

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

*BASIC FINANCIAL STATEMENTS
(AUDITED)*

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2009*

PAUL BROTZKI, TREASURER



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Maumee City School District, Lucas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 9, 2009

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise the Maumee City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Maumee City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009 on our consideration of the Maumee City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Board of Education
Maumee City School District
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maumee City School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of receipts and expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Julian & Grube, Inc.
October 21, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The management's discussion and analysis of the Maumee City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities decreased \$3,488,818 which represents a 26.29% decrease from 2008.
- General revenues accounted for \$27,708,716 in revenue or 87.11% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,099,635 or 12.89% of all revenues.
- The District had \$35,296,569 in expenses related to governmental activities; \$4,099,635 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$26,379,722 in revenues and other financing sources and \$28,196,239 in expenditures and other financing uses. During fiscal year 2009, the general fund's fund balance decreased \$1,819,969 from \$282,703 to a deficit of \$1,537,266.
- The debt service fund had \$2,830,196 in revenues and \$3,136,882 in expenditures. During fiscal year 2009, the debt service fund's fund balance decreased \$306,686 from \$1,560,801 to \$1,254,115.

Using these Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 2009?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-50 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2009 and 2008.

	Net Assets	
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Assets:		
Current and other assets	\$ 26,073,414	\$ 29,936,885
Capital assets, net	<u>46,758,676</u>	<u>48,443,242</u>
Total assets	<u>72,832,090</u>	<u>78,380,127</u>
Liabilities:		
Current liabilities	23,267,006	23,769,967
Long-term liabilities	<u>39,784,550</u>	<u>41,340,808</u>
Total liabilities	<u>63,051,556</u>	<u>65,110,775</u>
Net assets:		
Invested in capital assets, net of related debt	9,741,243	10,521,064
Restricted	2,579,753	2,539,137
Unrestricted (deficit)	<u>(2,540,462)</u>	<u>209,151</u>
Total net assets	<u>\$ 9,780,534</u>	<u>\$ 13,269,352</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$9,780,534; of this total, \$2,579,753 is restricted in use.

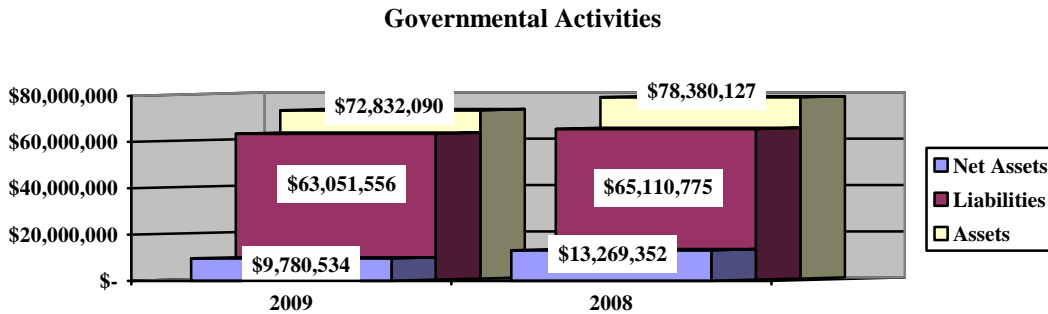
**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

At year-end, capital assets represented 64.20% 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, 2009, were \$9,741,243. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$2,579,753, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$1,222,550 is restricted for debt service.

The table below provides a summary of the District's assets, liabilities and net assets for 2009 and 2008.



The table below shows the change in net assets for fiscal years 2009 and 2008. Intergovernmental pass-through expenditures for 2008 have been reclassified to other non-instructional service expenditures to conform to 2009 presentation.

