602	-	222,602
2006	222,800	-	222,800
2007	222,700	-	222,700
2008	222,297	-	222,297
2009 - 2013	855,629	270,000	1,125,629
2014 - 2018	849,329	270,000	1,119,329
2019 - 2023	1,099,969	-	1,099,969
2024	<u>221,289</u>	-	<u>221,289</u>
Total	4,143,849	540,000	4,683,849
Less: interest	<u>(1,713,849)</u>	<u>(300,688)</u>	<u>(2,014,537)</u>
Total	<u>\$ 2,430,000</u>	<u>\$ 239,312</u>	<u>\$ 2,669,312</u>

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 10 - LONG -TERM OBLIGATIONS - (Continued)

- C. During the year ended June 30, 2003, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences are reported net of actual increases and decreases due to the impracticality of determining the values. Compensated absences and the pension benefit obligation will ultimately be paid from the fund from which the employee is paid.

	Balance <u>July 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2003</u>
General obligation bonds	\$2,740,524	\$ 18,788	\$ (90,000)	\$2,669,312
Compensated absences	674,587	-	(17,914)	656,673
Capital lease	87,521	-	(18,009)	69,512
Pension obligation payable	<u>45,605</u>	<u>64,141</u>	<u>(45,605)</u>	<u>64,141</u>
Total general long-term obligations	<u>\$3,548,237</u>	<u>\$82,929</u>	<u>\$(171,528)</u>	<u>\$3,459,638</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of a school 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 further provides that un-voted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations for the District at June 30, 2003 are a voted debt margin of \$4,792,189 (including available funds of \$91,529), an unvoted debt margin of \$79,230.

NOTE 11 - LOAN PAYABLE

In fiscal 1993, the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District are pledged for repayment. Principal and the unpaid balance related to the loan are recorded in the Permanent Improvement capital projects fund. The following schedule describes the loan outstanding at June 30, 2003:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1, 2002</u>	<u>Retired in Fiscal 2003</u>	<u>Balance June 30, 2003</u>
Asbestos removal	None	4/16/93	5/13/13	<u>\$38,985</u>	<u>\$(5,000)</u>	<u>\$33,985</u>

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 11 - LOAN PAYABLE (Continued)

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 5,000	\$ -	\$ 5,000
2005	5,000	-	5,000
2006	5,000	-	5,000
2007	5,000	-	5,000
2008	5,000	-	5,000
2009 - 2010	<u>8,985</u>	<u>-</u>	<u>8,985</u>
Total	<u>\$33,985</u>	<u>\$ -</u>	<u>\$33,985</u>

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

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

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

The District liability policy has a limit of \$1,000,000 for each occurrence and \$5,000,000 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 reductions in amounts of insurance coverage from fiscal 2002.

B. Health Self Insurance

The District has joined together with other school districts in the state to form the Trumbull County School Insurance Consortium Association, 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 Trumbull County School Insurance Consortium Association for its insurance coverage. It is intended that the Trumbull County School Insurance Consortium Association will be self-supporting through member premiums. The monthly premium includes a specific and aggregate stoploss premium paid to General American Insurance. The specific individual stoploss is \$100,000 per year. The aggregate stoploss is 105% of yearly anticipated claims.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 12 - RISK MANAGEMENT - (Continued)

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

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

C. OSBA Workers' Compensation Group Rating

For fiscal year 2003, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP.

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2003.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$189,229	\$16,109	\$205,338
Depreciation	342	-	342
Operating loss	(103,809)	(2,585)	(106,394)
Non-operating revenue:			
Operating grants	54,809	-	54,809
Donated federal commodities	15,990	-	15,990
Operating transfers in	22,007	1,300	23,307
Net income/(loss)	(10,903)	(1,285)	(12,188)
Net working capital	(11,288)	2,003	(9,285)
Total assets	37,103	2,003	39,106
Long-term liabilities			
payable from fund revenues	18,608	-	18,608
Total fund equity	(1,987)	2,003	16

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$142,583, \$104,202, and \$111,749, respectively; 51.02% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$69,840, represents the unpaid contribution for fiscal year 2003.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 9.5% of

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$528,443, \$500,400, and \$460,770, respectively; 83.05% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$89,612, represents the unpaid contribution for fiscal year 2003. Contributions to the DC and Combined Plans for fiscal year 2003 were \$227 made by the School District and \$7,834 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2003, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$37,746 during fiscal 2003.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$73,561 during the 2003 fiscal year.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types 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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis);
- (d) Intrafund transfers have been presented as other financing sources (uses) on a budget basis. Intrafund transfers have been eliminated for GAAP basis reporting purposes.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

**Excess (Deficiency) of Revenues and Other Financing
Sources Over/(Under) Expenditures and Other
Financing Uses**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(1,096,050)	\$ 852	\$(7,339)	\$(6,394,032)
Net adjustment for revenue accruals	75,758	24,663	599	314
Net adjustment for expenditure accruals	144,564	(3,358)	-	1,779,016
Net adjustment for other financing sources/(uses)	(68,603)	(32,222)	-	23,745
Encumbrances (budget basis)	<u>274,565</u>	<u>25,500</u>	<u>-</u>	<u>1,639,842</u>
GAAP basis	<u>\$ (669,766)</u>	<u>\$ 15,435</u>	<u>\$(6,740)</u>	<u>\$(2,951,115)</u>

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2003.

