

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

*BASIC FINANCIAL STATEMENTS  
(AUDITED)*

*FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011*

**PAUL BROTZKI, TREASURER**





# Dave Yost • Auditor of State

Board of Education  
Maumee City School District  
716 Askin Street  
Maumee, Ohio 43537

We have reviewed the *Independent Accountants' Report* of the Maumee City School District, Lucas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 20, 2012

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**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Accountants' Report

Maumee City School District  
716 Askin Street  
Maumee, OH 43537

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Maumee City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Maumee City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District, as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the fiscal year ended June 30, 2011, the Maumee City School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Also disclosed in Note 3, the Maumee City School District restated its net assets due to a change in estimate of the useful life of land improvements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the Maumee City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Maumee City School District's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* provides additional analysis and is not a required part of the basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.  
November 30, 2011

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The management's discussion and analysis of the Maumee City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased \$824,319 which represents an 8.62% increase from restated 2010 net assets.
- General revenues accounted for \$30,593,847 in revenue or 86.61% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,731,763 or 13.39% of all revenues.
- The District had \$34,501,291 in expenses related to governmental activities; \$4,731,763 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$28,505,130 in revenues and other financing sources and \$27,519,354 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance increased \$992,244 from a restated deficit of \$1,395,077 to a deficit of \$402,833.
- The debt service fund had \$2,516,356 in revenues and \$2,654,164 in expenditures. During fiscal year 2011, the debt service fund's fund balance decreased \$137,808 from \$1,167,810 to \$1,030,002.

**Using these Basic Financial Statements**

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

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

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net assets and statement of activities can be found on pages 14-15 of this report.

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

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and debt service fund.

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-20 of this report.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

The District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-52 of this report.

**The District as a Whole**

Recall that the statement of net assets provides the perspective of the District as a whole. A comparative analysis has been provided.

2010 net assets have been restated. See Note 3.D. for detail. The table below provides a summary of the District's net assets for 2011 and 2010.

	<b>Net Assets</b>	
	Governmental Activities <u>2011</u>	Restated Governmental Activities <u>2010</u>
<b>Assets:</b>		
Current and other assets	\$ 25,719,019	\$ 25,193,398
Capital assets, net	<u>44,413,876</u>	<u>45,942,969</u>
Total assets	<u>70,132,895</u>	<u>71,136,367</u>
<b>Liabilities:</b>		
Current liabilities	22,018,810	22,874,701
Long-term liabilities	<u>37,725,443</u>	<u>38,697,343</u>
Total liabilities	<u>59,744,253</u>	<u>61,572,044</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	9,286,772	9,820,701
Restricted	1,940,062	2,355,194
Unrestricted (deficit)	<u>(838,192)</u>	<u>(2,611,572)</u>
Total net assets	<u>\$ 10,388,642</u>	<u>\$ 9,564,323</u>

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

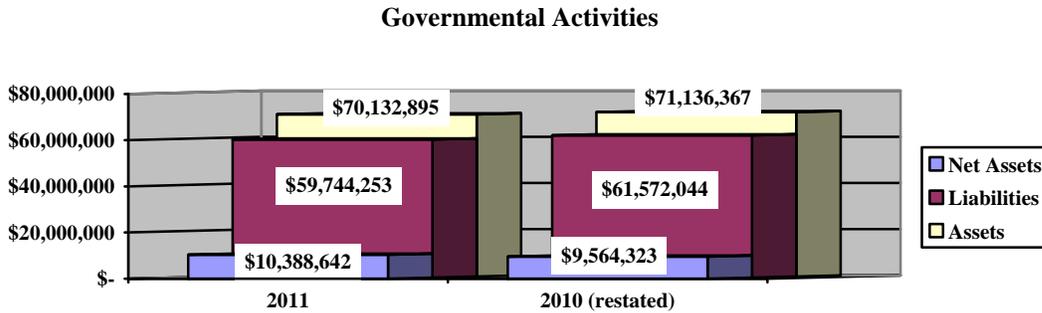
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$10,388,642; of this total, \$1,940,062 is restricted in use.

At year-end, capital assets represented 63.33% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$9,286,772. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,940,062, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$1,014,532 is restricted for debt service.

The table below provides a summary of the District's assets, liabilities and net assets for 2011 and 2010.



The table below shows the change in net assets for fiscal years 2011 and 2010.

**Change in Net Assets**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services and sales	\$ 1,639,213	\$ 1,630,168
Operating grants and contributions	3,092,550	2,870,848
General revenues:		
Property taxes	19,917,294	18,729,500
Grants and entitlements	10,618,302	10,661,119
Investment earnings	22,954	19,258
Other	<u>35,297</u>	<u>52,184</u>
Total revenues	<u>35,325,610</u>	<u>33,963,077</u>

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Change in Net Assets (Continued)**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<b>Expenses:</b>		
Program expenses:		
Instruction:		
Regular	\$ 15,768,161	\$ 14,878,649
Special	2,934,308	4,032,413
Vocational	243,679	326,691
Adult/continuing	7,699	6,575
Other	800,478	734,196
Support services:		
Pupil	1,225,687	1,299,481
Instructional staff	820,478	1,058,046
Board of education	28,783	39,302
Administration	2,513,047	2,404,426
Fiscal	790,458	747,764
Business	217,889	205,272
Operations and maintenance	3,253,941	3,269,460
Pupil transportation	1,074,037	1,017,411
Central	327,775	215,054
Operation of non-instructional services:		
Food service operations	1,051,619	1,024,177
Other non-instructional services	545,327	449,982
Extracurricular activities	1,250,946	1,363,461
Interest and fiscal charges	<u>1,646,979</u>	<u>1,673,165</u>
Total	<u>34,501,291</u>	<u>34,745,525</u>
Change in net assets	824,319	(782,448)
Net assets at beginning of year (restated)	<u>9,564,323</u>	<u>10,346,771</u>
Net assets at end of year	<u>\$ 10,388,642</u>	<u>\$ 9,564,323</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$824,319. Total governmental expenses of \$34,501,291 were offset by program revenues of \$4,731,763 and general revenues of \$30,593,847. Program revenues supported 13.71% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 86.44% of total governmental revenue. Real estate property is reappraised every six years.

Voters approved a \$42,000,000 bond levy in May 2003. This levy, which generates approximately \$2,552,878 per year for 28 years, is expected to provide revenue for debt service through fiscal year 2031.