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Revenues:		
Program revenues:		
Charges for services and sales	\$ 1,546,367	\$ 1,611,458
Operating grants and contributions	2,535,339	2,760,594
Capital grants and contributions	17,929	119,678
General revenues:		
Property taxes	18,124,932	21,432,488
Grants and entitlements	9,268,697	8,125,027
Investment earnings	160,189	313,307
Other	<u>154,298</u>	<u>320,096</u>
Total revenues	<u>31,807,751</u>	<u>34,682,648</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Change in Net Assets (Continued)

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
Expenses:		
Program expenses:		
Instruction:		
Regular	\$ 15,773,652	\$ 15,400,491
Special	3,178,924	3,167,857
Vocational	335,066	339,265
Adult/continuing	19,331	25,023
Other	470,732	373,982
Support services:		
Pupil	1,488,123	1,411,865
Instructional staff	900,585	910,500
Board of education	36,255	60,269
Administration	2,522,829	2,789,343
Fiscal	670,433	854,088
Business	235,327	198,852
Operations and maintenance	3,779,560	3,436,318
Pupil transportation	947,448	959,263
Central	224,493	258,364
Operation of non-instructional services:		
Food service operations	999,939	1,067,574
Other non-instructional services	591,991	489,453
Extracurricular activities	1,411,991	1,685,864
Interest and fiscal charges	<u>1,709,890</u>	<u>1,754,012</u>
Total	<u>35,296,569</u>	<u>35,182,383</u>
Special item	<u>-</u>	<u>111,944</u>
Change in net assets	(3,488,818)	(387,791)
Net assets at beginning of year	<u>13,269,352</u>	<u>13,657,143</u>
Net assets at end of year	<u>\$ 9,780,534</u>	<u>\$ 13,269,352</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$3,488,818. Total governmental expenses of \$35,296,569 were offset by program revenues of \$4,099,635 and general revenues of \$27,708,116. Program revenues supported 11.61% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 86.12% of total governmental revenue. Real estate property is reappraised every six years.

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

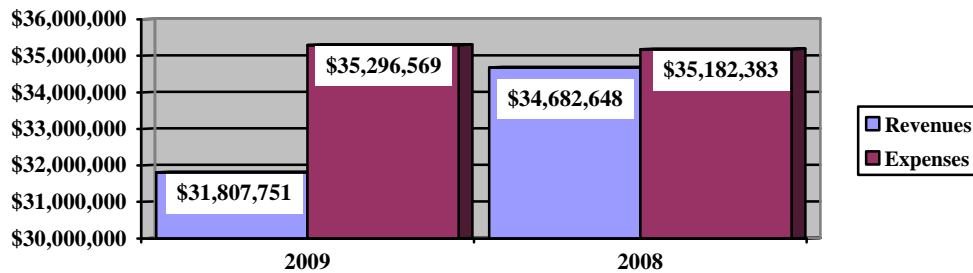
**MAUMEE CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The District's financial condition had remained strong throughout the years, primarily due to the Arrowhead Industrial Park, a business community predominately located within the boundaries of the District. Unfortunately, with the passage of HB 66 the tangible personal property tax is being phased out over time. This is the primary reason why tax revenue decreased so sharply between fiscal years 2008 and 2009. The District is reimbursed for this lost tangible personal property tax revenue by the State, which accounts for the increase in unrestricted grants and entitlements over the prior fiscal year. Also, the District is projecting no additional State funding in future years due to the economic downturn of the past year.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 and 2008.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Intergovernmental pass-through expenditures for 2008 have been reclassified to other non-instructional service expenditures to conform to 2009 presentation.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Governmental Activities

