



Dave Yost • Auditor of State



MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To The Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

March 28, 2013

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

The management's discussion and analysis of the Maplewood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets of governmental activities decreased \$507,467 which represents a 2% decrease from fiscal year 2011.
- General revenues accounted for \$8,520,271 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,222,305 or 13% of total revenues of \$9,742,576.
- The District had \$10,250,043 in expenses related to governmental activities; \$1,222,305 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,520,271 were not quite adequate to provide for these programs as evidences by the overall decrease in net assets of \$507,467.
- The District's major governmental fund is the general fund. The general fund had \$8,352,063 in revenues and \$8,467,943 in expenditures. During fiscal year 2012, the general fund's fund balance decreased \$136,011 from a balance of \$2,356,511 to \$2,220,500.

**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. In the case of the District, the general fund is by far the most significant fund, and is the only governmental fund reported as a major fund.

**Reporting the District as a Whole**

***Statement of Net 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 2012?" 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.

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

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.

**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 only major governmental fund is the general fund.

***Governmental Funds***

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

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

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

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

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

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

**The District as a Whole**

The table below provides a summary of the District's assets, liabilities and net assets at June 30, 2012 and June 30, 2011.

	<b>Net Assets</b>	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 6,607,304	\$ 6,935,089
Capital assets, net	<u>19,436,286</u>	<u>20,125,723</u>
Total assets	<u>26,043,590</u>	<u>27,060,812</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,437,858	3,752,665
Long-term liabilities	<u>2,575,522</u>	<u>2,770,470</u>
Total liabilities	<u>6,013,380</u>	<u>6,523,135</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	17,714,215	18,346,541
Restricted	638,842	1,164,149
Unrestricted	<u>1,677,153</u>	<u>1,026,987</u>
Total net assets	<u>\$ 20,030,210</u>	<u>\$ 20,537,677</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$20,030,210. Of this total, \$638,842 is restricted in use.

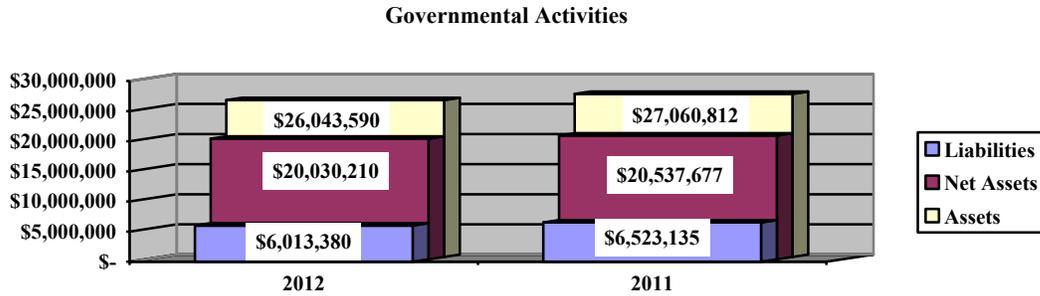
At year-end, capital assets represented 75% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$17,714,215. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$638,842 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$1,677,153.

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)*

The graph below shows the District's governmental activities assets, liabilities and net assets at June 30, 2012 and 2011:



The table below shows the change in net assets for fiscal year 2012 and 2011.

	<b>Change in Net Assets</b>	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 561,929	\$ 589,245
Operating grants and contributions	660,376	1,554,372
Capital grants and contributions	-	135,400
General revenues:		
Property taxes	2,726,851	2,593,116
Grants and entitlements	5,721,945	5,702,148
Investment earnings	12,743	13,804
Miscellaneous	<u>58,732</u>	<u>52,710</u>
 Total revenues	 <u>9,742,576</u>	 <u>10,640,795</u>

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

	<b>Change in Net Assets</b>	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,962,470	\$ 4,963,182
Special	897,368	952,209
Vocational	87,650	43,545
Other	1,078	216
Support services:		
Pupil	417,861	476,198
Instructional staff	163,101	213,547
Board of education	34,839	32,808
Administration	861,450	890,235
Fiscal	349,238	334,316
Business	54,861	63,283
Operations and maintenance	907,838	1,300,511
Pupil transportation	561,737	620,065
Central	54,892	60,750
Operations of non-instructional services:		
Food service operations	531,791	448,919
Extracurricular activities	249,474	235,220
Interest and fiscal charges	<u>114,395</u>	<u>131,431</u>
Total expenses	<u>10,250,043</u>	<u>10,766,435</u>
Change in net assets	(507,467)	(125,640)
Net assets at beginning of year	<u>20,537,677</u>	<u>20,663,317</u>
Net assets at end of year	<u>\$ 20,030,210</u>	<u>\$ 20,537,677</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$507,467. Total governmental expenses of \$10,250,043 were offset by program revenues of \$1,222,305 and general revenues of \$8,520,271. Program revenues supported 12% of the total governmental expenses.