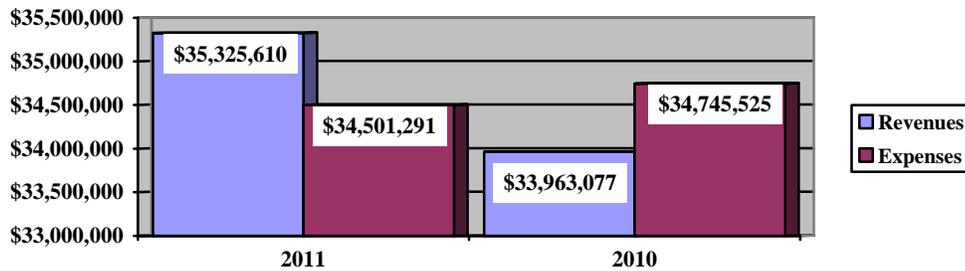
**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The District's financial condition had remained strong throughout the years, primarily due to the Arrowhead Industrial Park, a business community predominately located within the boundaries of the District. Unfortunately, with the passage of HB 66 the tangible personal property tax is being phased out over time. The District is reimbursed for this lost tangible personal property tax revenue by the State, but these reimbursements are to be phased out more quickly than originally planned as outlined in the recently passed State budget bill, HB 153. These reimbursements totaled approximately \$4,250,000 during fiscal year 2011. The District will need to replace this significant revenue source sooner than expected. Also, the District is projecting no additional State funding in future years due to the economic downturn of the past several years. Property tax revenue increased approximately \$1,188,000 over fiscal year 2010. This was due to the 3.9 mill operating levy passed in May 2009. Fiscal year 2011 was the first full fiscal year of collections on this levy.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2011 and 2010.

**Governmental Activities - Revenues and Expenses**



**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

<b>Governmental Activities</b>				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
<b>Program expenses:</b>				
Instruction:				
Regular	\$ 15,768,161	\$ 14,674,979	\$ 14,878,649	\$ 14,427,762
Special	2,934,308	2,089,994	4,032,413	2,729,832
Vocational	243,679	228,596	326,691	311,720
Adult/continuing	7,699	4,459	6,575	5,375
Other	800,478	454,838	734,196	456,925
Support services:				
Pupil	1,225,687	1,197,332	1,299,481	1,292,691
Instructional staff	820,478	556,972	1,058,046	740,627
Board of education	28,783	28,783	39,302	39,302
Administration	2,513,047	2,513,047	2,404,426	2,400,541
Fiscal	790,458	785,458	747,764	742,764
Business	217,889	509	205,272	59,449
Operations and maintenance	3,253,941	3,186,710	3,269,460	3,209,122
Pupil transportation	1,074,037	1,027,151	1,017,411	963,244
Central	327,775	191,459	215,054	158,569
Operation of non-instructional services:				
Food service operations	1,051,619	136,119	1,024,177	109,712
Other non-instructional services	545,327	91,853	449,982	(64,614)
Extracurricular activities	1,250,946	954,290	1,363,461	988,323
Interest and fiscal charges	<u>1,646,979</u>	<u>1,646,979</u>	<u>1,673,165</u>	<u>1,673,165</u>
<b>Total</b>	<u>\$ 34,501,291</u>	<u>\$ 29,769,528</u>	<u>\$ 34,745,525</u>	<u>\$ 30,244,509</u>

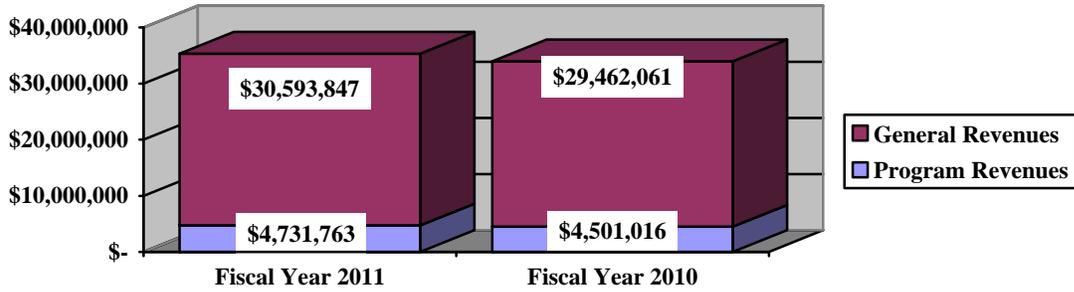
The dependence upon tax and other general revenues for governmental activities is apparent, 88.35% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.29%. The District's taxpayers, as a whole, are the primary support for District students.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$1,451,440, which is greater than last year's total of \$414,326. Fund balances at June 30, 2011 have been restated as described in Note 3.B. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance (Deficit) <u>June 30, 2011</u>	Restated Fund Balance (Deficit) <u>June 30, 2010</u>	Increase (Decrease)
General	\$ (402,833)	\$ (1,395,077)	\$ 992,244
Debt service	1,030,002	1,167,810	(137,808)
Other governmental	<u>824,271</u>	<u>641,593</u>	<u>182,678</u>
Total	<u>\$ 1,451,440</u>	<u>\$ 414,326</u>	<u>\$ 1,037,114</u>

**General Fund**

During fiscal year 2011, the District's general fund balance increased \$992,244, which is primarily due to increased revenues compared to 2010.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The table that follows assists in illustrating the financial activities of the general fund.

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Percentage <u>Change</u>
<b>Revenues:</b>			
Taxes	\$ 17,439,451	\$ 16,384,204	6.44 %
Tuition	395,629	407,826	(2.99) %
Earnings on investments	19,803	22,053	(10.20) %
Intergovernmental	10,111,934	10,150,500	(0.38) %
Other revenues	<u>538,077</u>	<u>530,928</u>	1.35 %
Total	<u>\$ 28,504,894</u>	<u>\$ 27,495,511</u>	3.67 %
<b>Expenditures:</b>			
Instruction	\$ 17,359,795	\$ 17,575,222	(1.23) %
Support services	9,453,122	9,238,352	2.32 %
Other non-instructional services	36,498	43,395	(15.89) %
Extracurricular activities	<u>649,939</u>	<u>763,500</u>	(14.87) %
Total	<u>\$ 27,499,354</u>	<u>\$ 27,620,469</u>	(0.44) %

Tax revenue increased 6.44% when compared to the prior fiscal year. This is due to the District receiving a full year of collections of taxes from the 3.9 mill levy passed in May 2009. The decrease in earnings on investments is due to lower interest rates when compared to the prior fiscal year.

