

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

*BASIC FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2007*

PAUL BROTZKI, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Maumee City School District
2345 Detroit Avenue
Maumee, Ohio 43537

We have reviewed the *Independent Auditor's Report* of the Maumee City School District, Lucas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2007

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Board of Education
Maumee City School District
2345 Detroit Avenue
Maumee, Ohio 43537

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise the Maumee City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Maumee City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2007 on our consideration of the Maumee City 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Education
Maumee City School District
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maumee City School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards 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 schedule of receipts and expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
November 9, 2007

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The management's discussion and analysis of the Maumee City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities increased \$4,010,448 which represents a 41.57% increase from 2006.
- General revenues accounted for \$33,158,181 in revenue or 89.07% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,068,068 or 10.93% of total revenues of \$37,226,249.
- The District had \$33,215,801 in expenses related to governmental activities; \$4,068,068 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$29,252,412 in revenues and other financing sources and \$25,533,192 in expenditures and other financing uses. During fiscal year 2007, the general fund's fund balance increased from a deficit of \$3,204,262 to a positive balance of \$533,919.
- The debt service fund had \$3,612,494 in revenues and \$3,004,140 in expenditures. During fiscal year 2007, the debt service fund's fund balance increased \$608,354 from \$689,259 to \$1,297,613.

Using these Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-21 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 22 and 23, these activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-48 of this report.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. A comparative analysis has been provided.

The table below provides a summary of the District's net assets for 2007 and 2006.

	Net Assets	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Assets</u>		
Current and other assets	\$ 32,072,845	\$ 32,874,729
Capital assets, net	<u>49,075,967</u>	<u>48,043,825</u>
Total assets	<u>81,148,812</u>	<u>80,918,554</u>
<u>Liabilities</u>		
Current liabilities	24,915,707	27,791,139
Long-term liabilities	<u>42,575,962</u>	<u>43,480,720</u>
Total liabilities	<u>67,491,669</u>	<u>71,271,859</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	9,756,703	8,650,400
Restricted	3,213,239	5,624,671
Unrestricted (deficit)	<u>687,201</u>	<u>(4,628,376)</u>
Total net assets	<u>\$ 13,657,143</u>	<u>\$ 9,646,695</u>

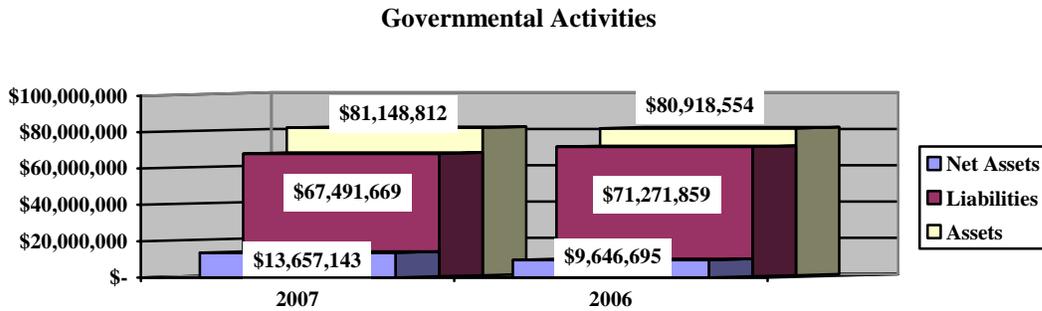
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$13,657,143; of this total, \$3,213,239 is restricted in use.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

At year-end, capital assets represented 60.48% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$9,756,703. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$3,213,239, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$1,158,177 is restricted for capital projects. The table below provides a summary of the District's net assets for 2007 and 2006.



The table below shows the change in net assets for fiscal years 2007 and 2006.

Change in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,680,373	\$ 1,812,372
Operating grants and contributions	2,206,051	1,818,949
Capital grants and contributions	181,644	25,160
General revenues:		
Property taxes	25,649,165	23,017,064
Grants and entitlements	7,100,948	6,185,358
Investment earnings	340,480	387,620
Other	67,588	83,231
Special item: Exchange of land	-	315,185
Total revenues	37,226,249	33,644,939

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Change in Net Assets

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 14,747,213	\$ 14,875,179
Special	3,186,893	3,154,559
Vocational	228,567	359,501
Adult/continuing	81,255	129,732
Other	391,463	311,211
Support services:		
Pupil	1,345,556	1,149,561
Instructional staff	659,698	593,605
Board of education	37,065	33,924
Administration	2,570,967	2,420,059
Fiscal	654,905	637,243
Business	271,905	185,074
Operations and maintenance	3,280,757	3,136,560
Pupil transportation	1,013,706	785,923
Central	248,045	224,595
Operations of non-instructional services	75,583	32,637
Food service operations	1,069,403	904,384
Extracurricular activities	1,020,188	1,041,266
Intergovernmental-pass through	552,579	541,248
Interest and fiscal charges	<u>1,780,053</u>	<u>1,803,846</u>
Total	<u>33,215,801</u>	<u>32,320,107</u>
Change in net assets	4,010,448	1,324,832
Net assets at beginning of year	<u>9,646,695</u>	<u>8,321,863</u>
Net assets at end of year	<u>\$ 13,657,143</u>	<u>\$ 9,646,695</u>

Governmental Activities

Net assets of the District's governmental activities increased \$4,010,448. Total governmental expenses of \$33,215,801 were offset by program revenues of \$4,068,068, and general revenues of \$33,158,181. Program revenues supported 12.25% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 87.98% of total governmental revenue. Real estate property is reappraised every six years. As a result of the latest update by Lucas County in 2003, the District's tax valuation increased by 4.56% on average.