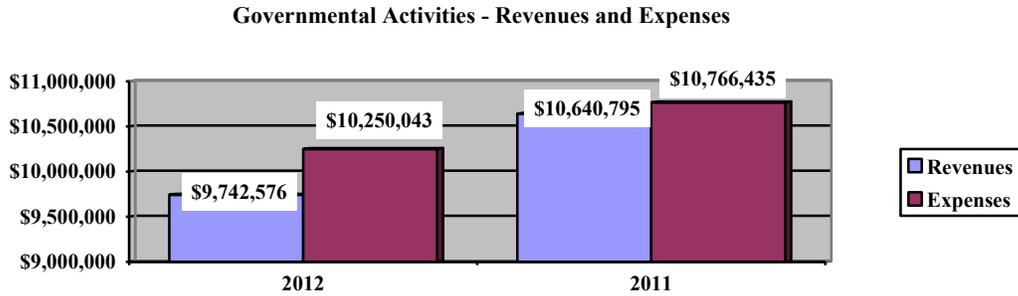
The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 87% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,948,566 or 58% of total governmental expenses for fiscal year 2012.

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)*

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2012 and 2011.



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

**Governmental Activities**

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,962,470	\$ 4,719,125	\$ 4,963,182	\$ 4,446,875
Special	897,368	531,143	952,209	500,938
Vocational	87,650	83,186	43,545	41,293
Other	1,078	1,078	216	216
Support services:				
Pupil	417,861	401,483	476,198	336,374
Instructional staff	163,101	155,522	213,547	85,777
Board of education	34,839	33,473	32,808	31,120
Administration	861,450	821,859	890,235	532,043
Fiscal	349,238	334,204	334,316	301,549
Business	54,861	52,711	63,283	60,026
Operations and maintenance	907,838	876,256	1,300,511	1,140,779
Pupil transportation	561,737	540,669	620,065	566,772
Central	54,892	47,339	60,750	42,892
Operations of non-instructional services:				
Food service operations	531,791	117,005	448,919	84,633
Extracurricular activities	249,474	198,290	235,220	184,700
Interest and fiscal charges	114,395	114,395	131,431	131,431
<b>Total expenses</b>	<u>\$ 10,250,043</u>	<u>\$ 9,027,738</u>	<u>\$ 10,766,435</u>	<u>\$ 8,487,418</u>

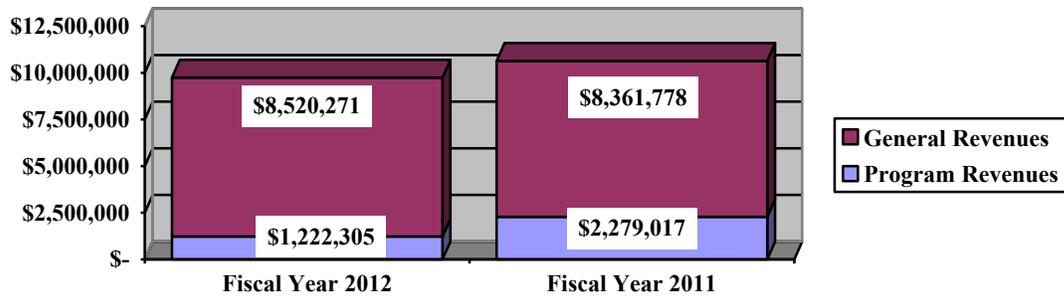
**Maplewood Local School District  
Trumbull County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)*

The dependence upon tax and other general revenues for governmental activities is apparent; 46% of instruction activities are supported through property taxes. For all governmental activities, general revenue support is 83%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$2,829,129, which is less than last year's total of \$2,951,318. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	<u>Fund Balance June 30, 2012</u>	<u>Fund Balance June 30, 2011</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General	\$ 2,220,500	\$ 2,356,511	\$ (136,011)	(5.77) %
Other Governmental	<u>608,629</u>	<u>594,807</u>	<u>13,822</u>	<u>2.32 %</u>
Total	<u>\$ 2,829,129</u>	<u>\$ 2,951,318</u>	<u>\$ (122,189)</u>	<u>(4.14) %</u>