The District was able to decrease expenditures by 0.44% when compared to the prior fiscal year. The most significant decrease was in the extracurricular category, which decreased approximately \$114,000.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2011, the District did not amend its general fund budgeted revenue. For the general fund, original budgeted revenues and other financing sources of \$28,001,647 were unchanged in the final budget. Actual revenues and other financing sources for fiscal year 2011 were \$27,861,809 which was \$139,838 less than the final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$27,489,162 were decreased \$435,507 to \$27,053,655 in the final budget. The actual budget basis expenditures and other financing uses (including advances out not required to be budgeted for \$49,804) for fiscal year 2011 totaled \$27,082,182, which was \$28,527 greater than the final budget appropriations.

***Debt Service Fund***

During fiscal year 2011, the District's debt service fund balance decreased \$137,808. The debt service fund had \$2,516,356 in revenues and \$2,654,164 in expenditures. The fund balance of the debt service fund decreased from \$1,167,810 to \$1,030,002.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2011, the District had \$44,413,876 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. 2010 capital assets have been restated. See Note 3.D. for detail. The following table shows fiscal year 2011 balances compared to 2010:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>Restated 2010</u>
Land	\$ 1,009,875	\$ 1,009,875
Land improvements	637,963	672,204
Buildings and improvements	41,707,776	43,092,230
Furniture and equipment	379,613	403,125
Vehicles	<u>678,649</u>	<u>765,535</u>
<b>Total</b>	<b><u>\$ 44,413,876</u></b>	<b><u>\$ 45,942,969</u></b>

Total additions to capital assets for 2011 were \$435,370. The overall decrease in capital assets of \$1,529,093 is primarily due to depreciation expense of \$1,952,442 exceeding the capital outlays for fiscal year 2011 and disposal of \$12,021 (net of accumulated depreciation).

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

***Debt Administration***

At June 30, 2011, the District had \$34,205,000 in general obligation bonds outstanding. Of this total, \$975,000 is due within one year and \$33,230,000 is due in greater than one year. The following table summarizes the bonds outstanding.

	<b>Outstanding Debt, at Year End</b>	
	Governmental	Governmental
	Activities	Activities
	<u>2011</u>	<u>2010</u>
<b>General obligation debt:</b>		
General obligation bonds	<u>\$ 34,205,000</u>	<u>\$ 35,155,000</u>
<b>Total</b>	<b><u>\$ 34,205,000</u></b>	<b><u>\$ 35,155,000</u></b>

At June 30, 2011, the District's overall legal debt margin was \$8,605,287 with an unvoted debt margin of \$464,225. See Note 9 to the basic financial statements for additional information on the District's debt administration.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Current Related Financial Activities**

Traditionally the District has had a strong financial base and a somewhat stable revenue source. As the preceding information shows, the District relies heavily on property taxes and the State Foundation Program. The District recently passed a 3.9 mill levy in May 2009, but that still does not shield it from the economic downturn on both the national and State level. The effects are being felt in job loss, layoffs and reduced income. Other factors affecting the District are the requirements of the No Child Left Behind Act, the new State Budget reflected in HB 153, and recently enacted or proposed legislation.

Considering the external economic challenges, the District's financial outlook is not as solid as many believe. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. In spite of the projected monetary shortfall, the District continues to perform at one of the highest levels determined by the State of Ohio. Our most recent report card gives the District an "Excellent" rating and shows the District's students achieving in 26 of 26 measurement indicators.

The District communicates to its community that it relies upon their support for the major part of its operations, and will continue to diligently control expenses in an effort to stay within the District's five year financial plan. State law retards the growth of income generated by local levies rendering revenue relatively constant. This lack of revenue growth forces the District to go to the voters periodically to ask for additional financial support.

A challenge facing the District is the future of State funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable". Subsequent decisions by the Supreme Court have upheld this earlier decision. Since 1997, the State has directed its tax revenue growth toward school districts with little property wealth. Recently, the Governor proposed a new method of school funding that was approved by the legislature after some modifications and much consternation. Since the new funding formula is not funded fully, the District will receive a 3% reduction in State funding over the next biennium. The ramifications of the new formula have not been felt because the intended personnel requirements are not being enforced as of yet.

As a result, all of the District's abilities will be called upon to meet the challenges the future might bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the students' needs and the State's requirements over the next several years.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Paul Brotzki, Treasurer, Maumee City School District, 716 Askin Street, Maumee, Ohio 43537.