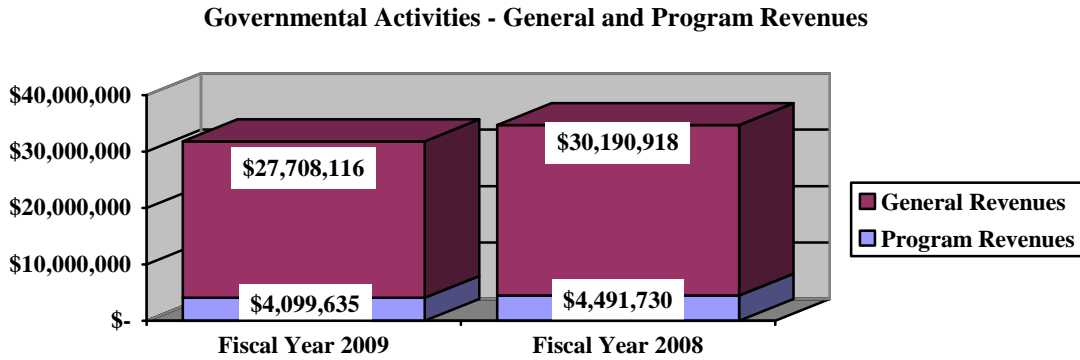
	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Program expenses:				
Instruction:				
Regular	\$ 15,773,652	\$ 15,207,096	\$ 15,400,491	\$ 14,730,664
Special	3,178,924	2,141,370	3,167,857	2,021,079
Vocational	335,066	320,218	339,265	325,286
Adult/continuing	19,331	17,761	25,023	14,708
Other	470,732	470,732	373,982	373,982
Support services:				
Pupil	1,488,123	1,467,239	1,411,865	1,411,865
Instructional staff	900,585	525,831	910,500	771,106
Board of education	36,255	36,255	60,269	60,269
Administration	2,522,829	2,503,184	2,789,343	2,770,536
Fiscal	670,433	662,238	854,088	844,315
Business	235,327	133,241	198,852	95,828
Operations and maintenance	3,779,560	3,739,045	3,436,318	3,419,818
Pupil transportation	947,448	864,924	959,263	888,185
Central	224,493	177,655	258,364	212,113
Operation of non-instructional services:				
Food service operations	999,939	85,485	1,067,574	79,986
Other non-instructional services	591,991	47,544	489,453	(52,098)
Extracurricular activities	1,411,991	1,087,226	1,685,864	968,999
Interest and fiscal charges	<u>1,709,890</u>	<u>1,709,890</u>	<u>1,754,012</u>	<u>1,754,012</u>
Total	<u>\$ 35,296,569</u>	<u>\$ 31,196,934</u>	<u>\$ 35,182,383</u>	<u>\$ 30,690,653</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 91.81% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 88.39%. The District's taxpayers, as a whole, are the primary support for District students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$776,254, which is less than last year's total of \$2,901,446. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance (Deficit) <u>June 30, 2009</u>	Fund Balance <u>June 30, 2008</u>	Increase (Decrease)
General	\$ (1,537,266)	\$ 282,703	\$ (1,819,969)
Debt service	1,254,115	1,560,801	(306,686)
Other governmental	<u>1,059,405</u>	<u>1,057,942</u>	<u>1,463</u>
Total	<u>\$ 776,254</u>	<u>\$ 2,901,446</u>	<u>\$ (2,125,192)</u>

General Fund

During fiscal year 2009, the District's general fund balance decreased \$1,819,969, which is primarily due to a reduction in tax revenues as a result of the phase-out of tangible personal property tax.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

	2009 <u>Amount</u>	2008 <u>Amount</u>	Percentage <u>Change</u>
Revenues:			
Taxes	\$ 16,357,786	\$ 18,900,025	(13.45) %
Tuition	376,524	344,276	9.37 %
Earnings on investments	133,651	243,445	(45.10) %
Intergovernmental	9,346,228	7,808,121	19.70 %
Other revenues	<u>165,523</u>	<u>290,726</u>	(43.07) %
Total	<u>\$ 26,379,712</u>	<u>\$ 27,586,593</u>	(4.37) %
Expenditures:			
Instruction	\$ 17,480,531	\$ 17,318,680	0.93 %
Support services	9,880,535	9,768,086	1.15 %
Other non-instructional services	2,985	4,810	(37.94) %
Extracurricular activities	<u>769,188</u>	<u>715,275</u>	7.54 %
Total	<u>\$ 28,133,239</u>	<u>\$ 27,806,851</u>	1.17 %

Tax revenue decreased 13.45% when compared to the prior fiscal year. This is due to HB 66, which phases out the tax on tangible personal property of general businesses. The District is reimbursed for this lost revenue from the State, which is the primary reason intergovernmental revenues increased 19.70% from the prior year. This reimbursement will be phased out in fiscal years 2014-2017. The decrease in earnings on investments is due to lower interest rates when compared to the prior fiscal year. Other revenues decreased 43.07%, which is primarily due to a decrease in refunds and reimbursements revenue from the prior fiscal year.

The increase in instruction, support services and extracurricular expenditures are all due to the increased cost of wages and benefits and materials and supplies over 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 2009, the District amended its general fund budgeted revenue. For the general fund, original budgeted revenues of \$27,465,717 were increased to \$27,510,717 in the final budget. Actual revenues and other financing sources for fiscal year 2009 were \$26,750,994 which was \$759,723 less than the final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$26,795,808 were increased \$855,514 to \$27,651,322 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$27,741,030, which was \$89,708 more than the final budget appropriations.

