



**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2015**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Maplewood Local School District, Trumbull County, prepared by Canter & Associates, for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

February 10, 2016

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**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Maplewood Local School District (District), Trumbull County, Ohio, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Maplewood Local School District, as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 3 to the financial statements, in fiscal year ended June 30, 2015, the District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27* and also *GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

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

CANTER & ASSOCIATES



Poland, Ohio

December 30, 2015



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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

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The management's discussion and analysis of the Maplewood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. 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 2015 are as follows:

- In total, net position of governmental activities decreased \$305,063 which represents a 4 percent decrease from fiscal year 2014.
- General revenues accounted for \$8,680,510 in revenue or 88 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,185,668 or 12 percent of total revenues of \$9,866,178.
- The District had \$10,171,241 in expenses related to governmental activities; \$1,185,668 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 \$8,680,510 were not quite adequate to provide for these programs as evidenced by the overall decrease in net position of \$305,063.
- The District's major governmental fund is the general fund. The general fund had \$8,686,422 in revenues and \$8,518,290 in expenditures. During fiscal year 2015, the general fund balance increased \$168,132, or 7 percent.
- The District implemented GASB 68 during the fiscal year, which resulted in the inclusion of a net pension liability of \$10,507,681. For more information on this liability see Note 12 to the basic financial statements.

**Using these Basic Financial Statements**

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

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

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)*

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**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 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Fund Financial Statements***

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

***Governmental Funds***

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

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

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

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

**Notes to the Basic Financial Statements**

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

**The District as a Whole**

The table below provides a summary of the District's net position at June 30, 2015 and June 30, 2014.

<b>Net Position (Table 1)</b>			
<b>Governmental Activities</b>			
	2015	(Restated) 2014	Change
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Current and Other Assets	\$7,258,169	\$7,025,400	\$232,769
Capital Assets, Net	<u>17,517,269</u>	<u>18,147,927</u>	<u>(630,658)</u>
<i>Total Assets</i>	<u>24,775,438</u>	<u>25,173,327</u>	<u>(397,889)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	51,296	57,391	(6,095)
Pension	<u>780,755</u>	<u>1,294,176</u>	<u>(513,421)</u>
<i>Total Deferred Outflows of Resources</i>	<u>832,051</u>	<u>1,351,567</u>	<u>(519,516)</u>
<b>Liabilities</b>			
Current Liabilities	853,204	794,552	58,652
Long-Term Liabilities			
Due within One Year	166,817	176,018	(9,201)
Due in More than One Year:			
Net Pension Liability	10,507,681	12,486,786	(1,979,105)
Other Amounts	<u>2,089,148</u>	<u>2,153,457</u>	<u>(64,309)</u>
<i>Total Liabilities</i>	<u>13,616,850</u>	<u>15,610,813</u>	<u>(1,993,963)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,764,256	2,675,404	88,852
Pension	<u>1,902,016</u>	<u>0</u>	<u>1,902,016</u>
<i>Total Deferred Inflows of Resources</i>	<u>4,666,272</u>	<u>2,675,404</u>	<u>1,990,868</u>
<b>Net Position</b>			
Net Investment in Capital Assets	15,951,598	16,532,294	(580,696)
Restricted	805,948	856,063	(50,115)
Unrestricted (Deficit)	<u>(9,433,179)</u>	<u>(9,758,927)</u>	<u>325,748</u>
<i>Total Net Position</i>	<u>\$7,324,367</u>	<u>\$7,629,430</u>	<u>(\$305,063)</u>

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

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During 2015, the District adopted GASB Statement No 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported pension.

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

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

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

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

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

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)*

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

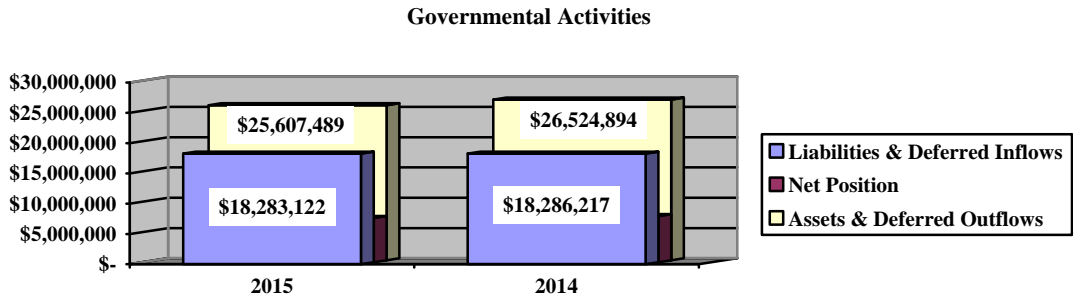
As a result of implementing GASB No. 68, the District is reporting a net pension liability and deferred outflows and inflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$19,431,287 to \$7,629,430.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's net position was \$7,324,367. Of this total, \$805,948 is restricted in use.

At year-end, capital assets represented 71 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, 2015, were \$15,951,598. 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, \$805,948 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a negative \$9,433,179.

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, 2015 and 2014:



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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

The table below shows the change in Net Position for fiscal year 2015 and 2014.