**BASIC  
FINANCIAL STATEMENTS**

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 4,615,871
Receivables:	
Taxes . . . . .	20,300,139
Accounts . . . . .	10,968
Intergovernmental . . . . .	279,596
Accrued interest . . . . .	7,508
Materials and supplies inventory . . . . .	33,754
Unamortized bond issuance costs . . . . .	471,183
Capital assets:	
Land . . . . .	1,009,875
Depreciable capital assets, net . . . . .	43,404,001
Capital assets, net . . . . .	<u>44,413,876</u>
 Total assets . . . . .	 <u>70,132,895</u>
<b>Liabilities:</b>	
Accounts payable . . . . .	82,783
Accrued wages and benefits . . . . .	3,273,495
Pension obligation payable . . . . .	690,669
Intergovernmental payable . . . . .	172,484
Accrued interest payable . . . . .	138,099
Unearned revenue . . . . .	17,661,280
Long-term liabilities:	
Due within one year . . . . .	1,351,185
Due in more than one year . . . . .	36,374,258
Total long-term liabilities . . . . .	<u>37,725,443</u>
 Total liabilities . . . . .	 <u>59,744,253</u>
<b>Net assets:</b>	
Invested in capital assets, net	
of related debt . . . . .	9,286,772
Restricted for:	
Capital projects . . . . .	314,958
Debt service . . . . .	1,014,532
Locally funded programs . . . . .	116,524
State funded programs . . . . .	19,769
Federally funded programs . . . . .	199,786
Student activities . . . . .	128,920
Other purposes . . . . .	145,573
Unrestricted (deficit) . . . . .	<u>(838,192)</u>
 Total net assets . . . . .	 <u>\$ 10,388,642</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 15,768,161	\$ 444,403	\$ 648,779	\$ (14,674,979)
Special . . . . .	2,934,308	119,169	725,145	(2,089,994)
Vocational . . . . .	243,679	-	15,083	(228,596)
Adult/continuing. . . . .	7,699	3,240	-	(4,459)
Other . . . . .	800,478	-	345,640	(454,838)
Support services:				
Pupil. . . . .	1,225,687	-	28,355	(1,197,332)
Instructional staff . . . . .	820,478	553	262,953	(556,972)
Board of education . . . . .	28,783	-	-	(28,783)
Administration. . . . .	2,513,047	-	-	(2,513,047)
Fiscal. . . . .	790,458	-	5,000	(785,458)
Business. . . . .	217,889	217,380	-	(509)
Operations and maintenance . . . . .	3,253,941	67,231	-	(3,186,710)
Pupil transportation. . . . .	1,074,037	-	46,886	(1,027,151)
Central . . . . .	327,775	-	136,316	(191,459)
Operation of non-instructional services:				
Food service operations . . . . .	1,051,619	471,091	444,409	(136,119)
Other non-instructional services . . . . .	545,327	34,966	418,508	(91,853)
Extracurricular activities. . . . .	1,250,946	281,180	15,476	(954,290)
Interest and fiscal charges . . . . .	1,646,979	-	-	(1,646,979)
Total governmental activities . . . . .	<u>\$ 34,501,291</u>	<u>\$ 1,639,213</u>	<u>\$ 3,092,550</u>	<u>(29,769,528)</u>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	17,523,910
Debt service. . . . .	2,081,274
Capital outlay. . . . .	312,110
Grants and entitlements not restricted to specific programs . . . . .	10,618,302
Investment earnings . . . . .	22,954
Miscellaneous . . . . .	35,297
Total general revenues . . . . .	<u>30,593,847</u>
Change in net assets . . . . .	824,319
<b>Net assets at beginning of year (restated) . . . . .</b>	<u>9,564,323</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 10,388,642</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 2,830,781	\$ 907,253	\$ 877,837	\$ 4,615,871
Receivables:				
Taxes . . . . .	17,900,103	2,090,031	310,005	20,300,139
Accounts . . . . .	7,313	-	3,655	10,968
Intergovernmental . . . . .	30,374	-	249,222	279,596
Accrued interest . . . . .	7,508	-	-	7,508
Interfund loans . . . . .	49,804	-	-	49,804
Materials and supplies inventory . . . . .	21,797	-	11,957	33,754
Total assets . . . . .	<u>\$ 20,847,680</u>	<u>\$ 2,997,284</u>	<u>\$ 1,452,676</u>	<u>\$ 25,297,640</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 56,527	\$ -	\$ 26,256	\$ 82,783
Accrued wages and benefits . . . . .	3,211,363	-	62,132	3,273,495
Compensated absences payable . . . . .	303,574	-	-	303,574
Pension obligation payable . . . . .	642,625	-	48,044	690,669
Interfund loans payable . . . . .	-	-	49,804	49,804
Intergovernmental payable . . . . .	159,768	-	12,716	172,484
Deferred revenue . . . . .	1,333,227	122,629	156,255	1,612,111
Unearned revenue . . . . .	15,543,429	1,844,653	273,198	17,661,280
Total liabilities . . . . .	<u>21,250,513</u>	<u>1,967,282</u>	<u>628,405</u>	<u>23,846,200</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	21,797	-	11,957	33,754
Restricted:				
Debt service . . . . .	-	1,030,002	-	1,030,002
Capital improvements . . . . .	-	-	296,563	296,563
Food service operations . . . . .	-	-	187,223	187,223
Non-public schools . . . . .	-	-	3,912	3,912
Targeted academic assistance . . . . .	-	-	17,584	17,584
Extracurricular . . . . .	-	-	128,920	128,920
Other purposes . . . . .	-	-	213,834	213,834
Committed:				
Student instruction . . . . .	3,383	-	-	3,383
Underground storage tank . . . . .	11,000	-	-	11,000
Assigned:				
Student instruction . . . . .	9,201	-	-	9,201
Student and staff support . . . . .	264,879	-	-	264,879
Performing arts center . . . . .	19,205	-	-	19,205
Adult education . . . . .	32,430	-	-	32,430
Other purposes . . . . .	23,156	-	-	23,156
Unassigned (deficit) . . . . .	<u>(787,884)</u>	<u>-</u>	<u>(35,722)</u>	<u>(823,606)</u>
Total fund balances (deficit) . . . . .	<u>(402,833)</u>	<u>1,030,002</u>	<u>824,271</u>	<u>1,451,440</u>
Total liabilities and fund balances . . . . .	<u>\$ 20,847,680</u>	<u>\$ 2,997,284</u>	<u>\$ 1,452,676</u>	<u>\$ 25,297,640</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2011

