



Dave Yost • Auditor of State

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Maplewood Local School District, Trumbull County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and No. 65, "Items Previously Reported as Assets and Liabilities." We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Awards Receipts and Expenditures Schedule (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 27, 2014

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Maplewood Local School District Trumbull County, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013 (Unaudited)

The management's discussion and analysis of the Maplewood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities decreased \$121,210 which represents a less than 1 percent decrease from fiscal year 2012.
- General revenues accounted for \$8,595,470 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,277,895 or 13 percent of total revenues of \$10,033,842. The remaining 1 percent is made up of \$160,477 the District received as a signing bonus for leasing out its mineral rights and was reported as a special item on the basic financial statements.
- The District had \$10,155,052 in expenses related to governmental activities; \$1,277,895 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,595,470 and the special item received were not quite adequate to provide for these programs as evidences by the overall decrease in net position of \$121,210.
- The District's major governmental fund is the general fund. The general fund had \$8,602,494 in revenues and \$8,319,741 in expenditures. During fiscal year 2013, the general fund balance increased \$282,753, or 13 percent.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012.

	Net Position	
	Governmental Activities <u>2013</u>	(Restated) Governmental Activities <u>2012</u>
<u>Assets</u>		
Current and other assets	\$ 6,799,320	\$ 6,571,849
Capital assets, net	<u>18,856,852</u>	<u>19,436,286</u>
Total assets	<u>25,656,172</u>	<u>26,008,135</u>
<u>Deferred outflow of resources</u>		
Deferred charge on refunding	<u>63,486</u>	<u>69,581</u>
<u>Liabilities</u>		
Current liabilities	704,370	887,802
Long-term liabilities	<u>2,481,528</u>	<u>2,645,103</u>
Total liabilities	<u>3,185,898</u>	<u>3,532,905</u>
<u>Deferred inflow of resources</u>		
Property Taxes	<u>2,660,215</u>	<u>2,550,056</u>
<u>Net position</u>		
Net investment in capital assets	17,187,424	17,714,215
Restricted	708,421	603,387
Unrestricted	<u>1,977,700</u>	<u>1,677,153</u>
Total net position	<u>\$ 19,873,545</u>	<u>\$ 19,994,755</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's net position was \$19,873,545. Of this total, \$708,421 is restricted in use.

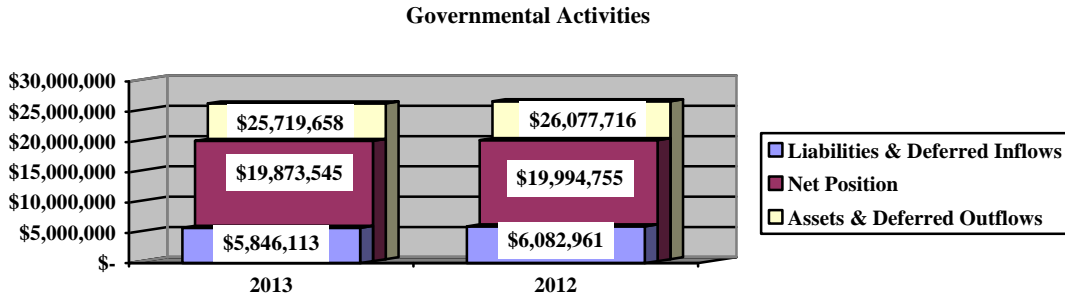
At year-end, capital assets represented 73 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2013, were \$17,187,424. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$708,421 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$1,977,700.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

The graph below shows the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position at June 30, 2013 and 2012:



The table below shows the change in Net Position for fiscal year 2013 and 2012.

	Change in Net Position	
		(Restated)
	Governmental	Governmental
	Activities	Activities
	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 572,469	\$ 561,929
Operating grants and contributions	705,426	660,376
General revenues:		
Property taxes	2,695,054	2,726,851
Grants and entitlements	5,751,033	5,721,945
Investment earnings	(2,401)	12,743
Miscellaneous	<u>151,784</u>	<u>58,732</u>
Total revenues	9,873,365	9,742,576
<u>Special Item</u>		
Gas lease bonus payment	<u>160,477</u>	<u>-</u>
Total revenues plus special item	<u>10,033,842</u>	<u>9,742,576</u>

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	Change in Net Position	
	Governmental	(Restated)
	Activities	Governmental
	<u>2013</u>	<u>2012</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,815,181	\$ 4,962,470
Special	905,636	897,368
Vocational	80,705	87,650
Other	-	1,078
Support services:		
Pupil	423,897	417,861
Instructional staff	135,815	163,101
Board of education	39,376	34,839
Administration	794,352	876,051
Fiscal	343,705	349,238
Business	38,719	54,861
Operations and maintenance	1,140,471	893,237
Pupil transportation	574,012	561,737
Central	70,497	54,892
Operations of non-instructional services:		
Food service operations	384,550	531,791
Other non-instructional services	71,225	-
Extracurricular activities	233,313	249,474
Interest and fiscal charges	<u>103,598</u>	<u>114,395</u>
Total expenses	<u>10,155,052</u>	<u>10,250,043</u>
Change in net position	(121,210)	(507,467)
Net position at beginning of year (restated)	<u>19,994,755</u>	<u>20,502,222</u>
Net position at end of year	<u>\$ 19,873,545</u>	<u>\$ 19,994,755</u>

Governmental Activities

Net position of the District's governmental activities decreased \$121,210. Total governmental expenses of \$10,155,052 were offset by program revenues of \$1,277,895 and general revenues of \$8,595,470. Program revenues supported 13 percent of the total governmental expenses.