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

	2015	(Restated) 2014	Increase (Decrease)
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$589,540	\$538,815	\$50,725
Operating Grants and Contributions	596,128	603,066	(6,938)
<i>Total Program Revenues</i>	<u>1,185,668</u>	<u>1,141,881</u>	<u>43,787</u>
<b>General Revenues</b>			
Property Taxes	2,682,834	2,705,423	(22,589)
Intergovernmental	5,818,246	5,690,089	128,157
Investment Earnings	8,913	40,979	(32,066)
Miscellaneous	170,517	223,881	(53,364)
<i>Total General Revenues</i>	<u>8,680,510</u>	<u>8,660,372</u>	<u>20,138</u>
<i>Total Revenues</i>	<u>9,866,178</u>	<u>9,802,253</u>	<u>63,925</u>
<b>Program Expenses</b>			
Current:			
Instruction	5,704,411	5,850,801	(146,390)
Support Services	3,676,864	3,608,056	68,808
Operation of Non-Instructional Services	457,122	450,444	6,678
Extracurricular Activities	249,144	241,103	8,041
Interest and Fiscal Charges	83,700	94,107	(10,407)
<i>Total Program Expenses</i>	<u>10,171,241</u>	<u>10,244,511</u>	<u>(73,270)</u>
<i>Change in Net Position</i>	(305,063)	(442,258)	137,195
Net Position Beginning of Year - Restated	7,629,430	8,071,688	(442,258)
<i>Net Position End of Year</i>	<u>\$7,324,367</u>	<u>\$7,629,430</u>	<u>(\$305,063)</u>

The information necessary to restate the fiscal year 2014 beginning balances and fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB No. 68 is not available. Therefore, 2015 functional expenses still include pension expense of \$684,929 computed under GASB No. 27. GASB No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB No. 68, the fiscal year 2015 statements report negative pension expense of \$508,743.

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

*Management's Discussion and Analysis*  
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*(Unaudited)*

In order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total fiscal year 2015 GASB 68 program expenses	\$10,171,241
Plus:	
2015 negative pension expense	(508,743)
2015 contractually required contributions	681,658
<i>Total</i>	<b>\$10,344,156</b>

**Governmental Activities**

Net position of the District's governmental activities decreased \$305,063. Total governmental expenses of \$10,171,241 were offset by program revenues of \$1,185,668 and general revenues of \$8,680,510. Program revenues supported 12 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 86 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,704,411 or 56 percent of total governmental expenses for fiscal year 2015.

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

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

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$5,704,411	\$4,892,572	\$5,850,801	\$5,085,665
Support Services	3,676,864	3,670,714	3,608,056	3,587,643
Operation of Non-Instructional Services	457,122	159,724	450,444	164,858
Extracurricular Activities	249,144	178,863	241,103	170,357
Interest and Fiscal Charges	83,700	83,700	94,107	94,107
<i>Total Expenditures</i>	<b>\$10,171,241</b>	<b>\$8,985,573</b>	<b>\$10,244,511</b>	<b>\$9,102,630</b>

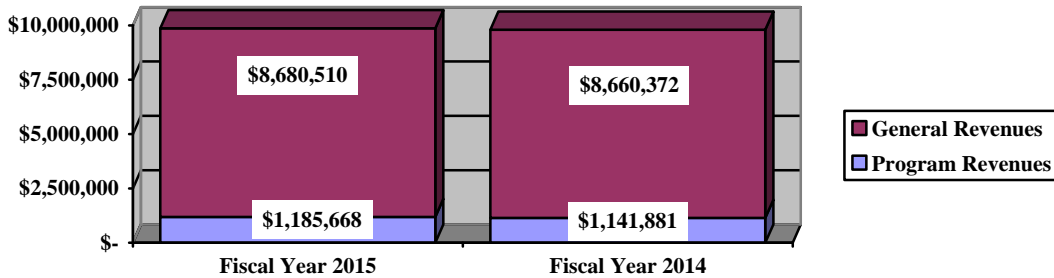
The dependence upon tax and other general revenues for governmental activities is apparent; 47 percent of instruction activities are supported through property taxes. For all governmental activities, general revenue support is 85 percent. The District's taxpayers and unrestricted grants and entitlements 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 2015 and 2014.

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)*

**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 \$3,366,259, which is more than last year's total of \$3,236,823. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance June 30, 2015	Fund Balance June 30, 2014	Increase (Decrease)
General	\$2,623,554	\$2,455,422	\$168,132
Other Governmental	742,705	781,401	(38,696)
<b>Total</b>	<b>\$3,366,259</b>	<b>\$3,236,823</b>	<b>\$129,436</b>

**General Fund**

The District's general fund balance increased \$168,132 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.

	2015 Amount	2014 Amount	Percentage Change
<b>Revenues</b>			
Taxes	\$2,347,916	\$2,287,411	2.6 %
Tuition and Fees	409,162	345,183	18.5 %
Earnings on investments	8,892	40,965	(78.3) %
Intergovernmental	5,716,799	5,591,577	2.2 %
Other revenues	203,653	246,880	(17.5) %
<b>Total</b>	<b>\$8,686,422</b>	<b>\$8,512,016</b>	<b>2.0 %</b>
<b>Expenditures</b>			
Instruction	4,833,838	4,950,688	(2.4) %
Support services	3,405,819	3,334,699	2.1 %
Operation of non-instructional services	76,750	58,358	31.5 %
Extracurricular activities	201,883	194,408	3.8 %
Capital outlay	0	21,694	(100.0) %
<b>Total</b>	<b>\$8,518,290</b>	<b>\$8,559,847</b>	<b>(0.5) %</b>