<b>Total governmental fund balances</b>		\$ 1,451,440
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		44,413,876
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 1,441,898	
Accounts receivable	30,374	
Intergovernmental receivable	137,860	
Accrued interest receivable	1,979	
Total	1,612,111	1,612,111
Unamortized premiums on bond issuances are not recognized in the funds.		(922,104)
Unamortized bond issuance costs are not recognized in the funds.		471,183
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(138,099)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	34,205,000	
Compensated absences	2,294,765	
Total	36,499,765	(36,499,765)
<b>Net assets of governmental activities</b>		<b>\$ 10,388,642</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 17,439,451	\$ 2,072,289	\$ 310,762	\$ 19,822,502
Tuition. . . . .	395,629	-	-	395,629
Earnings on investments . . . . .	19,803	2,844	3,047	25,694
Charges for services . . . . .	-	-	437,194	437,194
Extracurricular. . . . .	1,864	-	167,536	169,400
Classroom materials and fees . . . . .	186,879	-	-	186,879
Other local revenues . . . . .	349,334	-	229,167	578,501
Intergovernmental - state . . . . .	10,111,934	441,223	557,348	11,110,505
Intergovernmental - federal . . . . .	-	-	2,391,599	2,391,599
Total revenues . . . . .	<u>28,504,894</u>	<u>2,516,356</u>	<u>4,096,653</u>	<u>35,117,903</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	14,410,112	-	458,756	14,868,868
Special . . . . .	2,138,724	-	652,224	2,790,948
Vocational . . . . .	271,283	-	-	271,283
Adult/continuing . . . . .	7,699	-	-	7,699
Other . . . . .	531,977	-	268,501	800,478
Support services:				
Pupil . . . . .	1,168,310	-	13,092	1,181,402
Instructional staff . . . . .	603,737	-	232,143	835,880
Board of education . . . . .	28,783	-	-	28,783
Administration . . . . .	2,352,110	-	1,404	2,353,514
Fiscal . . . . .	725,535	32,724	22,994	781,253
Business. . . . .	216,411	-	-	216,411
Operations and maintenance . . . . .	3,137,383	-	17,652	3,155,035
Pupil transportation . . . . .	981,167	-	1,855	983,022
Central . . . . .	239,686	-	88,089	327,775
Operation of non-instructional services:				
Food service operations. . . . .	-	-	902,532	902,532
Other non-instructional services . . . . .	36,498	-	506,229	542,727
Extracurricular activities . . . . .	649,939	-	319,548	969,487
Facilities acquisition and construction. . . . .	-	-	456,961	456,961
Debt service:				
Principal retirement. . . . .	-	950,000	-	950,000
Interest and fiscal charges . . . . .	-	1,671,440	-	1,671,440
Total expenditures . . . . .	<u>27,499,354</u>	<u>2,654,164</u>	<u>3,941,980</u>	<u>34,095,498</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>1,005,540</u>	<u>(137,808)</u>	<u>154,673</u>	<u>1,022,405</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	236	-	-	236
Transfers in. . . . .	-	-	20,000	20,000
Transfers (out) . . . . .	(20,000)	-	-	(20,000)
Total other financing sources (uses) . . . . .	<u>(19,764)</u>	<u>-</u>	<u>20,000</u>	<u>236</u>
Net change in fund balances . . . . .	985,776	(137,808)	174,673	1,022,641
<b>Fund balances (deficit) at beginning of year (restated). . . . .</b>				
	(1,395,077)	1,167,810	641,593	414,326
<b>Increase in reserve for inventory . . . . .</b>	6,468	-	8,005	14,473
<b>Fund balances (deficit) at end of year. . . . .</b>	<u>\$ (402,833)</u>	<u>\$ 1,030,002</u>	<u>\$ 824,271</u>	<u>\$ 1,451,440</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Net change in fund balances - total governmental funds** \$ 1,022,641

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$	435,370	
Current year depreciation		(1,952,442)	
<b>Total</b>		<b>(1,517,072)</b>	<b>(1,517,072)</b>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.

(12,021)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.

14,473

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

Taxes		94,792	
Earnings on investments		307	
Other local revenues		24,935	
Intergovernmental		118,047	
<b>Total</b>		<b>238,081</b>	<b>238,081</b>

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

950,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:

Decrease in accrued interest payable		2,375	
Amortization of bond issuance costs		(23,078)	
Amortization of bond premiums		45,164	
<b>Total</b>		<b>24,461</b>	<b>24,461</b>

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

103,756

**Change in net assets of governmental activities** **\$ 824,319**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 17,065,847	\$ 17,065,847	\$ 17,151,943	\$ 86,096
Tuition. . . . .	350,000	350,000	392,389	42,389
Earnings on investments . . . . .	15,500	15,500	19,788	4,288
Classroom materials and fees . . . . .	60,500	60,500	62,710	2,210
Other local revenues . . . . .	144,000	144,000	124,163	(19,837)
Intergovernmental - state . . . . .	10,350,800	10,350,800	10,103,284	(247,516)
Total revenues . . . . .	<u>27,986,647</u>	<u>27,986,647</u>	<u>27,854,277</u>	<u>(132,370)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	14,201,931	13,976,931	13,966,576	10,355
Special. . . . .	2,209,273	2,174,272	2,171,978	2,294
Vocational. . . . .	294,547	289,881	289,707	174
Other. . . . .	540,666	532,100	531,977	123
Support services:				
Pupil. . . . .	1,200,540	1,181,520	1,180,692	828
Instructional staff . . . . .	585,984	576,700	575,066	1,634
Board of education . . . . .	32,934	32,412	31,170	1,242
Administration. . . . .	2,419,795	2,381,459	2,376,240	5,219
Fiscal . . . . .	730,042	718,476	715,622	2,854
Business . . . . .	42,016	41,350	41,447	(97)
Operations and maintenance. . . . .	3,204,434	3,153,667	3,162,376	(8,709)
Pupil transportation . . . . .	1,014,612	998,538	995,771	2,767
Central. . . . .	244,484	240,611	239,978	633
Operation of non-instructional services:				
Other non-instructional services . . . . .	2,162	2,128	2,080	48
Extracurricular activities. . . . .	685,470	674,610	672,698	1,912
Total expenditures . . . . .	<u>27,408,890</u>	<u>26,974,655</u>	<u>26,953,378</u>	<u>21,277</u>
Excess of revenues over expenditures. . . . .	<u>577,757</u>	<u>1,011,992</u>	<u>900,899</u>	<u>(111,093)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	15,000	15,000	67	(14,933)
Transfers (out). . . . .	(80,272)	(79,000)	(79,000)	-
Advances in. . . . .	-	-	7,229	7,229
Advances (out) . . . . .	-	-	(49,804)	(49,804)
Sale of capital assets . . . . .	-	-	236	236
Total other financing sources (uses) . . . . .	<u>(65,272)</u>	<u>(64,000)</u>	<u>(121,272)</u>	<u>(57,272)</u>
Net change in fund balance . . . . .	512,485	947,992	779,627	(168,365)
<b>Fund balance at</b>				
beginning of year (restated). . . . .	1,548,304	1,548,304	1,548,304	-
Prior year encumbrances appropriated . . . . .	101,729	101,729	101,729	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,162,518</u>	<u>\$ 2,598,025</u>	<u>\$ 2,429,660</u>	<u>\$ (168,365)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2011

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 90,727	\$ 35,154
Total assets. . . . .	90,727	\$ 35,154
<b>Liabilities:</b>		
Accounts payable. . . . .	5,857	\$ 2,648
Due to students. . . . .	-	32,506
Total liabilities . . . . .	5,857	\$ 35,154
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	84,870	
Total net assets . . . . .	\$ 84,870	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 934
Gifts and contributions. . . . .	20,185
Total additions. . . . .	21,119
<b>Deductions:</b>	
Scholarships awarded . . . . .	41,714
Change in net assets. . . . .	(20,595)
<b>Net assets at beginning of year . . . . .</b>	<b>105,465</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 84,870</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Maumee City School District (the "District") is located in central Lucas County in northwest Ohio, encompassing most of the City of Maumee and parts of the City of Toledo.