Voters approved a \$42,000,000 bond levy in May 2003. This levy, which generates approximately \$2,552,878 per year for 28 years, is expected to provide revenue for debt service through fiscal year 2031. In November 2005, voters approved a 4.8 mill continuing operating levy.

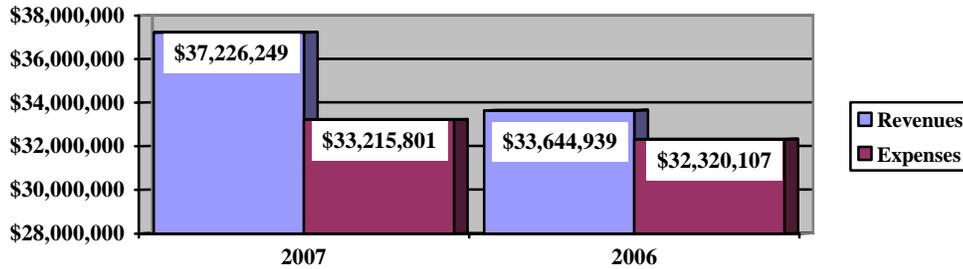
**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The District's financial condition had remained strong throughout the years, primarily due to the Arrowhead Industrial Park, a business community predominately located within the boundaries of the District. Unfortunately, with the passage of HB 66 the Tangible Personal Property Tax is being phased out over time, and with increased assessed valuation locally, the District will be receiving a reduction in state support. The District is projecting no additional state funding in future years.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2007 and 2006.

Governmental Activities - Revenues and Expenses



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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

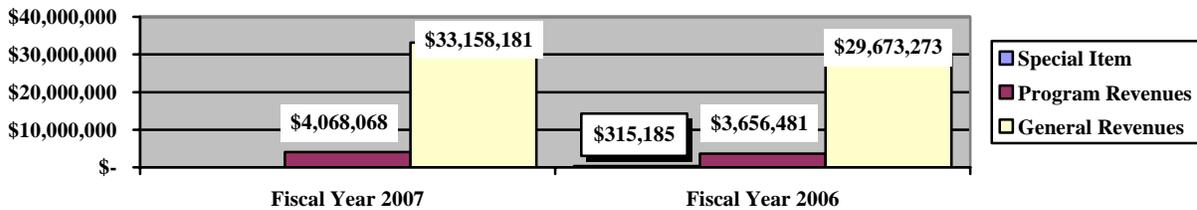
Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program expenses				
Instruction:				
Regular	\$ 14,747,213	\$ 14,109,390	\$ 14,875,179	\$ 14,231,732
Special	3,186,893	2,276,281	3,154,559	2,543,810
Vocational	228,567	213,991	359,501	359,501
Adult/continuing	81,255	81,255	129,732	129,732
Other	391,463	281,329	311,211	219,935
Support services:				
Pupil	1,345,556	1,345,556	1,149,561	1,149,561
Instructional staff	659,698	476,914	593,605	412,949
Board of education	37,065	37,065	33,924	33,924
Administration	2,570,967	2,568,725	2,420,059	2,420,059
Fiscal	654,905	645,288	637,243	627,338
Business	271,905	140,348	185,074	29,950
Operations and maintenance	3,280,757	3,230,411	3,136,560	3,112,319
Pupil transportation	1,013,706	918,137	785,923	785,923
Central	248,045	198,862	224,595	186,868
Operation of non-instructional services	75,583	45,193	32,637	20,229
Food service operations	1,069,403	153,082	904,384	(56,095)
Extracurricular activities	1,020,188	587,614	1,041,266	710,067
Intergovernmental pass-through	552,579	58,239	541,248	(58,022)
Interest and fiscal charges	<u>1,780,053</u>	<u>1,780,053</u>	<u>1,803,846</u>	<u>1,803,846</u>
Total	<u>\$ 33,215,801</u>	<u>\$ 29,147,733</u>	<u>\$ 32,320,107</u>	<u>\$ 28,663,626</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 91.02% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.75%. The District's taxpayers, as a whole, are by far the primary support for District students.

The graph below presents the District's governmental activities revenue for fiscal years 2007 and 2006.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$3,601,923, which is higher than last year's total of \$2,240,411. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance <u>June 30, 2007</u>	Fund Balance (Deficit) <u>June 30, 2006</u>	Increase <u>(Decrease)</u>
General	\$ 533,919	\$ (3,204,262)	\$ 3,738,181
Debt Service	1,297,613	689,259	608,354
Other Governmental	<u>1,770,391</u>	<u>4,755,414</u>	<u>(2,985,023)</u>
Total	<u>\$ 3,601,923</u>	<u>\$ 2,240,411</u>	<u>\$ 1,361,512</u>

General Fund

During fiscal year 2007, the District's general fund balance increased \$3,738,181. The table that follows assists in illustrating the financial activities of the general fund.

	<u>2007 Amount</u>	<u>2006 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$ 21,634,071	\$ 19,440,193	11.29 %
Tuition	306,271	301,204	1.68 %
Earnings on investments	273,026	165,653	64.82 %
Intergovernmental	6,945,606	5,819,703	19.35 %
Other revenues	<u>93,176</u>	<u>128,646</u>	(27.57) %
Total	<u>\$ 29,252,150</u>	<u>\$ 25,855,399</u>	13.14 %
<u>Expenditures</u>			
Instruction	\$ 16,084,387	\$ 17,055,180	(5.69) %
Support services	8,679,352	8,989,984	(3.46) %
Operation of non-instructional services	3,276	2,537	29.13 %
Extracurricular activities	<u>651,177</u>	<u>678,365</u>	(4.01) %
Total	<u>\$ 25,418,192</u>	<u>\$ 26,726,066</u>	(4.89) %

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 2007, the District amended its general fund budgeted revenue. For the general fund, original budgeted revenues and other financing sources of \$26,875,302 were increased to \$27,500,499 in the final budget. Actual revenues and other financing sources for fiscal 2007 were \$28,461,740 which was \$961,241 more than the final budgeted revenues.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

General fund original appropriations (appropriated expenditures plus other financing uses) of \$26,055,515 were increased \$1,044,228 to \$27,099,743 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$26,825,113, which was \$274,630 lower than the final budget appropriations.