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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

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Property taxes, tuition and fees and intergovernmental revenues increased slightly from the previous fiscal year while interest and other revenues decreased slightly. Overall, revenues increased by \$174,406 from the previous fiscal year, or 2 percent. Earnings on investments decreased due to a market value adjustment downward, when compared to the previous fiscal year. Overall, expenses decreased slightly from the prior fiscal year by \$41,557 or just under 1 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 2015, the District amended its general fund budget two times. For the general fund, original budgeted revenues were \$8,300,426 and final budgeted revenues were \$8,618,051, which equaled actual revenues of the same amount. Actual and final budgeted amounts were \$317,625 more than original, which was due to a conservative worst case scenario approach utilized in the budget.

General fund original appropriations were \$8,609,691. Final appropriations equaled actual budget basis expenditures of \$8,432,023, which was \$177,668 less than the original appropriations. This variance was due to a conservative worst case scenario approach utilized in the budget.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2015, the District had \$17,517,269 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, 2015 balances compared to June 30, 2014:

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

	<u>2015</u>	<u>2014</u>
Land	\$273,697	\$273,697
Land Improvements	92,995	96,300
Buildings and Improvements	16,700,732	17,286,554
Furniture, Fixtures and Equipment	191,579	241,777
Vehicles	258,266	249,599
<i>Total</i>	<u>\$17,517,269</u>	<u>\$18,147,927</u>

The overall decrease in capital assets of \$630,658 is due to depreciation expense of \$727,175 exceeding capital outlays of \$96,517 in the fiscal year.

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

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

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**Debt Administration**

At June 30, 2015, the District had \$1,535,000 in general obligation bonds outstanding, excluding an unamortized premium and deferred amount on refunding. Of this total, \$135,000 is due within one year and \$1,400,000 is due in more than one year. The following table summarizes the bonds outstanding.

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

	<u>2015</u>	<u>2014</u>
General Obligation Bonds	\$1,535,000	\$1,669,559
Unamortized Premium	<u>81,967</u>	<u>91,706</u>
<i>Total</i>	<u><u>\$1,616,967</u></u>	<u><u>\$1,761,265</u></u>

At June 30, 2015, the District's overall legal debt margin was \$7,072,783, and an unvoted debt margin of \$94,636. See Note 10 to the basic financial statements for additional information.

**Current Financial Related Activities**

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

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

**Contacting the District's Financial Management**

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

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Net Position  
June 30, 2015*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,146,357
Accounts Receivable	25,357
Intergovernmental Receivable	7,969
Property Taxes Receivable	3,068,161
Inventory Held for Resale	8,770
Materials and Supplies Inventory	1,555
Nondepreciable Capital Assets	273,697
Depreciable Capital Assets, Net	17,243,572
<i>Total Assets</i>	<u>24,775,438</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	51,296
Pension:	
STRS	620,233
SERS	160,522
<i>Total Deferred Outflows of Resources</i>	<u>832,051</u>
<b>Liabilities</b>	
Accounts Payable	16,323
Accrued Wages and Benefits Payable	590,654
Intergovernmental Payable	232,056
Matured Compensated Absences Payable	7,580
Accrued Interest Payable	6,591
Long-Term Liabilities:	
Due Within One Year	166,817
Due In More Than One Year:	
Net Pension Liability (See Note 12)	10,507,681
Other Amounts Due in More than One Year	2,089,148
<i>Total Liabilities</i>	<u>13,616,850</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	2,764,256
Pension:	
STRS	1,602,129
SERS	299,887
<i>Total Deferred Inflows of Resources</i>	<u>4,666,272</u>
<b>Net Position</b>	
Net Investment in Capital Assets	15,951,598
Restricted for:	
Capital Projects	617,130
Debt Service	103,251
Other Purposes	85,567
Unrestricted	(9,433,179)
<i>Total Net Position</i>	<u>\$7,324,367</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, 2015*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$4,671,420	\$348,115	\$34,199	(\$4,289,106)
Special	944,124	44,609	368,478	(531,037)
Vocational	88,867	16,438	0	(72,429)
Support Services:				
Pupils	472,310	0	0	(472,310)
Instructional Staff	175,117	0	0	(175,117)
Board of Education	49,123	0	0	(49,123)
Administration	873,492	0	0	(873,492)
Fiscal	344,168	0	750	(343,418)
Business	44,978	0	0	(44,978)
Operation and Maintenance of Plant	1,056,688	0	0	(1,056,688)
Pupil Transportation	299,177	0	0	(299,177)
Central	361,811	0	5,400	(356,411)
Operation of Non-Instructional Services	89,249	0	0	(89,249)
Operation of Food Services	367,873	116,840	180,558	(70,475)
Extracurricular Activities	249,144	63,538	6,743	(178,863)
Interest and Fiscal Charges	83,700	0	0	(83,700)
<i>Total Governmental Activities</i>	<u>\$10,171,241</u>	<u>\$589,540</u>	<u>\$596,128</u>	<u>(8,985,573)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
				2,337,335
				176,216
				139,503
				29,780
Grants and Entitlements not				
				5,818,246
				8,913
				170,517
				<u>8,680,510</u>
				Change in Net Position (305,063)
				<i>Net Position Beginning</i>
				<i>of Year - Restated (See Note 4)</i> 7,629,430
				<u><u>\$7,324,367</u></u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Balance Sheet  
Governmental Funds  
June 30, 2015*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,358,817	\$787,540	\$4,146,357
Accounts Receivable	25,357	0	25,357
Intergovernmental Receivable	0	7,969	7,969
Property Taxes Receivable	2,638,347	429,814	3,068,161
Inventory Held for Resale	0	8,770	8,770
Materials and Supplies Inventory	0	1,555	1,555
<i>Total Assets</i>	<u>\$6,022,521</u>	<u>\$1,235,648</u>	<u>\$7,258,169</u>
<b>Liabilities</b>			
Accounts Payable	\$12,196	\$4,127	\$16,323
Accrued Wages and Benefits Payable	556,437	34,217	590,654
Intergovernmental Payable	207,632	24,424	232,056
Matured Compensated Absences Payable	7,580	0	7,580
<i>Total Liabilities</i>	<u>783,845</u>	<u>62,768</u>	<u>846,613</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,375,942	388,314	2,764,256
Unavailable Revenue - Property Taxes	239,180	37,716	276,896
Unavailable Revenue - Intergovernmental	0	4,145	4,145
<i>Total Deferred Inflows of Resources</i>	<u>2,615,122</u>	<u>430,175</u>	<u>3,045,297</u>
<b>Fund Balances</b>			
Nonspendable	2,229	1,555	3,784
Restricted	0	774,237	774,237
Committed	0	956	956
Assigned	19,536	0	19,536
Unassigned (Deficit)	2,601,789	(34,043)	2,567,746
<i>Total Fund Balances</i>	<u>2,623,554</u>	<u>742,705</u>	<u>3,366,259</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,022,521</u>	<u>\$1,235,648</u>	<u>\$7,258,169</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, 2015*