Debt Service Fund

During fiscal year 2009, the District's debt service fund balance decreased \$306,686. The debt service fund had \$2,830,196 in revenues and \$3,136,882 in expenditures. Tax revenue in 2009 decreased approximately \$558,000 from 2008 due to the phase out of the tangible personal property tax. The fund balance of the debt service fund decreased from \$1,560,801 to \$1,254,115.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$46,758,676 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 fiscal year 2009 balances compared to 2008:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 1,009,875	\$ 1,009,875
Construction in progress	-	78,568
Land improvements	115,810	196,864
Buildings and improvements	44,730,558	46,323,905
Furniture and equipment	369,968	375,448
Vehicles	<u>532,465</u>	<u>458,582</u>
Total	<u>\$ 46,758,676</u>	<u>\$48,443,242</u>

Total additions to capital assets for 2009 were \$365,559. The overall decrease in capital assets of \$1,684,566 is primarily due to depreciation expense of \$1,969,677 exceeding the capital outlays for fiscal year 2009.

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

Debt Administration

At June 30, 2009, the District had \$36,005,000 in general obligation bonds outstanding. Of this total, \$850,000 is due within one year and \$35,155,000 is due in greater than one year. The following table summarizes the bonds outstanding.

	Outstanding Debt, at Year End	
	Governmental	Governmental
	Activities	Activities
	<u>2009</u>	<u>2008</u>
General obligation debt:		
General obligation bonds	<u>\$ 36,005,000</u>	<u>\$ 37,405,000</u>
Total	<u>\$ 36,005,000</u>	<u>\$ 37,405,000</u>

At June 30, 2009, the District's overall legal debt margin was \$10,662,301 with an unvoted debt margin of \$504,591.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Current Related Financial Activities

Traditionally the District has had a strong financial base and a somewhat stable revenue source. As the preceding information shows, the District relies heavily on property taxes and the State Foundation Program. Due to the phase out of the tangible personal property tax and the declining local real estate values, the tax revenues have decreased when compared to prior years. The District recently passed a 2.9 mill levy in May 2009, but that still does not shroud it from the economic downturn on both the national and State level. The effects are being felt in job loss, layoffs and reduced income. Other factors affecting the District are the requirements of the No Child Left Behind Act, the new State Budget reflected in HB 1, and recently enacted or proposed legislation.

Considering the external economic challenges, the District's financial outlook is not as solid as many believe. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. In spite of the projected monetary shortfall, the District continues to perform at one of the highest levels determined by the State of Ohio. Our most recent report card shows the District's students achieving in 27 of 30 measurement indicators.