Debt Service Fund

During fiscal year 2007, the District's debt service fund balance increased \$608,354. The debt service fund had \$3,612,494 in revenues and \$3,004,140 in expenditures. The fund balance of the debt service fund increased from \$689,259 to \$1,297,613.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the District had \$49,075,967 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2007 balances compared to 2006:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Land	\$ 1,014,174	\$ 1,014,174
Construction in progress	2,200,041	7,000
Land improvements	223,661	269,103
Buildings and improvements	45,002,658	46,023,881
Furniture and equipment	420,506	452,621
Vehicles	<u>214,927</u>	<u>277,046</u>
Total	<u>\$ 49,075,967</u>	<u>\$48,043,825</u>

Total additions to capital assets for 2007 were \$2,619,045. The overall increase in capital assets of \$1,032,142 is primarily due to capital outlays exceeding the \$1,579,934 in depreciation expense for fiscal 2007.

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

Debt Administration

At June 30, 2007, the District had \$38,780,000 in general obligation bonds outstanding. Of this total, \$1,375,000 is due within one year and \$37,405,000 is due in greater than one year. The following table summarizes the bonds outstanding.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Outstanding Debt, at Year End

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>
General Obligation Debt:		
General obligation bonds	<u>\$ 38,780,000</u>	<u>\$39,980,000</u>
Total	<u>\$ 38,780,000</u>	<u>\$39,980,000</u>

At June 30, 2007, the District's overall legal debt margin was \$7,786,205 with an unvoted debt margin of \$504,227.

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

Current Related Financial Activities

Traditionally, the District has had a strong financial base and a somewhat stable revenue source. As the preceding information shows, the District relies heavily on property (real and personal tangible) taxes and the state foundation program. The moderate increase in property tax revenue the district expected in fiscal year 2005 due to the increased tax valuation caused by the triennial valuation update and the passage of additional operating levies in May of 2003 did not occur and the District will need to pass an additional operating levy in the near future. The District is always presented with challenges and opportunities, including national economic events, new and recently enacted legislation eliminating the tangible personal property tax base and the No Child Left Behind Act.

Considering the external economic challenges, the District's financial outlook is not as solid as many believe. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. In spite of the projected monetary shortfall the District continues to perform at one of the highest levels determined by the State of Ohio, which is measured by a defined set of proficiency criteria. Our most recent state report card shows the District's students achieving 23 of 24 indicators earning the district its first ever EXCELLENT rating.