**General Fund**

The District's general fund's fund balance decreased \$136,011. Expenditures exceed revenues for fiscal year 2012 by \$115,880. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,314,837	\$ 2,266,827	\$ 48,010	2.12 %
Tuition and fees	305,954	367,683	(61,729)	(16.79) %
Earnings on investments	13,120	10,716	2,404	22.43 %
Intergovernmental	5,630,775	5,605,945	24,830	0.44 %
Other revenues	<u>87,377</u>	<u>85,250</u>	<u>2,127</u>	<u>2.50 %</u>
Total	<u>\$ 8,352,063</u>	<u>\$ 8,336,421</u>	<u>\$ 15,642</u>	<u>0.19 %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 5,068,335	\$ 4,742,168	\$ 326,167	6.88 %
Support services	3,197,327	2,804,732	392,595	14.00 %
Extracurricular activities	199,781	196,453	3,328	1.69 %
Debt service	<u>2,500</u>	<u>7,903</u>	<u>(5,403)</u>	<u>(68.37) %</u>
Total	<u>\$ 8,467,943</u>	<u>\$ 7,751,256</u>	<u>\$ 716,687</u>	<u>9.25 %</u>

Property taxes increased slightly from the previous fiscal year, however, tuition and fees revenue decreased by nearly the same amount. Overall, revenues increased by \$15,642 from the previous fiscal year. Earnings on investments increased due to slightly higher interest rates when compared to the previous fiscal year. Intergovernmental revenues, all other revenues and expenses were consistent with the prior fiscal year.

***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 2012, the District amended its general fund budget one time. For the general fund, original budgeted revenues were \$8,281,977 and final budgeted revenues and were \$8,207,971. Actual revenues for fiscal year 2012 were \$8,207,971, which was the same as final budgeted revenues.

General fund original and final appropriations were \$8,616,274 and \$8,507,015, respectively. The actual budget basis expenditures for fiscal year 2012 totaled \$8,507,015, which was the same as the final budget appropriations.

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2012, the District had \$19,436,286 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2012 balances compared to June 30, 2011:

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

	Governmental Activities	
	2012	2011
Land	\$ 273,697	\$ 273,697
Land improvements	81,024	83,781
Building and improvements	18,458,198	19,044,020
Furniture and equipment	411,209	465,317
Vehicles	212,158	258,908
Total	\$ 19,436,286	\$ 20,125,723

The overall decrease in capital assets of \$689,437 is due to depreciation expense of \$735,807 exceeding capital outlays of \$46,370 in the fiscal year.

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

***Debt Administration***

At June 30, 2012, the District had \$1,903,905 in general obligation bonds outstanding, excluding an unamortized premium and deferred amount on refunding. Of this total, \$135,000 is due within one year and \$1,768,905 is due in more than one year. The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental	Governmental
	Activities	Activities
	2012	2011
General obligation bonds	\$ 1,903,905	\$ 2,005,293
Unamortized Premium	111,184	120,923
Unamortized Amount of Refunding	(69,581)	(75,676)
Total	\$ 1,945,508	\$ 2,050,540

At June 30, 2012, the District's overall legal debt margin was \$6,930,146, and an unvoted debt margin of \$94,503.

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

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)*

**Current Financial Related Activities**

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

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

**Contacting the District's Financial Management**

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

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Net Assets*

*June 30, 2012*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,664,087
Accrued Interest Receivable	4,455
Accounts Receivable	192
Intergovernmental Receivable	27,282
Property Taxes Receivable	2,866,781
Inventory Held for Resale	7,415
Materials and Supplies Inventory	1,637
Unamortized Bond Issuance Costs	35,455
Nondepreciable Capital Assets	273,697
Depreciable Capital Assets, Net	19,162,589
<i>Total Assets</i>	<u>26,043,590</u>
<b>Liabilities</b>	
Accounts Payable	36,355
Accrued Wages and Benefits Payable	541,789
Intergovernmental Payable	263,702
Accrued Interest Payable	6,624
Matured Compensated Absences Payable	39,331
Deferred Revenue	2,550,057
Long-Term Liabilities:	
Due Within One Year	199,373
Due In More Than One Year	2,376,149
<i>Total Liabilities</i>	<u>6,013,380</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	17,714,215
Restricted for:	
Capital Projects	478,754
Debt Service	149,913
Other Purposes	10,175
Unrestricted	1,677,153
<i>Total Net Assets</i>	<u>\$20,030,210</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2012*