<b>Total Governmental Fund Balances</b>	<b>\$3,366,259</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,517,269
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	276,896
Intergovernmental	4,145
Total	281,041
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	
STRS	(8,659,981)
SERS	(1,847,700)
Total	(10,507,681)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions:	
STRS	620,233
SERS	160,522
Total	780,755
Deferred inflows of resources related to pensions:	
STRS	(1,602,129)
SERS	(299,887)
Total	(1,902,016)
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(6,591)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(1,535,000)
Unamortized Premium	(81,967)
Deferred Outflow on Refunding	51,296
Compensated Absences	(638,998)
Total	(2,204,669)
 <i>Net Position of Governmental Activities</i>	 <b>\$7,324,367</b>

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, 2015*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$2,347,916	\$349,774	\$2,697,690
Tuition and Fees	409,162	0	409,162
Interest	8,892	21	8,913
Charges for Services	0	116,840	116,840
Extracurricular Activities	27,512	36,026	63,538
Contributions and Donations	5,779	1,714	7,493
Intergovernmental	5,716,799	719,413	6,436,212
Miscellaneous	170,362	155	170,517
<i>Total Revenues</i>	<u>8,686,422</u>	<u>1,223,943</u>	<u>9,910,365</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,141,505	69,545	4,211,050
Special	589,948	385,377	975,325
Vocational	102,385	0	102,385
Support Services:			
Pupils	497,060	0	497,060
Instructional Staff	161,093	0	161,093
Board of Education	49,123	0	49,123
Administration	758,641	20,266	778,907
Fiscal	335,934	8,588	344,522
Business	47,976	0	47,976
Operation and Maintenance of Plant	961,200	104,053	1,065,253
Pupil Transportation	240,746	777	241,523
Central	354,046	8,100	362,146
Operation of Non-Instructional Services	76,750	0	76,750
Operation of Food Services	0	300,723	300,723
Extracurricular Activities	201,883	46,774	248,657
Capital Outlay	0	96,517	96,517
Debt Service:	0		
Principal Retirement	0	140,000	140,000
Interest and Fiscal Charges	0	81,919	81,919
<i>Total Expenditures</i>	<u>8,518,290</u>	<u>1,262,639</u>	<u>9,780,929</u>
<i>Net Change in Fund Balances</i>	168,132	(38,696)	129,436
<i>Fund Balances Beginning of Year</i>	2,455,422	781,401	3,236,823
<i>Fund Balances End of Year</i>	<u>\$2,623,554</u>	<u>\$742,705</u>	<u>\$3,366,259</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, 2015*

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**Net Change in Fund Balances - Total Governmental Funds** \$129,436

***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	96,517	
Current Year Depreciation	(727,175)	
Total		(630,658)

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

Property Taxes	(14,856)	
Intergovernmental	(29,331)	
Total		(44,187)

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

140,000

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

Accrued Interest on Bonds	16	
Accreted Interest on Bonds	(5,441)	
Amortization of Premium	9,739	
Amortization of Deferred Outflow on Advance Refunding	(6,095)	
Total		(1,781)

Governmental funds report district pension contributions as expenditures.

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

Direct pension contributions		
STRS	(400,083)	
SERS	(108,660)	
Total		(508,743)

Cost of benefits earned net of employee contributions

STRS	536,862	
SERS	144,796	
Total		681,658

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.