B. Litigation

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

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 17 - CONTINGENCIES - (Continued)

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

NOTE 18 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of July 1, 2002	\$ 101,946	(45,434)	\$300,530
Current year set-aside requirement	145,733	145,733	-
Qualifying disbursements	<u>(167,268)</u>	<u>(183,451)</u>	<u> -</u>
Total, June 30, 2003	<u>\$ 80,411</u>	<u>\$ (83,152)</u>	<u>\$300,530</u>
Cash (Credit) Balance carried forward to FY 2004	<u>\$ 80,411</u>	<u>\$ (83,152)</u>	<u>\$300,530</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute. The balance in the budget stabilization at June 30, 2003 was \$300,530.

A schedule of the restricted assets at June 30, 2003 follows:

Amount restricted for budget stabilization	\$300,530
Amount restricted for instructional materials	<u>80,411</u>
Total restricted assets	<u>\$380,941</u>

NOTE 19 - OUTSTANDING CONTRACTUAL COMMITMENTS

At June 30, 2003, the District had \$1,433,651 in outstanding contractual commitments. Construction will be completed in fiscal year 2004.

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**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550		\$15,990		\$15,990
National School Lunch Program	LL-P4-2002	10.555	5,827		5,827	
	LL-P4-2003		46,880		46,880	
Subtotal -- School National School Lunch Program			52,707		52,707	
Total U.S. Department of Agriculture -- Nutrition Cluster			\$ 52,707	\$ 15,990	\$ 52,707	\$ 15,990
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Section 8002 Impact Aid	-	84.041	59,801		59,801	
<i>Passed Through The Ohio Department of Education:</i>						
<i>Grants to Local Educational Agencies</i>						
Title I School Subsidy	C1-S1 03	84.010	87,941		87,941	
<i>Special Education Grants Cluster:</i>						
Title VI - B Special Education Grants to States	6B-SF-2002	84.027	17,716		1,440	
	6B-SF-2003		77,966		77,966	
Subtotal -- Special Education Cluster			95,682		79,406	
Safe and Drug Free Schools Grant	DR-S1-2002	84.186	4,542		4,542	
Assistive Technology	AT-S2-2002	84.224	6,143		6,143	
	AT-S3-2002		7,417		7,417	
Subtotal -- Assistive Technology			13,560		13,560	
Eisenhower Professional Development Grant	MS-S1-2002	84.281	534		2,135	
Innovative Education Program Strategies	CS-S1 2002	84.298	4,140		2,781	
Chapter 2 Subsidy	CS-S1 2003		2,771		12,118	
Subtotal -- Chapter 2 Subsidy			6,911		14,899	
Technology Literacy Challenge Fund Grants	TJ-S1-2003	84.318	2,171		2,171	
Title VI - R						
Class Size Reduction Subsidy	CR-S1 02	84.340	8,801		7,500	
Subtotal -- Title VI-R			8,801		7,500	
Improving Teacher Quality State Grants	TR-S1-2003	84.367	20,215		20,215	
Total -- U.S. Department of Education			\$ 240,357		\$ 232,369	
Totals			\$ 352,865	\$ 15,990	\$ 344,877	\$ 15,990

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures is a summary of activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B- FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.

NOTE C - MATCHING REQUIREMENTS

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



**Auditor of State
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Maplewood Local School District
Trumbull County
2414 Greenville Rd.
Cortland, Ohio 44410

To The Board of Education:

We have audited the financial statements of Maplewood Local School District, Trumbull County, (the "District") as of and for the year ended June 30, 2002, and have issued our report thereon dated March 15, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 15, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 15, 2004.

Maplewood Local School District
Trumbull County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 15, 2004



**Auditor of State
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Maplewood Local School District
Trumbull County
2414 Greenville Rd.
Cortland, Ohio 44410

To The Board of Education:

Compliance

We have audited the compliance of Maplewood Local School District, Trumbull County, (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Betty Montgomery
Auditor of State

March 15, 2004

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2003**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I CFDA 84.010 Title VI-b CFDA 84.027 Impact Aid (Sec 8002) CFDA 84.041
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: > \$ 100,000
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
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**Auditor of State
Betty Montgomery**

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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 20, 2004**