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 ranks as the 172nd largest by enrollment among the 918 public and community school districts in the State. It currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 16 administrators, 130 non-certified and 195 certified full-time and part-time employees to provide services to approximately 2,688 students in grades K through 12 and various community groups.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, 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 have access to the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a computer consortium. NWOCA is an association of education entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood counties in northwestern Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during this fiscal year were \$121,349. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

Penta Career Center

The Penta Career Center (the "Center") is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. The District did not make any payments to the Center during fiscal year 2011. Financial information can be obtained from the Penta County Career Center, Carrie Herringshaw, who serves as Treasurer, at 9301 Buck Road, Perrysburg, Ohio 43551.

Bay Area Council

The Bay Area Council was established in 1986 to carry out a cooperative program for the purchase of natural gas among boards of education located in Erie, Huron, Lucas, Ottawa, Sandusky, Seneca, and Wood Counties. The Bay Area Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member Boards of Education. The Bay Area Council is governed by a Board of Directors. This Board is elected by an assembly consisting of a representative from each participating school district. Financial information can be obtained from the North Point Education Service Center, which serves as fiscal agent, 2902 Columbus Avenue, Sandusky, Ohio 44870.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*PUBLIC ENTITY RISK POOL*

Northwest Ohio Educational Council Self-Insurance Pool Program (NWOEC Program)

The District participates in the Northwest Ohio Educational Council Self-Insurance Pool Program (NWOEC Program) which is an insurance purchasing pool. The NWOEC Program is created and organized pursuant to and as authorized by 2744.081 of the Ohio Revised Code. The NWOEC Program is a non-profit organization to its members and an instrumentality for each member the purpose of enabling members of the NWOEC to provide for a formalized, joint insurance program to maintain adequate insurance protection, risk management programs, and other administrative services. The NWOEC Program's business and affairs are conducted by a nine member Insurance Committee created by the Governing Board of the NWOEC.

The NWOEC Program has an agreement with Marsh USA for administrative services and Cambridge Integrated Services, Inc. for claims processing. To obtain financial information write to Frank McKain, Marsh USA, One Seagate Center, Suite 1860, Toledo, Ohio 43604.

Maumee City School District acts as the fiscal agent for the NWOEC Program, but the NWOEC Program's financial statements are reported separately from those of Maumee City School District. Separately issued financial statements for the NWOEC Program can be obtained by writing to Paul Brotzki, Treasurer, 716 Askin Street, Maumee, Ohio 43537.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

*GOVERNMENTAL FUNDS*

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*FIDUCIARY FUNDS*

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

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

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

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

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

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

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

The private purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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

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

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

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2011 are recorded as deferred revenue in the governmental funds.

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

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

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

**E. 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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at the fund level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for rate determination. The Lucas County Budget Commission waived the tax budget filing requirement for fiscal year 2011.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. 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 statements reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the fund level which is the legal level of control. Any revisions that alter appropriations at the fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**F. Cash and Investments**

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

During fiscal year 2011, investments were limited to federal agency securities, a U.S. Government money market fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The District has invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$19,803, which includes \$7,386 assigned from other funds.

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

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

**G. Inventory**

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

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

**H. Capital Assets**

General capital assets are those related to government activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000 for its general capital assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	50 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 20 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net assets.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any employee with twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, is paid in a timely manner and, in full from current financial resources is reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes primarily consists of amounts restricted for food service operations.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Estimates**

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

**O. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

**P. Parochial Schools**

Within the District boundaries, St. Joseph's School and St. Patrick School are operated by the Toledo Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these State monies by the District are reflected as special revenue funds for financial reporting purposes.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**Q. Unamortized Bond Issuance Costs and Bond Premium**

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

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 9.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any special or extraordinary items during fiscal year 2011.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance (deficit) as previously reported	\$ (1,639,047)	\$ 1,167,810	\$ 885,563	\$ 414,326
Fund reclassifications:				
Special trust fund	3,472	-	(3,472)	-
Uniform school supplies fund	5,405	-	(5,405)	-
Adult education fund	36,889	-	(36,889)	-
Public school support fund	147,005	-	(147,005)	-
Special enterprise fund	22,487	-	(22,487)	-
Special levy fund	17,712	-	(17,712)	-
Underground storage tank fund	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>	<u>-</u>
Total fund reclassifications	<u>243,970</u>	<u>-</u>	<u>(243,970)</u>	<u>-</u>
Restated fund balance (deficit) at July 1, 2010	<u>\$ (1,395,077)</u>	<u>\$ 1,167,810</u>	<u>\$ 641,593</u>	<u>\$ 414,326</u>

The fund reclassifications did not have an effect on net assets as previously reported.

**C. Budgetary Prior Period Adjustment**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

**Budgetary Basis**

	<u>General Fund</u>
Balance at June 30, 2010	\$ 1,551,373
Funds budgeted elsewhere	<u>(3,069)</u>
Restated balance at July 1, 2010	<u>\$ 1,548,304</u>

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**D. Restatement of Net Assets**

The District's net assets have been restated due to a change in the estimate of the useful life for the land improvement capital asset category. The change in the District's capital assets had the following effect on net assets as previously reported by the governmental activities:

	Governmental Activities
Net assets, June 30, 2010	\$ 8,998,086
Adjustment for land improvement accumulated depreciation	566,237
Restated net assets, June 30, 2010	\$ 9,564,323

See Note 8 for the effect of the change on capital assets balances as previously reported by the District at June 30, 2010.

**E. Deficit Fund Balances**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Major governmental fund:</u>	<u>Deficit</u>
General	\$ 402,833
 <u>Nonmajor governmental funds:</u>	
Education jobs	27,644
Title VI-B	2,925
Class size reduction	5,153

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

**MAUMEE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

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

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

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$9,090 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

**B. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$1,522,371. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2011, \$1,252,019 of the District’s bank balance of \$1,587,818 was exposed to custodial risk as discussed below, while \$335,799 was covered by the FDIC.