(70,788)

*Change in Net Position of Governmental Activities:*

(\$305,063)

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, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,316,792	\$2,342,038	\$2,342,038	\$0
Tuition and Fees	398,106	383,805	383,805	0
Interest	6,881	6,634	6,634	0
Intergovernmental	5,433,389	5,725,489	5,725,489	0
Miscellaneous	145,258	140,040	140,040	0
<i>Total Revenues</i>	<u>8,300,426</u>	<u>8,598,006</u>	<u>8,598,006</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,197,286	4,103,409	4,103,409	0
Special	600,766	587,329	587,329	0
Vocational	108,948	106,512	106,512	0
Support Services:				
Pupils	500,145	488,959	488,959	0
Instructional Staff	164,950	161,261	161,261	0
Board of Education	49,746	49,167	49,167	0
Administration	759,173	742,640	742,640	0
Fiscal	340,304	333,444	333,444	0
Business	47,147	46,093	46,093	0
Operation and Maintenance of Plant	1,001,969	991,037	991,037	0
Pupil Transportation	240,853	236,594	236,594	0
Central	360,378	352,880	352,880	0
Operation of Non-Instructional Services	79,326	77,552	77,552	0
Extracurricular Activities	158,700	155,146	155,146	0
<i>Total Expenditures</i>	<u>8,609,691</u>	<u>8,432,023</u>	<u>8,432,023</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(309,265)</u>	<u>165,983</u>	<u>165,983</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditure	0	20,045	20,045	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>20,045</u>	<u>20,045</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(309,265)</u>	<u>186,028</u>	<u>186,028</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>3,120,118</u>	<u>3,120,118</u>	<u>3,120,118</u>	<u>0</u>
Prior Year Encumbrances Appropriated	19,093	19,093	19,093	0
<i>Fund Balance End of Year</i>	<u>\$2,829,946</u>	<u>\$3,325,239</u>	<u>\$3,325,239</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Net Position*

*Fiduciary Fund*

*June 30, 2015*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$51,037</u>
<b>Liabilities</b>	
Due to Students	<u>\$51,037</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, 2015*

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**Note 1 - Description of the District**

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

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

The District is the 501<sup>st</sup> largest by enrollment among the 905 public school districts and community schools in the State of Ohio. It currently operates one elementary school, one middle school and one high school. The District is staffed by 45 non-certified and 62 certified personnel to provide services to approximately 871 students and other community members.

**Note 2 - Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 ad No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

**Jointly Governed Organizations**

**Northeast Ohio Management Information Network (NEOMIN)**

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

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

**Trumbull Career and Technical Center**

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

**Northeast Ohio Instructional Media Center (NEOIMC)**

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

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

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

The Team is governed by a Board made up of nineteen representatives of the participating school districts, the business community, and Youngstown State University whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 220, Youngstown, Ohio 44512.

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**Insurance Purchasing Pools**

**Ohio School Boards Association Workers' Compensation Group Rating Program**

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

**Trumbull County Schools Employee Insurance Benefit Consortium**

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

**B. Fund Accounting**

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

**Governmental Funds**

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

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

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

**Proprietary Funds**

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

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**Fiduciary Funds**

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

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

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

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

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

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

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

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

**D. Basis of Accounting**

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

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding and pension reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide of statement of net position (see Note 12).

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

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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 2015 is as follows:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2015.

By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparison for the general fund at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.

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

Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2015; 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.



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Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund type level.

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

**F. Cash and Investments**

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

During fiscal year 2015, 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 2015 amounted to \$8,892, of which 1,781 was assigned from other District funds.

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

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2015, the District maintained a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5 - 20 years
Buildings and Improvements	20 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans between governmental funds are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net positions. The District had no interfund loans at June 30, 2015.

**J. Compensated Absences**

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

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

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

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

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

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

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

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

**M. Fund Balance**

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

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

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

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

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

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

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

**N. Net Position**

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

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

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

**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.

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**Q. Interfund Activity**

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

**P. Pensions**

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

**Note 3 – Change in Accounting Principle**

For fiscal year 2015, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”, Statement No. 69, “Government Combinations and Disposals of Government Operations”, and Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.”

GASB Statement No. 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The implementation of GASB 68 resulted in an overall restatement of beginning net position, as previously reported (see Note 4).

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires the use of carrying values to measure the assets and liabilities in a government merger. It also requires measurements of assets acquired and liabilities assumed to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. The Statement also provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. Disclosures about government combinations and disposals of government operations are required to enable financial statement users to evaluate the nature and financial effects of those transactions. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 71 addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The implementation of GASB 71 resulted in an overall restatement of beginning net position, as previously reported.