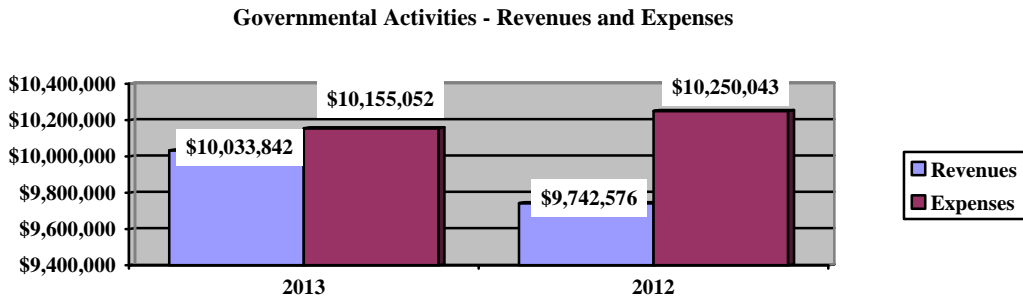
The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 84 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,801,522 or 57 percent of total governmental expenses for fiscal year 2013.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2013 and 2012.



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

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	(Restated) Total Cost of Services 2012	(Restated) Net Cost of Services 2012
Program expenses				
Instruction:				
Regular	\$ 4,815,181	\$ 4,437,268	\$ 4,962,470	\$ 4,719,125
Special	905,636	459,990	897,368	531,143
Vocational	80,705	74,761	87,650	83,186
Other	-	-	1,078	1,078
Support services:				
Pupil	423,897	421,864	417,861	401,483
Instructional staff	135,815	133,856	163,101	155,522
Board of education	39,376	39,376	34,839	33,473
Administration	794,352	794,352	876,051	836,460
Fiscal	343,705	343,055	349,238	334,204
Business	38,719	38,719	54,861	52,711
Operations and maintenance	1,140,471	1,126,371	893,237	861,655
Pupil transportation	574,012	573,235	561,737	540,669
Central	70,497	65,097	54,892	47,339
Operations of non-instructional services:				
Food service operations	384,550	51,807	531,791	117,005
Other non-instructional services	71,225	71,225	-	-
Extracurricular activities	233,313	142,583	249,474	198,290
Interest and fiscal charges	103,598	103,598	114,395	114,395
Total expenses	<u>\$ 10,155,052</u>	<u>\$ 8,877,157</u>	<u>\$ 10,250,043</u>	<u>\$ 9,027,738</u>

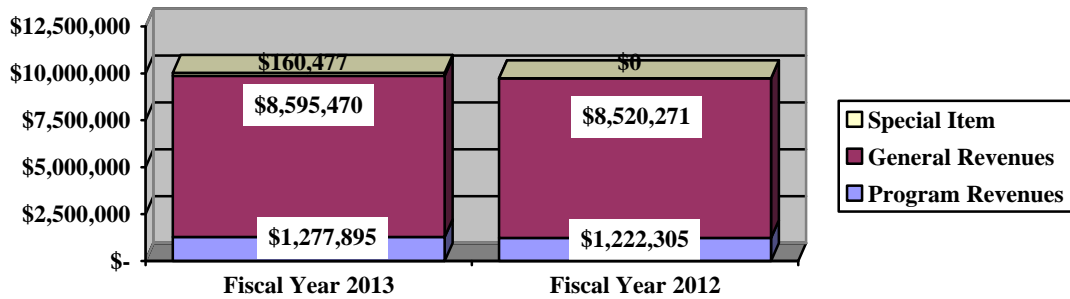
**Maplewood Local School District
Trumbull County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

The dependence upon tax and other general revenues for governmental activities is apparent; 46 percent of instruction activities are supported through property taxes. For all governmental activities, general revenue support is 85 percent. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$3,189,402, which is more than last year's total of \$2,829,129. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	Fund Balance <u>June 30, 2013</u>	Fund Balance <u>June 30, 2012</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 2,503,253	\$ 2,220,500	\$ 282,753	12.73 %
Other Governmental	<u>686,149</u>	<u>608,629</u>	<u>77,520</u>	<u>12.74 %</u>
Total	<u>\$ 3,189,402</u>	<u>\$ 2,829,129</u>	<u>\$ 360,273</u>	<u>12.73 %</u>

General Fund

The District's general fund balance increased \$282,753 during the fiscal year due to revenues exceeding expenditures by this amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 2,386,809	\$ 2,314,837	\$ 71,972	3.11 %
Tuition and fees	355,636	305,954	49,682	16.24 %
Earnings on investments	(2,614)	13,120	(15,734)	(119.92) %
Intergovernmental	5,659,042	5,630,775	28,267	0.50 %
Other revenues	<u>203,621</u>	<u>87,377</u>	<u>116,244</u>	<u>133.04 %</u>
Total	<u>\$ 8,602,494</u>	<u>\$ 8,352,063</u>	<u>\$ 250,431</u>	<u>3.00 %</u>
<u>Expenditures</u>				
Instruction	\$ 4,835,908	\$ 5,068,335	\$ (232,427)	(4.59) %
Support services	3,141,768	3,197,327	(55,559)	(1.74) %
Non-instructional services	71,025	-	71,025	- %
Extracurricular activities	198,207	199,781	(1,574)	(0.79) %
Capital outlay	72,833	-	72,833	- %
Debt service	<u>-</u>	<u>2,500</u>	<u>(2,500)</u>	<u>- %</u>
Total	<u>\$ 8,319,741</u>	<u>\$ 8,467,943</u>	<u>\$ (148,202)</u>	<u>(1.75) %</u>

Property taxes and all other revenues, except interest income, increased from the previous fiscal year. Overall, revenues increased by \$250,431 from the previous fiscal year. Earnings on investments decreased due to slightly lower interest rates and a market value adjustment downward, when compared to the previous fiscal year. Overall, expenses were consistent with the prior fiscal year, decreasing only \$148,202 or just over one percent.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the District amended its general fund budget one time. For the general fund, original and final budgeted revenues were \$8,424,168. Actual revenues for fiscal year 2013 were \$8,555,285, which was \$131,117 more than final budgeted revenues.