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

A challenge facing the District is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable". Subsequent decisions by the Supreme Court has upheld this earlier decision. Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Paul Brotzki, Treasurer, Maumee City School District, 2345 Detroit Avenue, Maumee, Ohio 43537.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 5,315,548
Receivables:	
Taxes	25,713,816
Accounts	320,056
Intergovernmental	41,918
Accrued interest	40,497
Prepayments	39,554
Materials and supplies inventory.	37,959
Unamortized bond issue costs	563,497
Capital assets:	
Land	1,014,174
Construction in progress	2,200,041
Depreciable capital assets, net	45,861,752
Capital assets, net.	<u>49,075,967</u>
 Total assets.	 <u>81,148,812</u>
Liabilities:	
Accounts payable.	99,254
Contracts payable.	194,099
Accrued wages and benefits	2,369,272
Pension obligation payable.	689,549
Intergovernmental payable	94,361
Unearned revenue	21,319,827
Accrued interest payable	149,345
Long-term liabilities:	
Due within one year.	1,492,823
Due in more than one year	41,083,139
 Total liabilities	 <u>67,491,669</u>
Net Assets:	
Invested in capital assets, net of related debt.	9,756,703
Restricted for:	
Capital projects	1,158,177
Debt service.	1,427,702
Locally funded programs	97,111
State funded programs	13,147
Federally funded programs	25,405
Student activities	130,900
Public school support.	194,043
Other purposes	166,754
Unrestricted	<u>687,201</u>
 Total net assets	 <u>\$ 13,657,143</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 14,747,213	\$ 316,807	\$ 156,130	\$ 164,886	\$ (14,109,390)
Special	3,186,893	-	910,612	-	(2,276,281)
Vocational	228,567	-	14,576	-	(213,991)
Adult/continuing	81,255	-	-	-	(81,255)
Other	391,463	110,134	-	-	(281,329)
Support services:					
Pupil	1,345,556	-	-	-	(1,345,556)
Instructional staff	659,698	-	182,784	-	(476,914)
Board of education	37,065	-	-	-	(37,065)
Administration	2,570,967	-	2,242	-	(2,568,725)
Fiscal	654,905	-	9,617	-	(645,288)
Business	271,905	131,557	-	-	(140,348)
Operations and maintenance	3,280,757	-	50,346	-	(3,230,411)
Pupil transportation	1,013,706	-	78,811	16,758	(918,137)
Central	248,045	-	49,183	-	(198,862)
Operation of non-instructional services					
Food service operations	75,583	29,255	1,135	-	(45,193)
Extracurricular activities	1,069,403	660,046	256,275	-	(153,082)
Intergovernmental	1,020,188	432,574	-	-	(587,614)
Interest and fiscal charges	552,579	-	494,340	-	(58,239)
	1,780,053	-	-	-	(1,780,053)
Total governmental activities	\$ 33,215,801	\$ 1,680,373	\$ 2,206,051	\$ 181,644	(29,147,733)
 General Revenues:					
Property taxes levied for:					
					22,248,696
					3,170,448
					230,021
					7,100,948
					340,480
					67,588
					<u>33,158,181</u>
					Change in net assets 4,010,448
					<u>Net assets at beginning of year 9,646,695</u>
					<u>Net assets at end of year \$ 13,657,143</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,047,799	\$ 1,091,548	\$ 2,022,611	\$ 5,161,958
Receivables:				
Taxes	22,031,991	3,261,277	420,548	25,713,816
Accounts	320,056	-	-	320,056
Intergovernmental	-	-	41,918	41,918
Accrued interest	40,497	-	-	40,497
Prepayments	39,554	-	-	39,554
Materials and supplies inventory	31,508	-	6,451	37,959
Restricted assets:				
Equity in pooled cash and cash equivalents	153,590	-	-	153,590
Total assets	<u>\$ 24,664,995</u>	<u>\$ 4,352,825</u>	<u>\$ 2,491,528</u>	<u>\$ 31,509,348</u>
Liabilities:				
Accounts payable	\$ 71,260	\$ -	\$ 27,994	\$ 99,254
Contracts payable	-	-	194,099	194,099
Accrued wages and benefits	2,315,326	-	53,946	2,369,272
Compensated absences payable	62,940	-	-	62,940
Pension obligation payable.	650,187	-	39,362	689,549
Intergovernmental payable	90,575	-	3,786	94,361
Deferred revenue	2,759,339	279,434	39,350	3,078,123
Unearned revenue	18,181,449	2,775,778	362,600	21,319,827
Total liabilities	<u>24,131,076</u>	<u>3,055,212</u>	<u>721,137</u>	<u>27,907,425</u>
Fund Balances:				
Reserved for encumbrances	34,895	-	596,094	630,989
Reserved for BWC refunds	121,957	-	-	121,957
Reserved for school bus purchases.	31,633	-	-	31,633
Reserved for materials and supplies inventory.	31,508	-	6,451	37,959
Reserved for property tax unavailable for appropriation	476,782	94,194	10,466	581,442
Reserved for prepayments	39,554	-	-	39,554
Reserved for debt service.	-	1,203,419	-	1,203,419
Unreserved, undesignated (deficit), reported in:				
General fund	(202,410)	-	-	(202,410)
Special revenue funds.	-	-	584,387	584,387
Capital projects funds.	-	-	572,993	572,993
Total fund balances.	<u>533,919</u>	<u>1,297,613</u>	<u>1,770,391</u>	<u>3,601,923</u>
Total liabilities and fund balances	<u>\$ 24,664,995</u>	<u>\$ 4,352,825</u>	<u>\$ 2,491,528</u>	<u>\$ 31,509,348</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

Total governmental fund balances		\$	3,601,923
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			49,075,967
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	3,057,048	
Accrued interest		14,996	
Intergovernmental		6,079	
Total			3,078,123
Unamortized premiums on bond issuance is not recognized in the funds.			(1,102,761)
Unamortized bond issuance costs are not recognized in the funds.			563,497
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(149,345)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		38,780,000	
Compensated absences		2,630,261	
Total			(41,410,261)
Net assets of governmental activities		\$	13,657,143

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 21,634,071	\$ 3,103,329	\$ 196,750	\$ 24,934,150
Tuition.	306,271	-	110,134	416,405
Charges for services	-	-	665,652	665,652
Earnings on investments.	273,026	61,848	62,903	397,777
Extracurricular.	-	-	203,082	203,082
Classroom materials and supplies	48,939	-	175,995	224,934
Other local revenues.	44,237	-	352,230	396,467
Intergovernmental - State	6,945,606	447,317	618,697	8,011,620
Intergovernmental - Federal.	-	-	1,249,462	1,249,462
Total revenue	<u>29,252,150</u>	<u>3,612,494</u>	<u>3,634,905</u>	<u>36,499,549</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,210,206	-	383,678	13,593,884
Special.	2,252,079	-	629,551	2,881,630
Vocational.	228,567	-	-	228,567
Adult/continuing	2,072	-	79,183	81,255
Other.	391,463	-	-	391,463
Support Services:				
Pupil.	1,250,823	-	-	1,250,823
Instructional staff	382,966	-	182,576	565,542
Board of education	37,065	-	-	37,065
Administration.	2,221,222	-	1,651	2,222,873
Fiscal	621,172	-	9,327	630,499
Business	41,368	-	221,032	262,400
Operations and maintenance.	3,067,239	-	61,225	3,128,464
Pupil transportation	866,829	-	24,204	891,033
Central.	190,668	-	46,962	237,630
Operation of non-instructional services	3,276	-	66,009	69,285
Food service operations	-	-	819,564	819,564
Extracurricular activities.	651,177	-	245,255	896,432
Intergovernmental	-	-	552,579	552,579
Facilities acquisition and construction	-	-	3,411,304	3,411,304
Debt service:				
Principal retirement	-	1,200,000	-	1,200,000
Interest and fiscal charges	-	1,804,140	-	1,804,140
Total expenditures	<u>25,418,192</u>	<u>3,004,140</u>	<u>6,734,100</u>	<u>35,156,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,833,958</u>	<u>608,354</u>	<u>(3,099,195)</u>	<u>1,343,117</u>