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**Note 4 – Restatement of Prior Year Net Position**

GASB Statement No. 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The implementation of GASB 68 resulted in an overall restatement of beginning net position, as previously reported:

	<u>Governmental Activities</u>
Net Position at June 30, 2014, as Previously Reported	\$19,431,287
<i>Implementation of GASB 68 and GASB 71:</i>	
Net Pension Liability - STRS	(10,315,713)
Net Pension Liability - SERS	(2,171,073)
<i>Deferred Outflows - District's Contributions Made</i>	
<i>During Fiscal Year 2014</i>	
STRS	537,057
SERS	<u>147,872</u>
Adjusted Net Position at June 30, 2014	<u><u>\$7,629,430</u></u>

**Note 5 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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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, 2015, the carrying amount of all District deposits was \$3,179,438. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$2,689,136 of the District's bank balance of \$3,189,136 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

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

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**B. Investments**

As of June 30, 2015, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>
Money Market Mutual Funds	\$2,162	Less than One Year
Federal Home Loan Mortgage Corporation Bonds/Notes	110,351	Less than One Year
U. S. Treasury Note	75,205	Less than One Year
Federal Home Loan Mortgage Corporation Bonds/Notes	265,445	One to Three Years
Federal Farm Credit Bureau Bonds	95,153	One to Three Years
Federal National Mortgage Association Bonds/Notes	339,724	One to Three Years
Federal Home Loan Bank Bonds	59,900	Three to Five Years
Federal Home Loan Mortgage Corporation Bonds/Notes	70,016	Three to Five Years
Total Portfolio	<u>\$1,017,956</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, 2015:

<u>Investment</u>	<u>Percent of Total</u>
Money Market Mutual Funds	0.21%
United States Treasury Obligations	7.39%
Federal Home Loan Bank	5.88%
Federal National Mortgage Association	33.37%
Federal Farm Credit Bureau	9.36%
Federal Home Loan Mortgage Corporation	43.79%
Total	<u>100.00%</u>

**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, 2015:

<u>Cash and investments per note:</u>		<u>Cash and investments per statement of net position:</u>	
Carrying amount of deposits	\$ 3,179,438	Governmental activities	\$ 4,146,357
Investments	<u>1,017,956</u>	Agency fund	<u>51,037</u>
Total	<u>\$ 4,197,394</u>	Total	<u>\$ 4,197,394</u>



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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Note 6 – Fund Balances**

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

Fund Balances	General	Nonmajor Governmental	Total
<b><i>Nonspendable</i></b>			
Inventory	\$0	\$1,555	\$1,555
Unclaimed Funds	2,229	0	2,229
<i>Total Nonspendable</i>	<u>2,229</u>	<u>1,555</u>	<u>3,784</u>
<b><i>Restricted for</i></b>			
Classroom Maintenance	0	44,981	44,981
Athletics & Music	0	33,045	33,045
Classroom Size Reduction	0	2,626	2,626
Other Purposes	0	1,070	1,070
Debt Service Payments	0	90,571	90,571
Capital Improvements	0	601,944	601,944
<i>Total Restricted</i>	<u>0</u>	<u>774,237</u>	<u>774,237</u>
<b><i>Committed to</i></b>			
College Scholarships	0	956	956
<b><i>Assigned to</i></b>			
Other Purposes	15,698	0	15,698
Encumbrances	3,838	0	3,838
<i>Total Assigned</i>	<u>19,536</u>	<u>0</u>	<u>19,536</u>
<b><i>Unassigned (Deficit)</i></b>	<u>2,601,789</u>	<u>(34,043)</u>	<u>2,567,746</u>
<i>Total Fund Balances</i>	<u><u>\$2,623,554</u></u>	<u><u>\$742,705</u></u>	<u><u>\$3,366,259</u></u>

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar 2015 represent collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2013, were levied after April 1, 2014 and are collected in 2015 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, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$23,225 in the general fund, \$1,963 in the bond retirement fund, \$1,494 in the permanent improvement fund and \$327 in the classroom facilities maintenance fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2014 was \$17,347 in the general fund, \$1,536 in the bond retirement fund, \$1,136 in the permanent improvement fund and \$425 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, 2015 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 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 92,114,030	97.55	\$ 92,317,116	97.55
Public utility personal	<u>2,316,330</u>	<u>2.45</u>	<u>2,318,574</u>	<u>2.45</u>
<b>Total</b>	<b><u>\$ 94,430,360</u></b>	<b><u>100.00</u></b>	<b><u>\$ 94,635,690</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation for:				
General	\$40.40		\$40.40	
Bond	2.55		2.55	
Permanent improvement	5.00		5.00	
Classroom facilities maintenance	0.50		0.50	

**Note 8 – Receivables**

Receivables at June 30, 2015 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Maplewood Local School District**  
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*For the Fiscal Year Ended June 30, 2015*

**Governmental Activities:**

Property Taxes	\$3,068,161
Accounts	25,357
Intergovernmental	7,969
Total Receivables	<u><u>\$3,101,487</u></u>

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

**Note 9 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/15</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 273,697	\$ -	\$ -	\$ 273,697
 <i>Capital assets, being depreciated:</i>				
Land improvements	125,613	-	-	125,613
Buildings and improvements	23,444,876	-	-	23,444,876
Furniture and equipment	1,749,873	18,455	-	1,768,328
Vehicles	805,142	78,062	-	883,204
Total capital assets, being depreciated	<u>26,125,504</u>	<u>96,517</u>	<u>-</u>	<u>26,222,021</u>
 <i>Less: accumulated depreciation</i>				
Land improvements	(29,313)	(3,305)	-	(32,618)
Buildings and improvements	(6,158,322)	(585,822)	-	(6,744,144)
Furniture and equipment	(1,508,096)	(68,653)	-	(1,576,749)
Vehicles	(555,543)	(69,395)	-	(624,938)
Total accumulated depreciation	<u>(8,251,274)</u>	<u>(727,175)</u>	<u>-</u>	<u>(8,978,449)</u>
Governmental activities capital assets, net	<u>\$ 18,147,927</u>	<u>\$ (630,658)</u>	<u>\$ -</u>	<u>\$ 17,517,269</u>