General fund original and final appropriations were \$8,616,274 and \$8,436,231, respectively. The actual budget basis expenditures for fiscal year 2013 totaled \$8,432,189, which was \$4,042 less than the final budget appropriations.

Maplewood Local School District
Trumbull County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$18,856,852 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2013 balances compared to June 30, 2012:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2013	2012
Land	\$ 273,697	\$ 273,697
Land improvements	99,605	81,024
Building and improvements	17,872,376	18,458,198
Furniture and equipment	315,657	411,209
Vehicles	295,517	212,158
Total	\$ 18,856,852	\$ 19,436,286

The overall decrease in capital assets of \$579,434 is due to depreciation expense of \$753,627 exceeding capital outlays of \$174,193 in the fiscal year.

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

Debt Administration

At June 30, 2013, the District had \$1,793,917 in general obligation bonds outstanding, excluding an unamortized premium and deferred amount on refunding. Of this total, \$140,000 is due within one year and \$1,653,917 is due in more than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental	(Restated)
	Activities	Governmental
	2013	2012
General obligation bonds	\$ 1,793,917	\$ 1,903,905
Unamortized Premium	101,445	111,184
Total	\$ 1,895,362	\$ 2,015,089

At June 30, 2013, the District's overall legal debt margin was \$6,926,035, and an unvoted debt margin of \$94,430.

See Note 10 to the basic financial statements for additional information.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

Current Financial Related Activities

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

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

Contacting the District's Financial Management

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

Maplewood Local School District

Trumbull County, Ohio

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,816,170
Accrued Interest Receivable	3,505
Accounts Receivable	19,085
Intergovernmental Receivable	22,089
Property Taxes Receivable	2,928,146
Inventory Held for Resale	8,770
Materials and Supplies Inventory	1,555
Nondepreciable Capital Assets	273,697
Depreciable Capital Assets, Net	18,583,155
<i>Total Assets</i>	<u>25,656,172</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>63,486</u>
Liabilities	
Accounts Payable	28,053
Accrued Wages and Benefits Payable	444,252
Intergovernmental Payable	190,269
Matured Compensated Absences Payable	35,172
Accrued Interest Payable	6,624
Long-Term Liabilities:	
Due Within One Year	209,703
Due In More Than One Year	2,271,825
<i>Total Liabilities</i>	<u>3,185,898</u>
Deferred Inflows of Resources	
Property Taxes	<u>2,660,215</u>
Net Position	
Net Investment in Capital Assets	17,187,424
Restricted for:	
Capital Projects	518,842
Debt Service	100,708
Other Purposes	88,871
Unrestricted	1,977,700
<i>Total Net Position</i>	<u>\$19,873,545</u>

See accompanying notes to the basic financial statements

Maplewood Local School District

Trumbull County, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$4,815,181	\$316,985	\$60,928	(\$4,437,268)
Special	905,636	32,707	412,939	(459,990)
Vocational	80,705	5,944	0	(74,761)
Support Services:				
Pupils	423,897	0	2,033	(421,864)
Instructional Staff	135,815	0	1,959	(133,856)
Board of Education	39,376	0	0	(39,376)
Administration	794,352	0	0	(794,352)
Fiscal	343,705	0	650	(343,055)
Business	38,719	0	0	(38,719)
Operation and Maintenance of Plant	1,140,471	14,100	0	(1,126,371)
Pupil Transportation	574,012	0	777	(573,235)
Central	70,497	0	5,400	(65,097)
Operation of Non-Instructional Services	71,225	0	0	(71,225)
Operation of Food Services	384,550	128,953	203,790	(51,807)
Extracurricular Activities	233,313	73,780	16,950	(142,583)
Interest and Fiscal Charges	103,598	0	0	(103,598)
<i>Total Governmental Activities</i>	<u>\$10,155,052</u>	<u>\$572,469</u>	<u>\$705,426</u>	<u>(8,877,157)</u>
General Revenues				
Property Taxes Levied for:				
				2,337,635
				176,764
				148,406
				32,249
Grants and Entitlements not				
				5,751,033
				(2,401)
				151,784
<i>Total General Revenues</i>				8,595,470
Special Item				
				160,477
<i>Change in Net Position</i>				(121,210)
<i>Net Position Beginning of Year - Restated (See Note 3)</i>				19,994,755
<i>Net Position End of Year</i>				<u>\$19,873,545</u>