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

**C. Investments**

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 1,504,420	\$ -	\$ -	\$ -	\$ -	\$ 1,504,420
FNMA	601,536	-	-	-	251,428	350,108
U.S. Government money market fund	583,156	583,156	-	-	-	-
STAR Ohio	521,179	521,179	-	-	-	-
<b>Total</b>	<b>\$ 3,210,291</b>	<b>\$ 1,104,335</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 251,428</b>	<b>\$ 1,854,528</b>

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

The weighted average maturity of investments is 1.82 years.

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

*Credit Risk:* STAR Ohio and the U.S. Government money market fund carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 1,504,420	46.86
FNMA	601,536	18.74
U.S. Government money market fund	583,156	18.17
STAR Ohio	<u>521,179</u>	<u>16.23</u>
Total	<u>\$ 3,210,291</u>	<u>100.00</u>

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,522,371
Investments	3,210,291
Cash on hand	<u>9,090</u>
 Total	 <u>\$ 4,741,752</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,615,871
Private-purpose trust funds	90,727
Agency fund	<u>35,154</u>
 Total	 <u>\$ 4,741,752</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 49,804</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	<u>Amount</u>
General fund	<u>\$ 20,000</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**MAUMEE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. No interfund transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Lucas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$1,055,800 in the general fund, \$122,749 in the debt service fund and \$18,412 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$768,292 in the general fund, \$91,725 in the debt service fund and \$13,759 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 456,496,410	98.32	\$ 456,530,830	98.35
Public utility personal	7,313,850	1.58	7,694,560	1.65
Tangible personal property	<u>482,315</u>	<u>0.10</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 464,292,575</u>	<u>100.00</u>	<u>\$ 464,225,390</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 82.65		\$ 82.65	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the items of receivables reported on the statement of net assets follows:

<b>Governmental activities:</b>	
Taxes	\$ 20,300,139
Accounts	10,968
Intergovernmental	279,596
Accrued interest	<u>7,508</u>
Total	<u>\$ 20,598,211</u>

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

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - CAPITAL ASSETS**

A restatement of capital assets at June 30, 2010 was required due to a change in the estimate of the useful life for land improvements. See Note 3.D. for detail. Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Restated Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2011</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,009,875	\$ -	\$ -	\$ 1,009,875
Total capital assets, not being depreciated	<u>1,009,875</u>	<u>-</u>	<u>-</u>	<u>1,009,875</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,744,669	-	-	1,744,669
Buildings and improvements	56,938,546	344,818	-	57,283,364
Furniture and equipment	1,486,771	68,698	(47,041)	1,508,428
Vehicles	<u>2,023,959</u>	<u>21,854</u>	<u>-</u>	<u>2,045,813</u>
Total capital assets, being depreciated	<u>62,193,945</u>	<u>435,370</u>	<u>(47,041)</u>	<u>62,582,274</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,072,465)	(34,241)	-	(1,106,706)
Buildings and improvements	(13,846,316)	(1,729,272)	-	(15,575,588)
Furniture and equipment	(1,083,646)	(80,189)	35,020	(1,128,815)
Vehicles	<u>(1,258,424)</u>	<u>(108,740)</u>	<u>-</u>	<u>(1,367,164)</u>
Total accumulated depreciation	<u>(17,260,851)</u>	<u>(1,952,442)</u>	<u>35,020</u>	<u>(19,178,273)</u>
Governmental activities capital assets, net	<u>\$ 45,942,969</u>	<u>\$ (1,517,072)</u>	<u>\$ (12,021)</u>	<u>\$ 44,413,876</u>

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,033,871
Special	151,008
<u>Support services:</u>	
Pupil	8,118
Instructional staff	98,220
Administration	90,090
Fiscal	6,605
Business	1,478
Operations and maintenance	37,533
Pupil transportation	104,723
<u>Operation of non-instructional services:</u>	
Food service operations	116,737
Other non-instructional services	2,600
Extracurricular	<u>301,459</u>
Total depreciation expense	<u>\$ 1,952,442</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>June 30, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2011</u>	<u>Due in</u>
					<u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 35,155,000	\$ -	\$ (950,000)	\$ 34,205,000	\$ 975,000
Compensated absences	<u>2,575,075</u>	<u>273,511</u>	<u>(250,247)</u>	<u>2,598,339</u>	<u>376,185</u>
Total	<u>\$ 37,730,075</u>	<u>\$ 273,511</u>	<u>\$ (1,200,247)</u>	36,803,339	<u>\$ 1,351,185</u>
Unamortized premium on bonds				<u>922,104</u>	
Total on statement of net assets				<u>\$ 37,725,443</u>	

Compensated absences: Compensated absences will be paid from the fund from which the employee's salaries are paid. For the District, this is primarily the general fund and food service fund, a nonmajor governmental fund.

**MAUMEE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

*General obligation bonds:* During fiscal year 2004, the District issued \$42,000,000 in school facilities construction and improvement general obligation bonds to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to the bonds are recorded as expenditures in the debt service fund.

The bonds were issued on August 1, 2003, and have a scheduled maturity date of December 1, 2031. Interest payments on the general obligation bonds are due on June 1 and December 1 of each year.

The following is a schedule of future debt service requirements for the general obligation bonds:

Fiscal Year Ending	Principal	Interest	Total
2012	\$ 975,000	\$ 1,637,690	\$ 2,612,690
2013	1,015,000	1,597,890	2,612,890
2014	1,055,000	1,551,215	2,606,215
2015	1,110,000	1,497,090	2,607,090
2016	1,165,000	1,440,215	2,605,215
2017 - 2021	6,760,000	6,242,950	13,002,950
2022 - 2026	8,625,000	4,329,575	12,954,575
2027 - 2031	10,985,000	1,923,283	12,908,283
2032	2,515,000	58,445	2,573,445
Total	<u>\$ 34,205,000</u>	<u>\$ 20,278,353</u>	<u>\$ 54,483,353</u>

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$8,605,287 (including available funds of \$1,030,002) and an unvoted debt margin of \$464,225.

**MAUMEE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% coinsured, to a limit of \$62,299,577.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District has liability insurance coverage limits of \$2,000,000 per claim and \$5,000,000 annual aggregate.

The District offers group medical and dental insurance to all employees. Depending upon the plan chosen, the employees share a portion of the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Regardless of the plan utilized by the employees, all group benefit plans are traditionally funded, and the District does not retain any risk of loss.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from 2010.

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

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

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

**MAUMEE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$436,568, \$467,619 and \$316,849, respectively; 60.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

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

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

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

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,986,607, \$2,014,838 and \$1,968,303, respectively; 82.56 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$71,390 made by the District and \$50,993 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Media/Financial Reports*".