Continued

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Sale of assets	\$ 262	\$ -	\$ 742	\$ 1,004
Transfers in.	-	-	115,000	115,000
Transfers (out)	(115,000)	-	-	(115,000)
Total other financing sources (uses)	<u>(114,738)</u>	<u>-</u>	<u>115,742</u>	<u>1,004</u>
Net change in fund balances	3,719,220	608,354	(2,983,453)	1,344,121
Fund balances (deficit) at beginning of year	(3,204,262)	689,259	4,755,414	2,240,411
Increase (decrease) in reserve for inventory	18,961	-	(1,570)	17,391
Fund balances at end of year.	<u>\$ 533,919</u>	<u>\$ 1,297,613</u>	<u>\$ 1,770,391</u>	<u>\$ 3,601,923</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds	\$	1,344,121
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital assets additions	2,619,045	
Current year depreciation	<u>(1,579,934)</u>	
Total		1,039,111
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-in, and donations) is to decrease net assets.		(6,969)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		17,391
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	715,015	
Intergovernmental revenue	6,079	
Accrued interest receivable	<u>5,606</u>	
Total		726,700
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		1,200,000
Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.		45,165
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities.		(23,078)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		2,000
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.		<u>(333,993)</u>
Change in net assets of governmental activities	\$	<u><u>4,010,448</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
From local sources:				
Taxes	\$ 19,676,701	\$ 20,134,439	\$ 20,838,209	\$ 703,770
Tuition.	289,200	295,927	306,271	10,344
Earnings on investments.	261,659	267,746	277,105	9,359
Classroom materials and supplies	46,211	47,286	48,939	1,653
Other local revenues.	41,710	42,680	44,172	1,492
Intergovernmental - State	6,558,464	6,711,033	6,945,607	234,574
Total revenue	<u>26,873,945</u>	<u>27,499,111</u>	<u>28,460,303</u>	<u>961,192</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,455,419	13,994,673	13,852,850	141,823
Special.	2,306,222	2,398,649	2,374,341	24,308
Vocational.	279,517	290,719	287,773	2,946
Adult/Continuing.	2,013	2,093	2,072	21
Other.	380,232	395,471	391,463	4,008
Support Services:				
Pupil.	1,292,842	1,344,655	1,331,028	13,627
Instructional staff	371,789	386,689	382,770	3,919
Board of education	37,523	39,026	38,631	395
Administration.	2,306,258	2,398,687	2,374,378	24,309
Fiscal	624,825	649,866	643,873	5,993
Business	42,826	44,542	44,091	451
Operations and maintenance.	3,129,403	3,254,820	3,221,836	32,984
Pupil transportation	856,692	891,026	881,996	9,030
Central.	186,703	194,186	192,218	1,968
Operation of non-instructional services	3,350	3,484	3,449	35
Extracurricular activities.	667,624	694,381	687,344	7,037
Total expenditures	<u>25,943,238</u>	<u>26,982,967</u>	<u>26,710,113</u>	<u>272,854</u>
Excess of revenues over expenditures.	<u>930,707</u>	<u>516,144</u>	<u>1,750,190</u>	<u>1,234,046</u>
Other financing sources (uses):				
Refund of prior year expenditure	1,110	1,135	1,175	40
Transfers (out)	(112,277)	(116,776)	(115,000)	1,776
Sale of assets	247	253	262	9
Total other financing sources (uses)	<u>(110,920)</u>	<u>(115,388)</u>	<u>(113,563)</u>	<u>1,825</u>
Net change in fund balance	819,787	400,756	1,636,627	1,235,871
Fund balance at beginning of year	394,657	394,657	394,657	-
Prior year encumbrances appropriated	139,984	139,984	139,984	-
Fund balance at end of year.	<u>\$ 1,354,428</u>	<u>\$ 935,397</u>	<u>\$ 2,171,268</u>	<u>\$ 1,235,871</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 118,194	\$ 30,037
Total assets	118,194	\$ 30,037
Liabilities:		
Accounts payable	620	\$ 650
Due to students	-	29,387
Total liabilities	620	\$ 30,037
Net Assets:		
Held in trust for scholarships	117,574	
Total net assets	\$ 117,574	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 4,943
Gifts and contributions.	55,622
	60,565
Total additions.	60,565
Deductions:	
Scholarships awarded	53,584
	6,981
Change in net assets	6,981
Net assets at beginning of year.	110,593
Net assets at end of year	\$ 117,574

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District ranks as the 164th largest by enrollment among the 876 public and community school districts in the state. It currently operates 4 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 16 administrators, 218 non-certified, 278 certified full-time and part-time employees to provide services to approximately 2,810 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise have access to the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

JOINTLY GOVERNED ORGANIZATION

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a computer consortium. NWOCA is an association of education entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood counties in northwestern Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during this fiscal year were \$99,659. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Penta Career Center

The Penta Career Center (the "Center") is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. The District did not make any payments to the Center during fiscal year 2007. Financial information can be obtained from the Penta County Career Center, Carrie Herringshaw, who serves as Treasurer, at 30095 Oregon Road, Perrysburg, Ohio 43551-4594.

Bay Area Council

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

General Fund - The general fund is used to account for 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.

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

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 other than those financed by trust funds; and (b) for grants and other resources whose use is restricted to a particular purpose.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express 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 Lucas County Budget Commission for rate determination. The Lucas County Budget Commission waived the tax budget filing requirement for fiscal year 2007.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during the fiscal year.

Appropriations:

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

F. Cash and Investments

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

During fiscal year 2007, investments were limited to federal agency securities, U.S. Government money market mutual fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal 2007. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2007.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$273,026 includes \$179,834 assigned from other funds.

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

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

G. Inventory

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

H. Capital Assets

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

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

All reported capital assets except land and construction in progress 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>Governmental Activities Estimated Lives</u>
Land improvements	5 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 20 years

I. Compensated Absences

Compensated absences of the District consist of vacation leave and severance 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. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least twenty-two years of service or any employee age sixty with five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Fund Reserves

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

L. Net Assets

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2007, no net assets were restricted by enabling legislation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

M. 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.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 15 for details.