See accompanying notes to the basic financial statements

Maplewood Local School District

Trumbull County, Ohio

*Balance Sheet
Governmental Funds
June 30, 2013*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,114,227	\$701,943	\$3,816,170
Accrued Interest Receivable	3,505	0	3,505
Accounts Receivable	19,085	0	19,085
Intergovernmental Receivable	0	22,089	22,089
Property Taxes Receivable	2,502,516	425,630	2,928,146
Inventory Held for Resale	0	8,770	8,770
Materials and Supplies Inventory	0	1,555	1,555
<i>Total Assets</i>	<u>\$5,639,333</u>	<u>\$1,159,987</u>	<u>\$6,799,320</u>
Liabilities			
Accounts Payable	\$27,450	\$603	\$28,053
Accrued Wages and Benefits Payable	411,723	32,529	444,252
Intergovernmental Payable	172,936	17,333	190,269
Matured Compensated Absences Payable	35,172	0	35,172
<i>Total Liabilities</i>	<u>647,281</u>	<u>50,465</u>	<u>697,746</u>
Deferred Inflows of Resources			
Property Taxes	2,272,446	387,769	2,660,215
Unavailable Revenue - Property Taxes	216,353	35,604	251,957
<i>Total Deferred Inflows of Resources</i>	<u>2,488,799</u>	<u>423,373</u>	<u>2,912,172</u>
Fund Balances			
Nonspendable	2,228	1,555	3,783
Restricted	0	690,563	690,563
Committed	0	784	784
Assigned	32,618	0	32,618
Unassigned (Deficit)	2,468,407	(6,753)	2,461,654
<i>Total Fund Balances</i>	<u>2,503,253</u>	<u>686,149</u>	<u>3,189,402</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$5,639,333</u>	<u>\$1,159,987</u>	<u>\$6,799,320</u>

See accompanying notes to the basic financial statements

Maplewood Local School District

Trumbull County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2013*

Total Governmental Fund Balances	\$3,189,402
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***Amounts reported for governmental activities in the
statement of net position are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,856,852
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds. Property Taxes	251,957
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In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(6,624)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(1,545,000)
Capital Appreciation Bonds	(86,469)
Accretion on Bonds	(162,448)
Unamortized Premium	(101,445)
Deferred Outflow on Refunding	63,486
Compensated Absences	(586,166)
	<hr/>

Total	<hr/> (2,418,042)
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<i>Net Position of Governmental Activities</i>	<hr/> \$19,873,545 <hr/>
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See accompanying notes to the basic financial statements

Maplewood Local School District
Trumbull County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$2,386,809	\$358,750	\$2,745,559
Tuition and Fees	355,636	0	355,636
Interest	(2,614)	213	(2,401)
Charges for Services	0	128,953	128,953
Extracurricular Activities	28,110	45,670	73,780
Rentals	14,100	0	14,100
Contributions and Donations	11,950	5,650	17,600
Intergovernmental	5,659,042	788,841	6,447,883
Miscellaneous	149,461	2,323	151,784
<i>Total Revenues</i>	<u>8,602,494</u>	<u>1,330,400</u>	<u>9,932,894</u>
Expenditures			
Current:			
Instruction:			
Regular	4,307,760	65,656	4,373,416
Special	448,154	405,756	853,910
Vocational	79,994	0	79,994
Support Services:			
Pupils	421,864	2,033	423,897
Instructional Staff	122,007	0	122,007
Board of Education	39,376	0	39,376
Administration	716,313	7,255	723,568
Fiscal	331,414	10,550	341,964
Business	52,816	0	52,816
Operation and Maintenance of Plant	891,755	248,049	1,139,804
Pupil Transportation	506,192	777	506,969
Central	60,031	5,400	65,431
Operation of Non-Instructional Services	71,025	0	71,025
Operation of Food Services	0	314,672	314,672
Extracurricular Activities	198,207	34,619	232,826
Capital Outlay	72,833	101,360	174,193
Debt Service:			
Principal Retirement	0	135,000	135,000
Interest and Fiscal Charges	0	82,230	82,230
<i>Total Expenditures</i>	<u>8,319,741</u>	<u>1,413,357</u>	<u>9,733,098</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	282,753	(82,957)	199,796
Special Item			
Gas Lease Bonus Payment	<u>0</u>	<u>160,477</u>	<u>160,477</u>
<i>Net Change in Fund Balances</i>	282,753	77,520	360,273
<i>Fund Balances Beginning of Year</i>	2,220,500	608,629	2,829,129
<i>Fund Balances End of Year</i>	<u>\$2,503,253</u>	<u>\$686,149</u>	<u>\$3,189,402</u>

See accompanying notes to the basic financial statements

Maplewood Local School District
Trumbull County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013*

Net Change in Fund Balances - Total Governmental Funds	\$360,273
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***Amounts reported for governmental activities in the
statement of activities are different because***

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

Capital Outlay	174,193	
Current Year Depreciation	<u>(753,627)</u>	
 Total		 (579,434)

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

Property Taxes	(50,505)	
Intergovernmental	<u>(9,024)</u>	
 Total		 (59,529)

Repayment of long-term debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position. 135,000

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

Accreted Interest on Bonds	(25,012)	
Amortization of Premium	9,739	
Amortization of Deferred Outflow on Advance Refunding	<u>(6,095)</u>	
 Total		 (21,368)

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. 43,848

Change in Net Position of Governmental Activities (\$121,210)