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$109,008, \$87,051 and \$218,019, respectively; 60.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$28,094, \$27,808 and \$26,143, respectively; 60.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$152,816, \$154,988 and \$151,408, respectively; 82.56 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 779,627
Net adjustment for revenue accruals	291,839
Net adjustment for expenditure accruals	(285,427)
Net adjustment for other sources/uses	42,508
Funds budgeted elsewhere	23,745
Adjustment for encumbrances	133,484
GAAP basis	\$ 985,776

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, the uniform school supplies fund, the adult education fund, the public school support fund, the safety review fund, the special enterprise fund, the special levy fund and the underground storage tank fund.

**NOTE 14 - SET ASIDES**

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	377,509	377,509
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(285,902)	(665,342)
Excess qualified expenditures from prior years	(2,261,884)	-
Current year offsets	-	-
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	<u>-</u>	<u>-</u>
Total	<u>\$ (2,170,277)</u>	<u>\$ (287,833)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. The District had qualifying disbursements during the fiscal year that reduced the set-aside amount to zero for the capital improvements set-aside.

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is not party to legal proceedings that in the opinion of management, would have a material adverse effect on the financial condition of the District.

**NOTE 16 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 99,244
Other governmental	<u>66,215</u>
Total	<u>\$ 165,459</u>

## **SUPPLEMENTARY DATA**

**MAUMEE CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<i>Child Nutrition Cluster:</i>				
(C)(D) School Breakfast Program	10.553	2011	\$ 54,838	\$ 54,838
(C)(D) National School Lunch Program	10.555	2011	329,614	329,614
(D)(E) National School Lunch Program - Food Donation	10.555	2011	48,851	48,851
<b>Total National School Lunch Program</b>			<u>378,465</u>	<u>378,465</u>
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>			<u>433,303</u>	<u>433,303</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<i>Title I Grant Cluster:</i>				
(F) Title I Grants to Local Educational Agencies	84.010	2010	9,944	9,944
(F) Title I Grants to Local Educational Agencies	84.010	2011	290,080	326,799
<b>Total Title I Grants to Local Educational Agencies</b>			<u>300,024</u>	<u>336,743</u>
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	12,039	12,039
(F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011	54,976	54,976
<b>Total ARRA Title I Grants to Local Educational Agencies, Recovery Act</b>			<u>67,015</u>	<u>67,015</u>
<i>Total Title I Grant Cluster</i>			<u>367,039</u>	<u>403,758</u>
<i>Special Education Grant Cluster:</i>				
(G) Special Education Grants to States	84.027	2010	-	2,923
(G) Special Education Grants to States	84.027	2011	620,993	621,129
<b>Total Special Education Grants to States</b>			<u>620,993</u>	<u>624,052</u>
(G) ARRA - Special Education Grants to States, Recovery Act	84.391	2010	18,424	22,326
(G) ARRA - Special Education Grants to States, Recovery Act	84.391	2011	253,096	262,067
<b>Total ARRA - Special Education Grants to States, Recovery Act</b>			<u>271,520</u>	<u>284,393</u>
<i>Total Special Education Grant Cluster</i>			<u>892,513</u>	<u>908,445</u>
Education Technology State Grants	84.318	2010	1,726	-
Education Technology State Grants	84.318	2011	2,179	2,179
<b>Total Education Technology State Grants</b>			<u>3,905</u>	<u>2,179</u>
Improving Teacher Quality State Grants	84.367	2010	9,869	10,187
Improving Teacher Quality State Grants	84.367	2011	46,801	45,772
<b>Total Improving Teacher Quality State Grants</b>			<u>56,670</u>	<u>55,959</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2011	345,640	268,501
Education Jobs Fund	84.410	2011	82,682	83,180
<b>Total U.S. Department of Education</b>			<u>1,748,449</u>	<u>1,722,022</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,181,752</u>	<u>\$ 2,155,325</u>

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2011.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
- (F) Included as part of "Title I Grant Cluster" in determining major programs.
- (G) Included as part of "Special Education Grant Cluster" in determining major programs.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Maumee City School District  
716 Askin Street  
Maumee, OH 43537

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Maumee City School District's basic financial statements and have issued our report thereon dated November 30, 2011. We noted the Maumee City School District adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and the Maumee City School District restated its nets assets due to a change in estimate of the useful life of land improvements. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Maumee City School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Maumee School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Maumee City School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Maumee City School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Board of Education  
Maumee City School District

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Maumee City School District management in a separate letter dated November 30, 2011.

We intend this report solely for the information and use of the management and Board of Education of the Maumee City School District, federal awarding agencies and pass-through entities, and others within the Maumee City School District. We intend it for no one other than these specified parties.

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

Julian & Grube, Inc.  
November 30, 2011



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Compliance With Requirements Applicable to Each  
Major Federal Program and on Internal Control Over Compliance  
Required by OMB Circular A-133**

Maumee City School District  
716 Askin Street  
Maumee, Ohio 43537

To the Board of Education:

Compliance

We have audited the compliance of the Maumee City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect each of the Maumee City School District's major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Maumee City School District's major federal programs. The Maumee City School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Maumee City School 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Maumee City School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Maumee City School District's compliance with those requirements.

In our opinion, the Maumee City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The Maumee City School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Maumee City School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Maumee City School District's internal control over compliance.

Board of Education  
Maumee City School District

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the management and Board of Education of the Maumee City School District, federal awarding agencies and pass-through entities, and others within the Maumee City School District. We intend it for no one other than these specified parties.

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

Julian & Grube, Inc.  
November 30, 2011

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2011**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Child Nutrition Cluster: School Breakfast Program, CFDA #10.553 and National School Lunch Program, CFDA # 10.555; Special Education Grant Cluster: Special Education_Grants to States, CFDA #84.027 and ARRA-Special Education Grants to States, Recovery Act, CFDA #84.391
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**MAUMEE CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
*OMB CIRCULAR A-133 § .505*  
JUNE 30, 2011**

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



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

Maumee City School District  
Lucas County  
716 Askin Street  
Maumee, Ohio 43537

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 19, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
November 30, 2011



# Dave Yost • Auditor of State

**MAUMEE CITY SCHOOL DISTRICT**

**LUCAS 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  
FEBRUARY 2, 2012**