O. Interfund Activity

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

P. Parochial Schools

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

Q. Unamortized Bond Issuance Costs and Bond Premium

On government-wide financial statements, bonds issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the financial statements.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

R. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any extraordinary or special items during fiscal year 2007.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

i. Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Education Management - Information Systems	37
Ohio Reads	27
Title VI-B	34,220
Title I	235
Class Size Reduction	177

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

- ii.** The District had appropriations exceeding resources at June 30, 2007 and throughout the fiscal year ended in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim moneys 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, 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 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the District had \$9,090 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$501,309. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$553,738 of the District's bank balance of \$753,738 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

C. Investments

As of June 30, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
FHLB	\$ 2,030,643	\$ 495,470	\$ 690,158	\$ 546,608	\$ 298,407
FNMA	1,522,722	574,802	947,920	-	-
FFCB	297,189	-	-	-	297,189
FHLMC	542,357	248,672	-	-	293,685
U.S. Government money market	70,406	70,406	-	-	-
STAR Ohio	490,063	490,063	-	-	-
Total	<u>\$ 4,953,380</u>	<u>\$ 1,879,413</u>	<u>\$ 1,638,078</u>	<u>\$ 546,608</u>	<u>\$ 889,281</u>

The weighted average maturity of investments is .75 years.

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

Credit Risk: The District's federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 2,030,643	41.00
FNMA	1,522,722	30.74
FFCB	297,189	6.00
FHLMC	542,357	10.95
U.S. Government		
Money Market	70,406	1.42
STAR Ohio	<u>490,063</u>	<u>9.89</u>
Total	<u>\$ 4,953,380</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 501,309
Investments	4,953,380
Cash on hand	<u>9,090</u>
Total	<u>\$ 5,463,779</u>
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 5,315,548
Private-purpose trust funds	118,194
Agency funds	<u>30,037</u>
Total	<u>\$ 5,463,779</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$ 115,000

All transfers made in fiscal year 2007 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien January 1, 2006, were levied after April 1, 2006 and are collected in 2007 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.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Lucas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2007 was \$476,782 in the general fund, \$94,194 in the debt service fund and \$10,466 in the Permanent Improvement fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$393,716 in the general fund and \$71,284 in the debt service fund.

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 deferred.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and ther real estate	\$ 467,487,870	84.72	\$ 497,895,580	88.00
Public utility personal	11,808,000	2.14	12,068,280	2.13
Tangible personal property	<u>72,505,336</u>	<u>13.14</u>	<u>55,825,762</u>	<u>9.87</u>
Total	<u>\$ 551,801,206</u>	<u>100.00</u>	<u>\$ 565,789,622</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 77.80		\$ 77.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 7 - RECEIVABLES - (Continued)

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

Governmental Activities	
Taxes	\$ 25,713,816
Accounts	320,056
Intergovernmental	41,918
Accrued interest	<u>40,497</u>
Total	<u>\$ 26,116,287</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 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance <u>June 30, 2006</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2007</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,014,174	\$ -	\$ -	\$ 1,014,174
Construction in progress	<u>7,000</u>	<u>2,193,041</u>	<u>-</u>	<u>2,200,041</u>
Total capital assets, not being depreciated	<u>1,021,174</u>	<u>2,193,041</u>	<u>-</u>	<u>3,214,215</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,889,021	-	-	1,889,021
Buildings and improvements	53,197,242	391,703	-	53,588,945
Furniture and equipment	1,916,902	34,301	(34,910)	1,916,293
Vehicles	<u>1,302,209</u>	<u>-</u>	<u>(19,050)</u>	<u>1,283,159</u>
Total capital assets, being depreciated	<u>58,305,374</u>	<u>426,004</u>	<u>(53,960)</u>	<u>58,677,418</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,619,918)	(45,442)	-	(1,665,360)
Buildings and improvements	(7,173,361)	(1,412,926)	-	(8,586,287)
Furniture and equipment	(1,464,281)	(61,915)	30,409	(1,495,787)
Vehicles	<u>(1,025,163)</u>	<u>(59,651)</u>	<u>16,582</u>	<u>(1,068,232)</u>
Total accumulated depreciation	<u>(11,282,723)</u>	<u>(1,579,934)</u>	<u>46,991</u>	<u>(12,815,666)</u>
Governmental activities capital assets, net	<u>\$ 48,043,825</u>	<u>\$ 1,039,111</u>	<u>\$ (6,969)</u>	<u>\$ 49,075,967</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 834,362
Special	117,069
<u>Support Services:</u>	
Pupil	5,727
Instructional staff	83,425
Administration	75,298
Fiscal	2,485
Business	1,660
Operations and maintenance	53,455
Pupil transportation	83,072
Central	3,310
Intergovernmental	4,130
Extracurricular	96,812
Food service operations	<u>219,129</u>
Total depreciation expense	<u>\$ 1,579,934</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amount
	<u>June 30, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2007</u>	<u>Due in</u>
					<u>One Year</u>
General obligation bonds	\$39,980,000	-	\$(1,200,000)	\$38,780,000	\$1,375,000
Compensated absences	<u>2,352,794</u>	<u>391,075</u>	<u>(50,668)</u>	<u>2,693,201</u>	<u>117,823</u>
Total	<u>\$42,332,794</u>	<u>\$391,075</u>	<u>\$(1,250,668)</u>	41,473,201	<u>\$1,492,823</u>
Unamortized premium on bonds				<u>1,102,761</u>	
Total on statement of net assets				<u>\$42,575,962</u>	

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

Fiscal Year Ending	Principal	Interest	Total
2008	\$ 1,375,000	\$ 1,778,390	\$ 3,153,390
2009	1,400,000	1,736,640	3,136,640
2010	850,000	1,697,165	2,547,165
2011	950,000	1,671,440	2,621,440
2012	975,000	1,637,690	2,612,690
2013 - 2017	5,570,000	7,466,875	13,036,875
2018 - 2022	7,095,000	5,896,575	12,991,575
2023 - 2027	9,060,000	3,887,450	12,947,450
2028 - 2032	<u>11,505,000</u>	<u>1,389,763</u>	<u>12,894,763</u>
Total	<u>\$38,780,000</u>	<u>\$27,161,988</u>	<u>\$65,941,988</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use 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, 2007, are a voted debt margin of \$7,786,205 (including available funds of \$1,185,742) and an unvoted debt margin of \$504,227.