See accompanying notes to the basic financial statements

Maplewood Local School District
Trumbull County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,708,789	\$2,708,789	\$2,385,612	(\$323,177)
Tuition and Fees	381,875	381,875	355,748	(26,127)
Interest	16,500	16,500	15,371	(1,129)
Rentals	15,137	15,137	14,100	(1,037)
Intergovernmental	5,167,247	5,167,247	5,659,042	491,795
Miscellaneous	134,620	134,620	125,412	(9,208)
<i>Total Revenues</i>	<u>8,424,168</u>	<u>8,424,168</u>	<u>8,555,285</u>	<u>131,117</u>
Expenditures				
Current:				
Instruction:				
Regular	4,559,401	4,372,762	4,377,546	(4,784)
Special	493,165	453,268	453,268	0
Vocational	81,027	83,251	83,251	0
Support Services:				
Pupils	425,701	438,710	438,710	0
Instructional Staff	151,357	125,234	125,234	0
Board of Education	36,232	35,904	35,904	0
Administration	778,096	734,726	734,726	0
Fiscal	330,432	352,770	352,770	0
Business	46,623	53,152	53,152	0
Operation and Maintenance of Plant	946,623	919,726	910,900	8,826
Pupil Transportation	523,675	591,832	591,832	0
Central	58,190	60,896	60,896	0
Operation of Non-Instructional Services	0	65,757	65,757	0
Extracurricular Activities	146,093	148,243	148,243	0
<i>Total Expenditures</i>	<u>8,576,615</u>	<u>8,436,231</u>	<u>8,432,189</u>	<u>4,042</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(152,447)</u>	<u>(12,063)</u>	<u>123,096</u>	<u>135,159</u>
Other Financing Sources (Uses)				
Transfers Out	(39,659)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(39,659)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(192,106)</u>	<u>(12,063)</u>	<u>123,096</u>	<u>135,159</u>
<i>Fund Balance Beginning of Year</i>	<u>2,954,609</u>	<u>2,954,609</u>	<u>2,954,609</u>	<u>0</u>
Prior Year Encumbrances Appropriated	17,844	17,844	17,844	0
<i>Fund Balance End of Year</i>	<u>\$2,780,347</u>	<u>\$2,960,390</u>	<u>\$3,095,549</u>	<u>\$135,159</u>

See accompanying notes to the basic financial statements

Maplewood Local School District

Trumbull County, Ohio

Statement of Net Position

Fiduciary Fund

June 30, 2013

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$50,414</u>
Liabilities	
Due to Students	<u>\$50,414</u>
See accompanying notes to the basic financial statements	

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District is the 501st largest by enrollment among the 905 public school districts and community schools in the State of Ohio. It currently operates one elementary school, one middle school and one high school. The District is staffed by 55 non-certified and 62 certified personnel to provide services to approximately 880 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information for NEOMIN may be obtained by contacting the Treasurer of the Trumbull County Educational Service Center, 6000 Youngstown Warren Rd., Niles, Ohio 44446.

Trumbull Career and Technical Center

The Trumbull Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 15 participating school districts' elected boards, which possesses its own budgeting and taxing authority. Financial information may be obtained by contacting the Treasurer of the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Northeast Ohio Instructional Media Center (NEOIMC)

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

Region 12 Professional Development Center (Center)

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

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Program

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Trumbull County School Employee Insurance Benefit Consortium

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) grants and other resources whose use is restricted, committed or assigned to a particular purpose; and (c) food service operations.

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

Maplewood Local School District
Trumbull County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

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

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7).

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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

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

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

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2013 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2013.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparison for the general fund at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2013; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund type level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For the general fund, encumbrances outstanding at year end appear as a component of assigned fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting.

F. Cash and Investments

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

During fiscal year 2013, investments were limited to U.S. government money market mutual funds, federal home loan bank bonds/notes, federal home loan mortgage corporation bonds, federal national mortgage association bonds, federal farm credit bureau bonds and a U.S. Treasury note. Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2013 amounted to a negative \$2,614, none of which was assigned from other District funds.

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

An analysis of the District's investment account at year end is provided in Note 5.

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2013, the District maintained a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans between governmental funds are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net positions. The District had no interfund loans at June 30, 2013.

J. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Bond Premium/Deferred Outflow on Refunding

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

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M. Fund Balance

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

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

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

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

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

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

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

N. Net Position

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

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

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O. Special Item

Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. During fiscal year 2013, the District received a \$160,477 gas lease bonus payment to lease its mineral rights. This amount was reported as a special item on the face of the basic financial statements.

P. Estimates

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

Q. Interfund Activity

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

A. Change in Accounting Principles & Restatement of Prior Year Net Position

For fiscal year 2013, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and Statement No. 65, “Items Previously Reported as Assets and Liabilities.”

GASB Statement No. 60 addresses issues related to service concession arrangements (SCA’s), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity, most notably, the fiscal dependency criterion. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

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GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the District's fiscal year 2013 financial statements and resulted in a restatement of beginning net position.

B. Restatement of Prior Year Government Wide Net Position

	Governmental Activities
Net Position at 6/30/12	\$20,030,210
GASB 65 Adjustment - Deferred Charges	(35,455)
Adjusted Net Position at 6/30/12	\$19,994,755

NOTE 4 – FUND DEFICITS

Fund balances at June 30, 2013 included the following individual fund deficit:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
IDEA Part-B	\$ 6,753

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

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

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

A. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits, including \$1,003,660 in nonnegotiable certificates of deposit, was \$1,818,850. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$530,643 of the District's bank balance of \$1,904,928 was exposed to custodial risk as discussed below, while \$1,374,285 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

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department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2013, the District had the following investments and maturities:

	Fair Value	Maturity
Money Market Mutual Funds	\$11,760	Less than One Year
U. S. Treasury Obligations	100,109	Less than One Year
Federal Home Loan Bank Bonds	200,067	Less than One Year
Federal Home Loan Bank Note	124,968	Less than One Year
Federal Home Loan Mortgage Corporation Bonds	100,071	One to Three Years
Federal Home Loan Bank Bonds	55,026	One to Three Years
Federal National Mortgage Association Bonds	69,430	One to Three Years
Federal Farm Credit Bureau Bonds	1,035,848	Three to Five Years
Federal National Mortgage Association Bonds	251,602	Three to Five Years
Federal Home Loan Mortgage Corporation Bonds	98,853	Three to Five Years
Total Portfolio	<u>\$2,047,734</u>	