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$4,962,470	\$173,301	\$70,044	(\$4,719,125)
Special	897,368	18,831	347,394	(531,143)
Vocational	87,650	3,435	1,029	(83,186)
Other	1,078	0	0	(1,078)
Support Services:				
Pupils	417,861	16,378	0	(401,483)
Instructional Staff	163,101	5,929	1,650	(155,522)
Board of Education	34,839	1,366	0	(33,473)
Administration	861,450	31,654	7,937	(821,859)
Fiscal	349,238	13,384	1,650	(334,204)
Business	54,861	2,150	0	(52,711)
Operation and Maintenance of Plant	907,838	31,582	0	(876,256)
Pupil Transportation	561,737	20,133	935	(540,669)
Central	54,892	2,153	5,400	(47,339)
Operation of Food Services	531,791	191,728	223,058	(117,005)
Extracurricular Activities	249,474	49,905	1,279	(198,290)
Interest and Fiscal Charges	114,395	0	0	(114,395)
<i>Total Governmental Activities</i>	<u>\$10,250,043</u>	<u>\$561,929</u>	<u>\$660,376</u>	<u>(9,027,738)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
				2,406,831
				134,401
				152,411
				33,208
Grants and Entitlements not				
				5,721,945
				12,743
				58,732
<i>Total General Revenues</i>				<u>8,520,271</u>
				(507,467)
				20,537,677
				<u>\$20,030,210</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Balance Sheet  
Governmental Funds  
June 30, 2012*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,004,546	\$659,541	\$3,664,087
Accrued Interest Receivable	4,420	35	4,455
Accounts Receivable	192	0	192
Intergovernmental Receivable	0	27,282	27,282
Property Taxes Receivable	2,503,470	363,311	2,866,781
Inventory Held for Resale	0	7,415	7,415
Materials and Supplies Inventory	0	1,637	1,637
<i>Total Assets</i>	<u>\$5,512,628</u>	<u>\$1,059,221</u>	<u>\$6,571,849</u>
<b>Liabilities</b>			
Accounts Payable	\$34,996	\$1,359	\$36,355
Accrued Wages and Benefits Payable	487,500	54,289	541,789
Intergovernmental Payable	239,351	24,351	263,702
Matured Compensated Absences Payable	39,331	0	39,331
Deferred Revenue	2,490,950	370,593	2,861,543
<i>Total Liabilities</i>	<u>3,292,128</u>	<u>450,592</u>	<u>3,742,720</u>
<b>Fund Balances</b>			
Nonspendable	2,228	9,052	11,280
Restricted	0	631,426	631,426
Committed	0	1,706	1,706
Assigned	36,530	0	36,530
Unassigned (Deficit)	2,181,742	(33,555)	2,148,187
<i>Total Fund Balances</i>	<u>2,220,500</u>	<u>608,629</u>	<u>2,829,129</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,512,628</u>	<u>\$1,059,221</u>	<u>\$6,571,849</u>

See accompanying notes to the basic financial statements

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

*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2012*

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<b>Total Governmental Fund Balances</b>	<b>\$2,829,129</b>
 <b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,436,286
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	302,462
Grants	<u>9,024</u>
Total	311,486
In the statement of net assets, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	35,455
Unamortized deferred amounts on advanced refunding are not recognized in the funds.	69,581
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(6,624)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(1,545,000)
Capital Appreciation Bonds	(135,468)
Accretion on Capital Appreciation Bonds	(223,437)
Bond Premium	(111,184)
Compensated Absences	<u>(630,014)</u>
Total	<u>(2,645,103)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$20,030,210</u></u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2012*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$2,314,837	\$311,003	\$2,625,840
Tuition and Fees	305,954	0	305,954
Interest	13,120	750	13,870
Charges for Services	0	174,615	174,615
Extracurricular Activities	22,173	42,074	64,247
Contributions and Donations	9,124	1,929	11,053
Intergovernmental	5,630,775	731,469	6,362,244
Miscellaneous	56,080	2,652	58,732
<i>Total Revenues</i>	<u>8,352,063</u>	<u>1,264,492</u>	<u>9,616,555</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,506,414	62,311	4,568,725
Special	476,046	369,015	845,061
Vocational	85,875	0	85,875
Other	0	1,078	1,078
Support Services:			
Pupils	453,095	0	453,095
Instructional Staff	150,911	1,650	152,561
Board of Education	34,839	0	34,839
Administration	795,937	0	795,937
Fiscal	343,732	7,759	351,491
Business	44,291	0	44,291
Operation and Maintenance of Plant	791,291	87,486	878,777
Pupil Transportation	524,392	981	525,373
Central	58,839	0	58,839
Operation of Food Services	0	427,715	427,715
Extracurricular Activities	199,781	49,206	248,987
Capital Outlay	0	46,370	46,370
Debt Service:			
Principal Retirement	0	135,000	135,000
Interest and Fiscal Charges	2,500	82,230	84,730
<i>Total Expenditures</i>	<u>8,467,943</u>	<u>1,270,801</u>	<u>9,738,744</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(115,880)</u>	<u>(6,309)</u>	<u>(122,189)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	20,131	20,131
Transfers Out	(20,131)	0	(20,131)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,131)</u>	<u>20,131</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(136,011)	13,822	(122,189)
<i>Fund Balances Beginning of Year</i>	2,356,511	594,807	2,951,318
<i>Fund Balances End of Year</i>	<u>\$2,220,500</u>	<u>\$608,629</u>	<u>\$2,829,129</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2012*

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**Net Change in Fund Balances - Total Governmental Funds** (\$122,189)

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

Governmental funds report capital outlays as expenditures.