NOTE 10 - RISK MANAGEMENT

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 10 - RISK MANAGEMENT - (Continued)

The District has liability insurance coverage limits of \$2,000,000 per claim and \$4,000,000 annual aggregate.

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from 2006.

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

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$350,085, \$350,557, and \$347,113; 48.78 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$179,331 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 11 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

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

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,915,991, \$1,987,567 and \$1,926,336; 81.77 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$349,381 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective fund. Contributions to the DC and Combined Plans for fiscal year 2007 were \$13,955 made by the District and \$22,028 made by the plan members.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 11 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$147,384 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. The surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$180,581 to fund health care benefits, including the surcharge.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ 1,636,627
Net adjustment for revenue accruals	791,847
Net adjustment for expenditure accruals	1,235,717
Net adjustment for other sources/uses	(1,175)
Adjustment for encumbrances	<u>56,204</u>
GAAP basis	<u>\$ 3,719,220</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner of the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$2,804 per year. A portion of the refund may be recovered from additional State entitlement payments.

The District is involved in no other material litigation as either plaintiff or defendant.

NOTE 15 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2006	\$ (2,066,034)	\$ (42,026,495)	\$ 121,957
Current year set-aside requirement	418,022	418,022	-
Qualifying disbursements	<u>(429,774)</u>	<u>(598,010)</u>	<u>-</u>
Total	<u>\$ (2,077,786)</u>	<u>\$ (42,206,483)</u>	<u>\$ 121,957</u>
Cash balance carried forward to FY 2008	<u>\$ (2,077,786)</u>	<u>\$ (42,026,495)</u>	<u>\$ 121,957</u>

The District had qualifying disbursements during the year and prior year carryover monies that reduced the textbook set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years.

The District issued \$42,000,000 in bonds in fiscal 2004 to provide for the construction and renovation of school buildings. This amount was an allowable offset to future years for the capital acquisition set-aside and thus the excess amount is being carried forward.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 15 - STATUTORY RESERVES - (Continued)

In addition to the above, the District received \$31,633 from the State of Ohio that is restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2007 follows:

Amount restricted for BWC refunds	\$ 121,957
Amount restricted for school bus purchases	<u>31,633</u>
 Total restricted assets	 <u>\$ 153,590</u>

NOTE 16 - COMMUNITY REINVESTMENT AREA

In 1996, the City of Maumee established a "Community Reinvestment Area" (CRA) as permitted by Ohio Statute. The City has, to date, granted incentives to six companies within the CRA. The tax incentives will result in a loss of local tax revenue to the District through 2008, which, the District's administration believes, could cumulatively total over \$1 million.

NOTE 17 - CONTRACTUAL COMMITMENTS

The District had the following outstanding contractual commitments related to building construction at fiscal year-end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Absolute Fire Protection	\$ 191,964	\$ (180,804)	\$ 11,160
Brint Electric	133,590	(50,000)	83,590
Comte Construction	1,051,926	(1,021,926)	30,000
Decorative Flooring Service	22,100	-	22,100
Delventhal Company	10,500	-	10,500
Duket Porter Macpherson	201,454	(127,817)	73,637
Emmenecker's Stone & Concrete	8,000	-	8,000
FYDA Freightliner Cinn Inc	49,907	-	49,907
Grunwell-Cushero Company	10,951	-	10,951
Industrial Power System	126,138	(115,217)	10,921
Romanoff Encompass Electric	26,498	-	26,498
Romanoff Encompass Electric	5,681	-	5,681
Transtar	391,860	(358,183)	33,677
Warner	<u>431,760</u>	<u>(377,978)</u>	<u>53,782</u>
Total Contractual Commitments	<u>\$ 2,662,329</u>	<u>\$ (2,231,925)</u>	<u>\$ 430,404</u>