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

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

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

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, 2013:

Investment	Percent of Total
Money Market Mutual Funds	0.57%
United States Treasury Obligations	4.89%
Federal Home Loan Bank	18.56%
Federal National Mortgage Association	15.68%
Federal Farm Credit Bureau	50.59%
Federal Home Loan Mortgage Corporation	9.71%
Total	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net positions as of June 30, 2013:

Cash and investments per note

Carrying amount of deposits	\$ 1,818,850
Investments	<u>2,047,734</u>
Total	<u>\$ 3,866,584</u>

Cash and investments per statement of net position

Governmental activities	\$ 3,816,170
Agency fund	<u>50,414</u>
Total	<u>\$ 3,866,584</u>

NOTE 6 – FUND BALANCES

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

Fund Balances	General	Nonmajor Governmental	Total
<i>Nonspendable</i>			
Inventory	\$0	\$1,555	\$1,555
Unclaimed Funds	2,228	0	2,228
<i>Total Nonspendable</i>	<u>2,228</u>	<u>1,555</u>	<u>3,783</u>
<i>Restricted for</i>			
Food Service Operations	0	10,743	10,743
Technology Improvements	0	19	19
Classroom Maintenance	0	28,982	28,982
Athletics & Music	0	41,313	41,313
Teacher Development	0	5,400	5,400
Special Education	0	9,720	9,720
Other Purposes	0	765	765
Debt Service Payments	0	88,893	88,893
Capital Improvements	0	504,728	504,728
<i>Total Restricted</i>	<u>0</u>	<u>690,563</u>	<u>690,563</u>
<i>Committed to</i>			
College Scholarships	0	784	784
<i>Assigned to</i>			
Other Purposes	22,463	0	22,463
Encumbrances	10,155	0	10,155
<i>Total Assigned</i>	<u>32,618</u>	<u>0</u>	<u>32,618</u>
<i>Unassigned (Deficit)</i>	<u>2,468,407</u>	<u>(6,753)</u>	<u>2,461,654</u>
<i>Total Fund Balances</i>	<u>\$2,503,253</u>	<u>\$686,149</u>	<u>\$3,189,402</u>

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NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar 2013 represent collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$13,717 in the general fund, \$1,169 in the bond retirement fund, \$895 in the permanent improvement fund and \$193 in the classroom facilities maintenance fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$12,520 in the general fund, \$743 in the bond retirement fund, \$822 in the permanent improvement fund and \$177 in the classroom facilities maintenance fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue. The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 92,114,030	97.53	\$ 92,114,030	97.55
Public utility personal	<u>2,389,080</u>	<u>2.47</u>	<u>2,316,330</u>	<u>2.45</u>
Total	<u>\$ 94,503,110</u>	<u>100.00</u>	<u>\$ 94,430,360</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$40.45		\$40.40	
Bond	2.40		2.55	
Permanent improvement	5.50		5.50	

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Notes to the Basic Financial Statements
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NOTE 8 - RECEIVABLES

Receivables at June 30, 2013 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Taxes	\$ 2,928,146
Accounts	19,085
Intergovernmental	22,089
Accrued interest	<u>3,505</u>
Total	<u>\$ 2,972,825</u>

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

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	<u>06/30/12</u>			<u>06/30/13</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 273,697	\$ -	\$ -	\$ 273,697
Total capital assets, not being depreciated	<u>273,697</u>	<u>-</u>	<u>-</u>	<u>273,697</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	103,728	21,885	-	125,613
Buildings and improvements	23,444,876	-	-	23,444,876
Furniture and equipment	1,738,710	3,430	-	1,742,140
Vehicles	<u>950,164</u>	<u>148,878</u>	<u>-</u>	<u>1,099,042</u>
Total capital assets, being depreciated	<u>26,237,478</u>	<u>174,193</u>	<u>-</u>	<u>26,411,671</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(22,704)	(3,304)	-	(26,008)
Buildings and improvements	(4,986,678)	(585,822)	-	(5,572,500)
Furniture and equipment	(1,327,501)	(98,982)	-	(1,426,483)
Vehicles	<u>(738,006)</u>	<u>(65,519)</u>	<u>-</u>	<u>(803,525)</u>
Total accumulated depreciation	<u>(7,074,889)</u>	<u>(753,627)</u>	<u>-</u>	<u>(7,828,516)</u>
Governmental activities capital assets, net	<u>\$ 19,436,286</u>	<u>\$ (579,434)</u>	<u>\$ -</u>	<u>\$ 18,856,852</u>