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

Capital Outlay	46,370	
Current Year Depreciation	<u>(735,807)</u>	
Total		(689,437)

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

Property Taxes	101,011	
Grants	9,024	
Interest	<u>(1,127)</u>	
Total		108,908

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

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due. The additional interest reported on the statement of activities is due to the following:

Accrued Interest on Bonds	3,408	
Accreted Interest on Bonds	(33,612)	
Amortization of Bond Premium	9,739	
Amortization of Deferred Refunding Amount	(6,095)	
Amortization of Bond Issuance Costs	<u>(3,105)</u>	
Total		(29,665)

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

Compensated Absences	<u>89,916</u>
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***Change in Net Assets of Governmental Activities*** (\$507,467)

See accompanying notes to the basic financial statements

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

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,763,642	\$2,215,052	\$2,215,052	\$0
Tuition and Fees	279,914	304,008	304,008	0
Interest	9,302	10,103	10,103	0
Intergovernmental	5,184,506	5,630,775	5,630,775	0
Miscellaneous	39,731	43,151	43,151	0
<i>Total Revenues</i>	<u>8,277,095</u>	<u>8,203,089</u>	<u>8,203,089</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,559,401	4,560,081	4,560,081	0
Special	493,165	493,165	493,165	0
Vocational	81,027	81,027	81,027	0
Support Services:				
Pupils	425,701	425,731	425,731	0
Instructional Staff	151,357	151,357	151,357	0
Board of Education	36,232	36,232	36,232	0
Administration	778,096	780,713	780,713	0
Fiscal	330,432	331,142	331,142	0
Business	46,623	46,623	46,623	0
Operation and Maintenance of Plant	946,623	831,889	831,889	0
Pupil Transportation	523,675	524,759	524,759	0
Central	58,190	58,544	58,544	0
Extracurricular Activities	146,093	146,093	146,093	0
<i>Total Expenditures</i>	<u>8,576,615</u>	<u>8,467,356</u>	<u>8,467,356</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(299,520)</u>	<u>(264,267)</u>	<u>(264,267)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	4,882	4,882	4,882	0
Transfers Out	(39,659)	(39,659)	(39,659)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(34,777)</u>	<u>(34,777)</u>	<u>(34,777)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(334,297)	(299,044)	(299,044)	0
<i>Fund Balance Beginning of Year</i>	3,210,439	3,210,439	3,210,439	0
Prior Year Encumbrances Appropriated	43,214	43,214	43,214	0
<i>Fund Balance End of Year</i>	<u>\$2,919,356</u>	<u>\$2,954,609</u>	<u>\$2,954,609</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Fiduciary Net Assets*

*Fiduciary Fund*

*June 30, 2012*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$45,591</u>
<b>Liabilities</b>	
Due to Students	<u>\$45,591</u>

See accompanying notes to the basic financial statements

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

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

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

The District is the 501<sup>st</sup> largest by enrollment among the 905 public school districts and community schools in the State of Ohio. It currently operates one elementary school, one middle school and one high school. The District is staffed by 55 non-certified and 75 certified personnel to provide services to approximately 956 students and other community members.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northeast Ohio Management Information Network (NEOMIN)

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

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

Trumbull Career and Technical Center

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

Northeast Ohio Instructional Media Center (NEOIMC)

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

Region 12 Professional Development Center (Center)

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Trumbull County Schools Employee Insurance Benefits Consortium

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

*PROPRIETARY FUNDS*

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

*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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District does not have any trust funds. The District's agency fund accounts for student activities.

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

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

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

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

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

**D. Basis of Accounting**

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

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

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

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

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

*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, 2012, but which were levied to finance fiscal year 2013 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 are recorded as deferred revenue in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2012, are recorded as deferred revenue.

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2012 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2012.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparison for the general fund at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2012; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund type level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For the general fund, encumbrances outstanding at year end appear as a component of assigned fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting.

**F. Cash and Investments**

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

During fiscal year 2012, investments were limited to U.S. government money market mutual funds, federal home loan bank bonds/notes, federal home loan mortgage corporation bonds/notes, federal national mortgage association bonds/ notes, federal farm credit bureau bonds/notes and nonnegotiable certificates of deposit. Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$13,120, of which 1,675 was assigned from other District funds.

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

**G. Inventory**

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

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

**H. Capital Assets**

These capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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. During fiscal year 2012, the District maintained a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans between governmental funds are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans at June 30, 2012.

**J. Compensated Absences**

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**K. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

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

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

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

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

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

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

**M. Fund Balance**

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

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

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

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

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

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

**N. Net 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 the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes represent monies restricted for food services and a scholarship fund.

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

**O. 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 financial statements 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. The District did not have any material prepaid assets to report at June 30, 2012.