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$442,357
Special	53,713
<b>Support Services:</b>	
Instructional Staff	10,177
Administration	71,251
Pupil Transportation	69,395
Operation of Food Services	79,795
Extracurricular	487
Total Depreciation Expense	<u><u>\$727,175</u></u>

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**Note 10 – Long-Term Obligations**

During the fiscal year 2015, the following changes occurred in long-term obligations:

<b>Governmental activities:</b>	<u>Balance</u> <u>06/30/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/15</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<i>General obligation bonds:</i>					
<i>Series 2000 school facilities bonds:</i>					
Capital appreciation bonds	\$ 41,318	\$ -	\$ (41,318)	\$ -	\$ -
Accreted interest on capital appreciation bonds	88,241	5,441	(93,682)	-	-
<i>Series 2006 refunding bonds:</i>					
Current interest bonds	<u>1,540,000</u>	<u>-</u>	<u>(5,000)</u>	<u>1,535,000</u>	<u>135,000</u>
Total general obligation bonds	<u>1,669,559</u>	<u>5,441</u>	<u>(140,000)</u>	<u>1,535,000</u>	<u>135,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	<u>568,210</u>	<u>112,247</u>	<u>(41,459)</u>	<u>638,998</u>	<u>31,817</u>
Total other long-term obligations	<u>568,210</u>	<u>112,247</u>	<u>(41,459)</u>	<u>638,998</u>	<u>31,817</u>
Total before net pension liability	<u>2,237,769</u>	<u>117,688</u>	<u>(181,459)</u>	<u>2,173,998</u>	<u>166,817</u>
<i>Net pension liability:</i>					
STRS	10,315,713	-	(1,655,732)	8,659,981	-
SERS	<u>2,171,073</u>	<u>-</u>	<u>(323,373)</u>	<u>1,847,700</u>	<u>-</u>
Total net pension liability	<u>12,486,786</u>	<u>-</u>	<u>(1,979,105)</u>	<u>10,507,681</u>	<u>-</u>
Total long-term obligations	<u>\$ 14,724,555</u>	<u>\$ 117,688</u>	<u>\$ (2,160,564)</u>	<u>\$ 12,681,679</u>	<u>\$ 166,817</u>
Add: Unamortized premium on bond issuance				<u>81,967</u>	
Total on statement of net position				<u>\$ 12,763,646</u>	

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

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

This original issue was comprised of current interest term bonds, par value \$1,550,000, current interest serial bonds, par value \$1,055,000, and capital appreciation bonds, par value \$188,935. On June 6, 2006, the current interest term bonds were advanced refunded by the series 2006 refunding bonds described below. The capital appreciation bonds mature each December 1, 2011 through 2014 (stated interest rates 8.471%, 8.523%, 8.523%, and 8.575% respectively), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$540,000. These bonds were paid in full as of June 30, 2015.

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

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

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

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

Fiscal Year Ending <u>June 30,</u>	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$135,000	\$79,014	\$214,014
2017	145,000	72,315	217,315
2018	155,000	64,253	219,253
2019	160,000	55,788	215,788
2020	170,000	46,918	216,918
2021 - 2024	<u>770,000</u>	<u>87,450</u>	<u>857,450</u>
Total	<u>\$ 1,535,000</u>	<u>\$ 405,738</u>	<u>\$ 1,940,738</u>

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

**Legal Debt Margin**

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

In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$7,072,783 (including available funds of \$90,571) and an unvoted debt margin of \$94,636.

**Maplewood Local School District**  
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**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.

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

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2014.

**B. Employee Health, Dental, Vision and Life Insurance**

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

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

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

**C. Workers' Compensation Group Rating**

For fiscal year 2015, 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.

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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 – Defined Benefit Pension Plans**

**A. Net Pension Liability**

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had an effect on beginning net position as reported at June 30, 2014 (see Note 3). The net pension liability has been disclosed below.

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

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

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

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

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

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

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**B. School Employees Retirement System**

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ending June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund. The District's contractually required contribution to SERS was \$144,796 for the fiscal year ended June 30, 2015. Of this amount \$32,647 was reported as an intergovernmental payable.

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

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



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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$536,862 for the fiscal year ended June 30, 2015. Of this amount \$82,780 was reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$1,847,700	\$8,659,981	\$10,507,681
Proportion of the Net Pension Liability	0.03650900%	0.03560341%	
Pension Expense	\$108,660	\$400,083	\$508,743

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$15,726	\$83,371	\$99,097
District contributions subsequent to the measurement date	144,796	536,862	681,658
<b>Total Deferred Outflows of Resources</b>	<b>\$160,522</b>	<b>\$620,233</b>	<b>\$780,755</b>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$299,887	\$1,602,129	\$1,902,016

\$681,658 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2016	(\$71,040)	(\$379,690)	(\$450,730)
2017	(71,040)	(379,690)	(450,730)
2018	(71,040)	(379,689)	(450,729)
2019	(71,041)	(379,689)	(450,730)
<b>Total</b>	<b>(\$284,161)</b>	<b>(\$1,518,758)</b>	<b>(\$1,802,919)</b>

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

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

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

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

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

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's Proportionate Share of the Net Pension Liability	\$2,636,118	\$1,847,700	\$1,184,571