Maplewood Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 471,381
Special	55,727
<u>Support services:</u>	
Instructional staff	10,177
Administration	68,453
Pupil transportation	65,519
Extracurricular	487
Food service operations	<u>81,883</u>
Total depreciation expense	<u>\$ 753,627</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2013, the following changes occurred in long-term obligations:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
Governmental activities:	<u>06/30/12</u>	<u></u>	<u></u>	<u>06/30/13</u>	<u>Due in</u>
	<u></u>	<u></u>	<u></u>	<u></u>	<u>One Year</u>
<i>General obligation bonds:</i>					
Series 2000 school facilities bonds:					
Capital appreciation bonds	\$ 135,468	\$ -	\$ (48,999)	\$ 86,469	\$ 45,151
Accreted interest on capital appreciation bonds	223,437	25,012	(86,001)	162,448	89,849
Series 2006 refunding bonds:					
Current interest bonds	<u>1,545,000</u>	<u>-</u>	<u>-</u>	<u>1,545,000</u>	<u>5,000</u>
Total general obligation bonds	<u>1,903,905</u>	<u>25,012</u>	<u>(135,000)</u>	<u>1,793,917</u>	<u>140,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	<u>630,014</u>	<u>26,301</u>	<u>(70,149)</u>	<u>586,166</u>	<u>69,703</u>
Total other long-term obligations	<u>630,014</u>	<u>26,301</u>	<u>(70,149)</u>	<u>586,166</u>	<u>69,703</u>
Total long-term obligations	<u>\$ 2,533,919</u>	<u>\$ 51,313</u>	<u>\$ (205,149)</u>	2,380,083	<u>\$ 209,703</u>
Add: Unamortized premium on bond issuance				<u>101,445</u>	
Total on statement of net position				<u>\$ 2,481,528</u>	

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

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

Maplewood Local School District
Trumbull County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

This original issue was comprised of current interest term bonds, par value \$1,550,000, current interest serial bonds, par value \$1,055,000, and capital appreciation bonds, par value \$188,935. On June 6, 2006, the current interest term bonds were advanced refunded by the series 2006 refunding bonds described below. The capital appreciation bonds mature each December 1, 2011 through 2014 (stated interest rates 8.471%, 8.523%, 8.523%, and 8.575% respectively), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$540,000. Total accreted interest of \$162,448 has been included on the statement of net position at June 30, 2013.

Principal and interest requirements to retire the series 2000 school facilities improvement bonds outstanding at June 30, 2013, are as follows:

Fiscal Year Ending June 30,	<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 45,151	\$ 89,849	\$ 135,000
2015	41,318	93,682	135,000
Total	<u>\$ 86,469</u>	<u>\$ 183,531</u>	<u>\$ 270,000</u>

- C. On June 6, 2006, the District issued series 2006 general obligation refunding bonds to advance refund the callable portion of the series 2000 current interest term bonds (principal \$1,550,000). Issuance proceeds totaling \$1,656,658 were deposited with an escrow agent and were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

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

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

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

Fiscal Year Ending June 30,	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$5,000	\$82,126	\$87,126
2015	5,000	81,919	86,919
2016	135,000	79,014	214,014
2017	145,000	72,315	217,315
2018	155,000	64,253	219,253
2019 - 2023	890,000	184,381	1,074,381
2024	<u>210,000</u>	<u>5,775</u>	<u>215,775</u>
Total	<u>\$ 1,545,000</u>	<u>\$ 569,783</u>	<u>\$ 2,114,783</u>

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

D. 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, 2013, are a voted debt margin of \$6,956,156 (including available funds of \$88,893) and an unvoted debt margin of \$94,430.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

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

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

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

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2012.

B. Employee Health, Dental, Vision and Life Insurance

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

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

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

C. Workers' Compensation Group Rating

For fiscal year 2013, the District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate.

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

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$138,448, \$143,759, and \$132,127, respectively; 44 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

Maplewood Local School District
Trumbull County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying one percent of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

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

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

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

A Defined Benefit or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 10 percent of covered payroll for members and 14 percent for employers. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$503,975, \$542,215 and \$531,580, respectively; 88 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$14,331 made by the School District and \$10,236 made by the plan members.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2013 *Comprehensive Annual Financial Report* will be available sometime after December 31, 2013.

Additional information or copies of STRS Ohio's 2013 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Medicare Part B Plan – The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is 0.74 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$7,821, \$8,490 and \$8,503, respectively, which equaled the required contributions each year.

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

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is 0.16 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2013, 2012, and 2011 were \$28,173, \$30,945 and \$32,808, respectively; 44 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

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

B. State Teachers Retirement System of Ohio

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

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

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2013, 2012 and 2011. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$38,767, \$41,709 and \$40,891, respectively; 88 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Maplewood Local School District
Trumbull County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) *Certain funds have legally separate adopted budgets (budget basis) but are included in the general fund (GAAP basis).

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

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

Net Change in Fund Balance

General Fund	
GAAP Basis	\$282,753
Net Adjustment for Revenue Accruals	(47,209)
Net Adjustment for Expenditure Accruals	(92,909)
Net Adjustment for Funds Budgeted as Special Revenue	(7,942)
Adjustment for Encumbrances	(11,597)
Budget Basis	<u><u>\$123,096</u></u>

NOTE 15 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

Maplewood Local School District
Trumbull County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

B. Litigation

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

NOTE 16 - STATUTORY RESERVES

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

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

	<u>Capital</u> <u>Acquisition</u>
Set-aside balance as of June 30, 2012	\$ -
Current year set-aside requirement	149,592
Offsets	(215,240)
Qualifying disbursements	<u>-</u>
Total	<u>\$ (65,648)</u>
Balance carried forward to fiscal year 2013	<u><u>\$ -</u></u>

The District had qualifying expenditures during the year and an offset at the beginning of the year that reduced the set-aside amount below zero for the capital acquisition reserve.