**P. Estimates**

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

**Q. Interfund Activity**

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2012, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53".

GASB Statement No. 64 improves financial reporting by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The implementation of GASB Statement No. 64 did not have any effect on the District's financial statements.

**NOTE 4 – FUND DEFICITS**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food Service Fund	\$ 2,899
Education Jobs Fund	275
IDEA Part-B	12,145
Title I Fund	3,207
Improving Teacher Quality	5,977

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

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**A. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits, including \$1,500,000 in nonnegotiable certificates of deposit, was \$2,716,669. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2012, \$962,242 of the District’s bank balance of \$2,716,669 was exposed to custodial risk as discussed below, while \$1,754,427 was covered by the FDIC.

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

**B. Investments**

As of June 30, 2012, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>
Money Market Mutual Funds	\$5,488	Less than One Year
U. S. Treasury Obligations	124,802	Less than One Year
Federal National Mortgage Association Notes	125,102	Less than One Year
Federal Home Loan Bank Notes	100,071	Less than One Year
Federal Farm Credit Bureau Notes	104,947	Less than One Year
U. S. Treasury Obligations	69,912	One to Three Years
Federal Home Loan Bank Bonds	254,905	One to Three Years
Federal National Mortgage Association Bonds	220,987	One to Three Years
Total Portfolio	<u>\$1,006,214</u>	

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2012:

Investment	Percent of Total
Money Market Mutual Funds	0.55%
United States Treasury Obligations	19.35%
Federal Home Loan Bank	35.27%
Federal National Mortgage Association	34.40%
Federal Farm Credit Bureau	10.43%
<b>Total</b>	<b>100.00%</b>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

Cash and investments per note

Carrying amount of deposits	\$ 2,703,464
Investments	1,006,214
Total	\$ 3,709,678

Cash and investments per statement of net assets

Governmental activities	\$ 3,664,087
Agency fund	45,591
Total	\$ 3,709,678

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 6 – FUND BALANCES**

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

<u>Fund Balances</u>	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<b><i>Nonspendable</i></b>			
Inventory	\$0	\$9,052	\$9,052
Unclaimed Funds	2,228	0	2,228
<b><i>Total Nonspendable</i></b>	<b>2,228</b>	<b>9,052</b>	<b>11,280</b>
<b><i>Restricted for</i></b>			
Technology Improvements	0	19	19
Classroom Maintenance	0	36,251	36,251
Athletics & Music	0	23,100	23,100
Teacher Development	0	5,400	5,400
Debt Service Payments	0	105,334	105,334
Capital Improvements	0	461,322	461,322
<b><i>Total Restricted</i></b>	<b>0</b>	<b>631,426</b>	<b>631,426</b>
<b><i>Committed to</i></b>			
College Scholarships	0	1,706	1,706
<b><i>Assigned to</i></b>			
Other Purposes	30,405	0	30,405
Encumbrances	6,125	0	6,125
<b><i>Total Assigned</i></b>	<b>36,530</b>	<b>0</b>	<b>36,530</b>
<b><i>Unassigned (Deficit)</i></b>	<b>2,181,742</b>	<b>(33,555)</b>	<b>2,148,187</b>
<b><i>Total Fund Balances</i></b>	<b>\$2,220,500</b>	<b>\$608,629</b>	<b>\$2,829,129</b>

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$12,520 in the general fund, \$743 in the bond retirement fund, \$822 in the permanent improvement fund and \$177 in the classroom facilities maintenance fund. This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$15,235 in the general fund, \$1,243 in the bond retirement fund, \$997 in the permanent improvement fund and \$211 in the classroom facilities maintenance fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 7 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 91,906,008	97.53	\$ 92,114,030	97.53
Public utility personal	<u>2,321,002</u>	<u>2.47</u>	<u>2,389,080</u>	<u>2.47</u>
Total	<u>\$ 94,227,010</u>	<u>100.00</u>	<u>\$ 94,503,110</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$40.45		\$40.45	
Bond	2.40		2.40	
Permanent improvement	5.50		5.50	

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

<b>Governmental activities:</b>	
Taxes	\$ 2,866,781
Accounts	192
Intergovernmental	27,282
Accrued interest	<u>4,455</u>
Total	<u>\$ 2,898,710</u>