SUPPLEMENTARY DATA

**MAUMEE CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(C) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(C) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
(A) Food Donation	10.550	N/A	\$ -	\$ 36,825	\$ -	\$ 36,825
Total Food Donation			<u>-</u>	<u>36,825</u>	<u>-</u>	<u>36,825</u>
Nutrition Cluster:						
(B) (D) School Breakfast Program	10.553	044362-05PU-2006	1,148		1,148	
(B) (D) School Breakfast Program	10.553	044362-05PU-2007	2,776		2,776	
Total School Breakfast Program			<u>3,924</u>		<u>3,924</u>	
(B) (D) National School Lunch Program	10.555	044362-LLP4-2006	53,540		53,540	
(B) (D) National School Lunch Program	10.555	044362-LLP4-2007	146,837		146,837	
Total National School Lunch Program			<u>200,377</u>		<u>200,377</u>	
Total Nutrition Cluster			<u>204,301</u>		<u>204,301</u>	
Total U.S. Department of Agriculture			<u>204,301</u>	<u>36,825</u>	<u>204,301</u>	<u>36,825</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
Title I Grants to Local Educational Agencies	84.010	044362-C1S1-2007	104,833		104,833	
Total Title I Grants to Local Educational Agencies			<u>104,833</u>		<u>104,833</u>	
Special Education Grants to States	84.027	044362-6BSF-2007	762,032		762,032	
Total Special Education Grants to States			<u>762,032</u>		<u>762,032</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	044362-DRS1-2007	6,320		6,320	
Total Safe and Drug-Free Schools and Communities State Grants			<u>6,320</u>		<u>6,320</u>	
Javits Gifted and Talented Students Education Grant Program	84.206	044362-JGS2-2006	-		2,863	
Javits Gifted and Talented Students Education Grant Program	84.206	044362-JGS2-2007	8,333		3,233	
Total Javits Gifted & Talented Students Education Grant Program			<u>8,333</u>		<u>6,096</u>	
State Grants for Innovative Programs	84.298	044362-C2S1-2007	5,195		5,195	
Total State Grants for Innovative Programs			<u>5,195</u>		<u>5,195</u>	
Education Technology State Grants	84.318	044362-TJS1-2007	1,091		1,091	
Total Education Technology State Grants			<u>1,091</u>		<u>1,091</u>	
Improving Teacher Quality State Grants	84.367	044362-TRS1-2007	67,075		67,075	
Total Improving Teacher Quality State Grants			<u>67,075</u>		<u>67,075</u>	
Total U.S. Department of Education			<u>949,684</u>		<u>952,642</u>	
Total Federal Financial Assistance			<u>\$ 1,153,985</u>	<u>\$ 36,825</u>	<u>\$ 1,156,943</u>	<u>\$ 36,825</u>

- (A) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(B) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(C) This schedule was prepared on the cash basis of accounting.
(D) Included as part of the "Nutrition Grant Cluster" in determining major programs.



Julian & Grube, Inc.
Serving Ohio Local Governments

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

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Education
Maumee City School District
2345 Detroit Avenue
Maumee, Ohio 43537

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District as of and for the fiscal year ended June 30, 2007, which collectively comprise Maumee City School District's basic financial statements and have issued our report thereon dated November 9, 2007. 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Maumee City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Maumee City School District's financial statements that is more than inconsequential will not be prevented or detected by the Maumee City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Maumee City School District's internal control.

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

Board of Education
Maumee City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Maumee City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses as items 2007-MCSD-001 and 2007-MCSD-002.

We noted certain matters that we reported to the management of the Maumee City School District in a separate letter dated November 9, 2007.

Maumee City School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Maumee City School District's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 9, 2007



Julian & Grube, Inc.
Serving Ohio Local Governments

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

**Report on Compliance With Requirements Applicable to Its
Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Board of Education
Maumee City School District
2345 Detroit Avenue
Maumee, Ohio 43537

Compliance

We have audited the compliance of the Maumee City School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2007. The Maumee City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Maumee City School District's management. Our responsibility is to express an opinion on the Maumee City School District's compliance based on our audit.

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

In our opinion, the Maumee City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2007.

Internal Control Over Compliance

The management of the Maumee City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Maumee City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Maumee City School District's internal control over compliance.

Board of Education
Maumee City School District

A control deficiency in Maumee City School District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Maumee City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Maumee City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Maumee City School District's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 9, 2007

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

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

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2007-MCSD-001

Ohio Revised Code Section 5705.39 requires that the total appropriation from each fund should not exceed total estimated resources.

The District had appropriations exceeding the total estimated resources at March 31, 2007 and for the fiscal year ended June 30, 2007 in the following funds:

March 31, 2007

<u>Nonmajor Funds</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Management Information System	\$ -	\$ 10,890	\$ 10,890
SchoolNet Professional Development	625	3,825	3,200
Ohio Reads	-	46,177	46,177
Miscellaneous State Grants	1,892	4,768	2,876
IDEA Part B - Special Education	1,038,500	1,407,738	369,238
Title I - Disadvantaged Children	-	199,339	199,339
Title V - Innovative Education Programs	-	14,531	14,531
Drug-Free School Grant	-	6,320	6,320
Improving Teacher Quality	-	127,569	127,569
Miscellaneous Federal Grants	1,928	49,595	47,667
Building Fund	2,531,954	3,058,329	526,375
Uniform School Supplies	137,421	156,035	18,614
Special Enterprises Fund	3,984	15,725	11,741
Intra-District Services Fund	8,250	12,550	4,300

June 30, 2007

<u>Nonmajor Funds</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Ohio Reads	\$ 28,000	\$ 28,164	\$ 164
Miscellaneous State Grants	11,356	14,717	3,361

With appropriations exceeding estimated resources, the District may spend more funds than in the Treasury or in the process of collection and may cause fund deficits.

We recommend that the District comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The District is attempting to monitor its budget more closely and to submit additional amendments for estimated resources or reduce its appropriations as necessary.

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-MCSD-002

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

The District had appropriations exceeding estimated resources throughout the year and at year end. Thus, the District did not request enough amended certificates throughout the year or at year end upon notice of increased or decreased resources in order to equal or exceed appropriations.

The District is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the District review its available resources versus its appropriations throughout the year and file amended certificates when necessary. This will facilitate the District's appropriation process.

Client Response: The District is attempting to monitor its budget more closely and to submit additional amendments for estimated resources more frequently throughout the year.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

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

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-MCSD-001	Ohio Revised Code Section 5705.39 requires that total appropriations from each fund should not exceed total estimated resources.	No	Repeated as Finding 2007-MCSD-001.
2006-MCSD-002	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	Partially	Now located in Management Letter.



Mary Taylor, CPA
Auditor of State

MAUMEE CITY SCHOOL DISTRICT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2007**