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**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through The Ohio Department of Education:</i>				
<i>Nutrition Cluster:</i>				
School Breakfast Program	050211-3L70-13	10.553	\$41,193	\$41,193
National School Lunch Program - Non Cash Receipts	N/A	10.555	21,287	21,287
National School Lunch Program	050211-3L60-13	10.555	145,530	145,530
Total -- Nutrition Cluster			<u>208,010</u>	<u>208,010</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Direct:</i>				
Section 8002 Impact Aid	N/A	84.041	175,325	175,325
<i>Passed Through The Ohio Department of Education:</i>				
<i>Title I Cluster:</i>				
Grants to Local Educational Agencies				
Title I School Subsidy	050211-3M00-12	84.010	15,738	20,507
Title I School Subsidy	050211-3M00-13	84.010	221,567	215,381
Total Title I Cluster			<u>237,305</u>	<u>235,888</u>
<i>Special Education Cluster:</i>				
Special Education Grants to States - (IDEA Part B)	050211-2M20-12	84.027	10,929	13,378
Special Education Grants to States - (IDEA Part B)	050211-2M20-13	84.027	172,937	172,890
Total Special Education Grant Cluster			<u>183,866</u>	<u>186,268</u>
Title VIB Rural Low Income	050211-3Y80-13	84.358	15,570	15,570
Title II, Part A -- Improving Teacher Quality	050211-3Y60-12	84.367	615	615
Title II, Part A -- Improving Teacher Quality	050211-3Y60-13	84.367	36,472	36,472
Total - Title II Part A			<u>37,087</u>	<u>37,087</u>
Total -- U.S. Department of Education			<u>649,153</u>	<u>650,138</u>
Totals			<u>\$857,163</u>	<u>\$858,148</u>

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Maplewood Local School District, Trumbull County (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 27, 2014, wherein we noted the District adopted the provisions of Governmental Accounting Standard No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and No. 65, "Items Previously Reported as Assets and Liabilities."

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

June 27, 2014



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Maplewood Local School District's, Trumbull County, Ohio, (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that could directly and materially affect each of the Maplewood Local School District's major federal programs for the year ended June 30, 2013. The Summary of Auditor's Results in the accompanying schedule of findings and questioned costs identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Nutrition Cluster and Title I Cluster Programs

As described in Finding 2013-001 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable costs/cost principles applicable to its Nutrition Cluster and Title I Cluster major federal programs. Compliance with this requirement is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

Qualified Opinion on the Nutrition Cluster and Title I Cluster Programs

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions on the Nutrition Cluster and Title I Cluster Programs* paragraph, the Maplewood Local 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 year ended June 30, 2013.

The District's responses to our noncompliance findings are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

Maplewood Local School District
Trumbull County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 3

The District's response to our internal control over compliance finding is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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

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

Dave Yost
Auditor of State
Columbus, Ohio

June 27, 2014

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**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified for Nutrition Cluster – Allowable Costs/Cost Principles Qualified for Title I Cluster – Allowable Costs/Cost Principles
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – CFDA #10.553 & 10.555 Title I Cluster – CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Federal Grant - Time and Effort and Semi Annual Certifications

Finding Number	2013-001
CFDA Title and Number	School Breakfast Program - CFDA #10.553 National School Lunch Program - CFDA #10.555 Title I School Subsidy – CFDA #84.010
Federal Award Number / Year	2013 and 2012
Federal Agency	U.S. Department of Agriculture U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

QUESTIONED COST, MATERIAL WEAKNESS, NONCOMPLIANCE

2 C.F.R. Part 225, Appendix B paragraph 8(h)(3)-(4) provides where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.5 of this appendix unless a statistical sampling system (see subsection 8.h.6 of the appendix) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- More than one Federal award.
- A Federal award and a non-Federal award.
- An indirect cost activity and a direct cost activity.
- Two or more indirect activities which are allocated using different allocation bases, or
- An unallowable activity and a direct or indirect cost activity.

In addition, 2 C.F.R. Part 225, Appendix B, paragraph 8(h)(5) further provides that personnel activity reports or equivalent documentation must:

- Reflect an after the fact distribution of the actual activity of each employee
- Account for the total activity for which each employee is compensated
- Be prepared at least monthly and must coincide with one or more pay periods; and
- Be signed by the employee

The District had twelve employees who worked on the Title I Federal Grant Program and other activities. Although eleven of these employees maintained personal activity reports, they did not account for the total activity for which the employee was compensated. The personal activity reports only accounted for the Title I portion. Personal activity reports or equivalent documentation was not maintained for one employee tested who was compensated \$3,000 for the selected pay period from the Title I fund. We are therefore questioning an amount of \$3,000 projected to be \$20,103 paid during the fiscal year from the Title I federal grant.

The District had one employee who worked on the Nutrition Cluster Federal Grant Program and other activities. However, personal activity reports or equivalent documentation was not maintained. We are therefore questioning an amount of \$5,000 paid to this employee during the fiscal year from the Nutrition Cluster.

In addition, the District had three employees who solely worked on the Title I Federal Grant Program and ten employees who worked solely on the Nutrition Cluster Federal Grant Program; however, semi-annual certification forms were not maintained. As a result of a moderate level of mitigating controls in place for these individuals, we are not questioning these costs.

The District should maintain semi-annual certifications and personal activity reports, or equivalent documentation required for all employees paid from any federal programs, in accordance with the requirements of 2 C.F.R. Part 225, Appendix B, Paragraph 8(h). This will help ensure the District is in compliance with all federal documentation requirements.

Furthermore, failure to maintain adequate documentation could compromise the District's eligibility to participate in future Federal grant programs.

Official's Response: See corrective action plan on page 61.

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**MAPLEWOOD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	Semi-Annual Certifications and Time and Effort Certifications will be completed by employees paid with Federal Funding	FY15 School Year	Merri Smith CFO/Treasurer

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Maplewood Local School District (the 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 November 7, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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 of Education and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

June 27, 2014

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MAPLEWOOD LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 15, 2014**