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance			Balance
	<u>06/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/12</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 273,697	\$ -	\$ -	\$ 273,697
Total capital assets, not being depreciated	<u>273,697</u>	<u>-</u>	<u>-</u>	<u>273,697</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	103,728	-	-	103,728
Buildings and improvements	23,444,876	-	-	23,444,876
Furniture and equipment	1,692,340	46,370	-	1,738,710
Vehicles	950,164	-	-	950,164
Total capital assets, being depreciated	<u>26,191,108</u>	<u>46,370</u>	<u>-</u>	<u>26,237,478</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(19,947)	(2,757)	-	(22,704)
Buildings and improvements	(4,400,856)	(585,822)	-	(4,986,678)
Furniture and equipment	(1,227,023)	(100,478)	-	(1,327,501)
Vehicles	(691,256)	(46,750)	-	(738,006)
Total accumulated depreciation	<u>(6,339,082)</u>	<u>(735,807)</u>	<u>-</u>	<u>(7,074,889)</u>
Governmental activities capital assets, net	<u>\$ 20,125,723</u>	<u>\$ (689,437)</u>	<u>\$ -</u>	<u>\$ 19,436,286</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 470,877
Special	55,727
<u>Support services:</u>	
Instructional staff	10,177
Administration	68,453
Pupil transportation	47,108
Extracurricular	487
Food service operations	<u>82,978</u>
Total depreciation expense	<u>\$ 735,807</u>

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2012, the following changes occurred in governmental activities long-term obligations:

<b>Governmental activities:</b>	<u>Balance</u> 06/30/10	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 06/30/11	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<i>General obligation bonds:</i>					
Series 2000 school facilities bonds:					
Capital appreciation bonds	\$ 188,935	\$ -	\$ (53,467)	\$ 135,468	\$ 48,999
Accreted interest on capital appreciation bonds	271,358	33,612	(81,533)	223,437	86,001
Series 2006 refunding bonds:					
Current interest bonds	<u>1,545,000</u>	<u>-</u>	<u>-</u>	<u>1,545,000</u>	<u>-</u>
Total general obligation bonds	<u>2,005,293</u>	<u>33,612</u>	<u>(135,000)</u>	<u>1,903,905</u>	<u>135,000</u>
<i>Other long-term obligations:</i>					
Compensated absences	<u>719,930</u>	<u>86,964</u>	<u>(176,880)</u>	<u>630,014</u>	<u>64,373</u>
Total other long-term obligations	<u>719,930</u>	<u>86,964</u>	<u>(176,880)</u>	<u>630,014</u>	<u>64,373</u>
Total long-term obligations	<u>\$ 2,725,223</u>	<u>\$ 120,576</u>	<u>\$ (311,880)</u>	2,533,919	<u>\$ 199,373</u>
Add: Unamortized premium on bond issuance				111,184	
Less: Unamortized deferred charge on refunding				<u>(69,581)</u>	
Total on statement of net assets				<u>\$ 2,575,522</u>	

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

This original issue was comprised of current interest term bonds, par value \$1,550,000, current interest serial bonds, par value \$1,055,000, and capital appreciation bonds, par value \$188,935. On June 6, 2006, the current interest term bonds were advanced refunded by the series 2006 refunding bonds described below. The capital appreciation bonds mature each December 1, 2011 through 2014 (stated interest rates 8.471%, 8.523%, 8.523%, and 8.575% respectively), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$540,000. Total accreted interest of \$223,437 has been included on the statement of net assets at June 30, 2012.

Principal and interest requirements to retire the series 2000 school facilities improvement bonds outstanding at June 30, 2012, are as follows:

Fiscal Year Ending <u>June 30,</u>	Capital Appreciation Bonds		
	Principal	Interest	Total
2013	\$ 48,999	\$ 86,001	\$ 135,000
2014	45,151	89,849	135,000
2015	41,318	93,682	135,000
Total	\$ 135,468	\$ 269,532	\$ 405,000

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

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2013	\$ -	\$ 82,230	\$ 82,230
2014	5,000	82,126	87,126
2015	5,000	81,919	86,919
2016	135,000	79,014	214,014
2017	145,000	72,315	217,315
2018 - 2022	850,000	231,721	1,081,721
2023 - 2024	<u>405,000</u>	<u>22,688</u>	<u>427,688</u>
Total	<u>\$ 1,545,000</u>	<u>\$ 652,013</u>	<u>\$ 2,197,013</u>

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$6,930,146 (including available funds of \$105,334) and an unvoted debt margin of \$94,503.

**NOTE 11 - NOTE PAYABLE**

On June 29, 2006, the District issued a tax anticipation note in advance of property tax collections, par value \$500,000 and bearing an interest rate of 5.00%, for the purpose of providing for the emergency requirements of the District. The note proceeds were deposited in the general fund and the note is reported as a liability of the general fund. Activity during the fiscal year was as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 06/30/11</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/12</u>
Tax anticipation note	5.00%	6/29/2006	12/1/2011	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ -</u>

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

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

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

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2011.

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

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

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

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

**C. Workers' Compensation Group Rating**

For fiscal year 2012, the District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate.