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

<u></u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's Proportionate Share of the Net Pension Liability	\$12,397,708	\$8,659,981	\$5,499,123

**E. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2015, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**Note 13 – Postemployment Benefits**

**A. School Employees Retirement System**

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$16,479.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$9,228, \$1,494 and \$1,691, respectively. For fiscal year 2015, 68 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

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

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

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$41,302, and \$38,767 respectively. The full amount has been contributed for fiscal years 2014 and 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**

<b>General Fund</b>	
GAAP Basis	\$168,132
Net Adjustment for Revenue Accruals	(68,371)
Net Adjustment for Expenditure Accruals	105,547
Net Adjustment for Funds Budgeted as Special Revenue	(4,382)
Adjustment for Encumbrances	(14,898)
Budget Basis	<u><u>\$186,028</u></u>

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**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, 2015, if applicable, cannot be determined at this time.

**B. Litigation**

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

**C. School District Foundation**

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

**Note 16 – Statutory Reserves**

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

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

	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2014	\$ -
Current year set-aside requirement	138,302
Offsets	(231,953)
Qualifying disbursements	<u>-</u>
Total	<u>\$ (93,651)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>

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



**Maplewood Local School District**

Trumbull County, Ohio

*Required Supplementary Information*

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

*School Employees Retirement System of Ohio (SERS)*

*Last Two Fiscal Years (1)*

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

(1) Information prior to 2013 is not available.

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

**Maplewood Local School District**

Trumbull County, Ohio

*Required Supplementary Information*

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

*State Teachers Retirement System of Ohio (STRS)*

*Last Two Fiscal Years (1)*

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

(1) Information prior to 2013 is not available.

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

**Maplewood Local School District**

Trumbull County, Ohio

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

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$144,796	\$147,872	\$146,269	\$152,249
Contributions in Relation to the Contractually Required Contribution	(\$144,796)	(\$147,872)	(\$146,269)	(\$152,249)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,098,607	\$1,066,898	\$1,056,854	\$1,131,963
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$140,630	\$147,109	\$104,872	\$99,548	\$98,064	\$105,360
(\$140,630)	(\$147,109)	(\$104,872)	(\$99,548)	(\$98,064)	(\$105,360)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,118,775	\$1,086,477	\$1,065,772	\$1,013,727	\$918,202	\$995,841
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**Maplewood Local School District**

Trumbull County, Ohio

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

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$536,862	\$537,057	\$503,975	\$542,215
Contributions in Relation to the Contractually Required Contribution	(\$536,862)	(\$537,057)	(\$503,975)	(\$542,215)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$3,834,726	\$4,131,208	\$3,876,734	\$4,170,885
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
\$531,580	\$522,501	\$504,552	\$513,098	\$518,203	\$513,964
(\$531,580)	(\$522,501)	(\$504,552)	(\$513,098)	(\$518,203)	(\$513,964)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,089,077	\$4,019,238	\$3,881,169	\$3,946,908	\$3,986,177	\$3,953,569
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	N/A	10.555	\$10,216	\$10,216
Cash Assistance:				
National School Lunch Program	FY2015	10.555	136,104	136,104
National School Breakfast Program	FY2015	10.553	40,857	40,857
Total - Nutrition Cluster			<u>187,177</u>	<u>187,177</u>
<b>Total U.S. Department of Agriculture</b>			<u>187,177</u>	<u>187,177</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Direct Program:</i>				
Impact Aid - Section 8002	FY2015	84.041	<b>79,630</b>	<b>79,630</b>
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to State (IDEA Part B)	FY 2014	84.027	3,870	3,870
Special Education Grants to State (IDEA Part B)	FY 2015	84.027	162,494	162,494
<b>Total Special Education Cluster</b>			<u>166,364</u>	<u>166,364</u>
Title I Grants to Local Educational Agencies	FY 2014	84.010	29,606	31,113
Title I Grants to Local Educational Agencies	FY 2015	84.010	200,780	185,832
<b>Total Title I Grants to Local Educational Agencies</b>			<u>230,386</u>	<u>216,945</u>
Improving Teacher Quality State Grants	FY 2014	84.367	5,278	6,623
Improving Teacher Quality State Grants	FY 2015	84.367	31,435	31,435
<b>Total U.S. Department of Education</b>			<u>433,463</u>	<u>421,367</u>
<b>Total</b>			<u><u>\$700,270</u></u>	<u><u>\$688,174</u></u>

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



**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A- SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B- CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATED PROGRAM**

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

**NOTE D – MATCHING REQUIREMENTS**

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



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CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Maplewood Local School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Maplewood Local School District's basic financial statements and have issued our report thereon dated December 30, 2015, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



**CANTER & ASSOCIATES**

Poland, Ohio

December 30, 2015



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CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Board of Education:

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

We have audited Maplewood Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal programs for the fiscal year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2015.

**Report on Internal Control over Compliance**

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

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

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

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



**CANTER & ASSOCIATES**

Poland, Ohio

December 30, 2015

**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED JUNE 30, 2015**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	UNMODIFIED
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	UNMODIFIED
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	NO
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Ed - CFDA 84.027 Title 1 – CFDA 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	NO

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

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



# Dave Yost • Auditor of State

**MAPLEWOOD LOCAL SCHOOL DISTRICT**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 23, 2016**