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 12 - RISK MANAGEMENT - (Continued)**

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

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$143,759, \$132,127, and \$138,852, respectively; 44 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement 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 can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

Plan Options - New members have a choice of three retirement plan; 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 multiplies by a percentage that varies based on years of service, or an allowance based on a member's annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 13 - PENSION PLANS - (Continued)**

be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by the Ohio Revised Code Chapter 3307.

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

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010, were \$542,215, \$531,580, and \$522,501, respectively; 85 percent has been contributed for fiscal year 2012, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

Contributions made to STRS Ohio for the DC and combined Plans for fiscal year 2012 were \$9,128 made by the School District and \$6,520 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

Medicare Part B Plan – The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation is .75 percent. The District's contributions for the years ended June 30, 2012, 2011 and 2010 were \$8,490, \$8,503 and \$8,257, which equaled the required contributions each year.

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2012, the health care allocation is 0.55 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2012, 2011 and 2010 were \$30,945, \$32,808 and \$20,916, respectively; 85 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

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

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

Plan Description – The District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined Pension Plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy – Ohio law authorizes STRS Ohio to offer Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contribution for health care for the fiscal year ended June 30, 2012, 2011 and 2010 were \$41,709, \$40,891 and \$40,192 respectively; 85 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

<b>Net Change in Fund Balance</b>	
General Fund	
GAAP Basis	(\$136,011)
Net Adjustment for Revenue Accruals	(144,092)
Net Adjustment for Expenditure Accruals	(282)
Net Adjustment for Funds Budgeted as Special Revenue	(815)
Adjustment for Encumbrances	<u>(17,844)</u>
Budget Basis	<u><u>(\$299,044)</u></u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

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

**NOTE 17 - STATUTORY RESERVES**

In prior years, the District was required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials. However, this State statute was repealed by 129th General Assembly, File No. 8, HB 30, § 2, eff. 7/1/11.

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

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

*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2012*

**NOTE 17 - STATUTORY RESERVES – (continued)**

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2011	\$ 553,461	\$ (3,779,180)
Current year set-aside requirement	-	156,850
Offsets		(239,771)
Qualifying disbursements	-	(43,126)
State Statute Repealed, Effective 7/1/11	<u>(553,461)</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ (3,905,227)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ (3,905,227)</u>

The District had qualifying expenditures during the year and an offset at the beginning of the year that reduced the set-aside amount below zero for the capital acquisition reserve. Because the District was involved in an Ohio School Facilities Commission project, this negative amount may be used to reduce the set-aside requirement for future years, and is therefore presented as being carried forward to the next fiscal year.

**MAPLEWOOD LOCAL LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through The Ohio Department of Education.</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	\$ 48,520		\$ 48,520	
National School Lunch Program	3L60	10.555	154,701	\$ 16,451	154,701	\$ 16,451
<b>Total -- Nutrition Cluster/U.S. Department of Agriculture</b>			<b>203,221</b>		<b>203,221</b>	
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
Section 8002 Impact Aid	n/a	84.041	63,310		63,310	
<i>Passed Through The Ohio Department of Education.</i>						
<i>Title One Cluster:</i>						
<i>Grants to Local Educational Agencies</i>						
Title I School Subsidy	2011	84.010	21,812		21,812	
	2012		170,418		165,649	
ARRA Title I School Subsidy	2011	84.389			260	
<b>Total -- Title I School Subsidy</b>			<b>192,230</b>		<b>187,721</b>	
<i>Special Education Cluster:</i>						
Special Education Grants to States - (IDEA Part B)	2012	84.027	165,243		162,794	
ARRA Race to the Top - Resident Educator	2012	84.395	350		350	
Title II-D -- Technology Literacy Challenge Fund Grants	2012	84.386	1,300		1,300	
Title II, Part A -- Improving Teacher Quality	2011	84.367	6,509		6,640	
	2012		34,876		34,876	
<b>Total - Title II Part A</b>			<b>41,385</b>		<b>41,516</b>	
ARRA State Fiscal Stabilization Fund	2011	84.394			27,448	
Education Jobs	2012	84.410	1,614		1,614	
			7,937		7,937	
			9,551		9,551	
<b>Total -- U.S. Department of Education</b>			<b>473,369</b>		<b>493,990</b>	
<b>Totals</b>			<b>\$ 676,590</b>	<b>\$ 16,451</b>	<b>\$ 697,211</b>	<b>\$ 16,451</b>

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

**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS AND RECEIPTS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maplewood Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 28, 2013.

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

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

**Dave Yost**  
Auditor of State

March 28, 2013



# Dave Yost • Auditor of State

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

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

To The Board of Education:

### Compliance

We have audited the compliance of Maplewood Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Maplewood Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2012.

### Internal Control Over Compliance

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

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

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

March 28, 2013

**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

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

None

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# Dave Yost • Auditor of State

MAPLEWOOD LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MAY 9, 2013