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

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

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

Contacting the District's Financial Management

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

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**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments.	\$ 4,211,320
Receivables:	
Taxes	21,073,256
Accounts	105,371
Intergovernmental	90,830
Accrued interest	13,442
Prepayments	31,385
Materials and supplies inventory.	30,471
Unamortized bond issue costs	517,339
Capital assets:	
Land	1,009,875
Depreciable capital assets, net	45,748,801
Capital assets, net.	<u>46,758,676</u>
Total assets.	<u>72,832,090</u>
Liabilities:	
Accounts payable.	125,237
Accrued wages and benefits	3,191,656
Pension obligation payable.	707,136
Intergovernmental payable	237,519
Accrued interest payable	142,387
Unearned revenue	18,863,071
Long-term liabilities:	
Due within one year.	1,082,094
Due in more than one year	<u>38,702,456</u>
Total liabilities	<u>63,051,556</u>
Net assets:	
Invested in capital assets, net of related debt.	9,741,243
Restricted for:	
Capital projects	489,157
Debt service.	1,222,550
Locally funded programs	105,742
State funded programs	12,999
Federally funded programs	11,610
Student activities	130,938
Other purposes	606,757
Unrestricted (deficit).	<u>(2,540,462)</u>
Total net assets	<u>\$ 9,780,534</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 15,773,652	\$ 415,409	\$ 151,147	\$ -	\$ (15,207,096)
Special	3,178,924	92,325	945,229	-	(2,141,370)
Vocational	335,066	-	14,848	-	(320,218)
Adult/continuing	19,331	1,570	-	-	(17,761)
Other	470,732	-	-	-	(470,732)
Support services:					
Pupil.	1,488,123	-	20,884	-	(1,467,239)
Instructional staff	900,585	710	374,044	-	(525,831)
Board of education	36,255	-	-	-	(36,255)
Administration.	2,522,829	-	19,645	-	(2,503,184)
Fiscal.	670,433	-	8,195	-	(662,238)
Business.	235,327	92,077	10,009	-	(133,241)
Operations and maintenance	3,779,560	38,821	1,694	-	(3,739,045)
Pupil transportation.	947,448	-	64,595	17,929	(864,924)
Central	224,493	600	46,238	-	(177,655)
Operation of non-instructional services:					
Food service operations.	999,939	566,303	348,151	-	(85,485)
Other non-instructional services.	591,991	43,113	501,334	-	(47,544)
Extracurricular activities.	1,411,991	295,439	29,326	-	(1,087,226)
Interest and fiscal charges	1,709,890	-	-	-	(1,709,890)
Total governmental activities	\$ 35,296,569	\$ 1,546,367	\$ 2,535,339	\$ 17,929	(31,196,934)
General revenues:					
Property taxes levied for:					
					15,615,562
					2,203,510
					305,860
Grants and entitlements not restricted					
					9,268,697
					160,189
					154,298
					<u>27,708,116</u>
					(3,488,818)
					<u>13,269,352</u>
					<u>\$ 9,780,534</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash investments	\$ 1,730,793	\$ 1,158,301	\$ 1,188,209	\$ 4,077,303
Receivables:				
Taxes	18,253,105	2,485,209	334,942	21,073,256
Accounts	18,259	-	87,112	105,371
Intergovernmental	90,549	-	281	90,830
Accrued interest	8,290	5,152	-	13,442
Prepayments	31,385	-	-	31,385
Materials and supplies inventory	27,088	-	3,383	30,471
Restricted assets:				
Equity in pooled cash and cash equivalents	134,017	-	-	134,017
Total assets	<u>\$ 20,293,486</u>	<u>\$ 3,648,662</u>	<u>\$ 1,613,927</u>	<u>\$ 25,556,075</u>
Liabilities:				
Accounts payable	\$ 105,990	\$ -	\$ 19,247	\$ 125,237
Accrued wages and benefits	3,119,386	-	72,270	3,191,656
Compensated absences payable	149,100	-	-	149,100
Pension obligation payable.	657,611	-	49,525	707,136
Intergovernmental payable	231,213	242	6,064	237,519
Deferred revenue	1,289,883	110,822	105,397	1,506,102
Unearned revenue	16,277,569	2,283,483	302,019	18,863,071
Total liabilities	<u>21,830,752</u>	<u>2,394,547</u>	<u>554,522</u>	<u>24,779,821</u>
Fund balances:				
Reserved for encumbrances	41,002	-	142,899	183,901
Reserved for BWC refunds	121,957	-	-	121,957
Reserved for school bus purchases.	12,060	-	-	12,060
Reserved for materials and supplies inventory.	27,088	-	3,383	30,471
Reserved for property tax unavailable for appropriation	666,317	90,072	13,481	769,870
Reserved for prepayments	31,385	-	-	31,385
Reserved for debt service.	-	1,164,043	-	1,164,043
Unreserved, undesignated (deficit), reported in:				
General fund	(2,437,075)	-	-	(2,437,075)
Special revenue funds.	-	-	629,363	629,363
Capital projects funds.	-	-	270,279	270,279
Total fund balances (deficit)	<u>(1,537,266)</u>	<u>1,254,115</u>	<u>1,059,405</u>	<u>776,254</u>
Total liabilities and fund balances	<u>\$ 20,293,486</u>	<u>\$ 3,648,662</u>	<u>\$ 1,613,927</u>	<u>\$ 25,556,075</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total governmental fund balances		\$ 776,254
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		46,758,676
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 1,344,509	
Accounts receivable	96,580	
Accrued interest	13,442	
Intergovernmental	51,571	
Total		1,506,102
Unamortized premiums on bond issuances are not recognized in the funds.		(1,012,433)
Unamortized bond issuance costs are not recognized in the funds.		517,339
Accrued interest payable is not due and payable within the current period and therefore is not reported in the funds.		(142,387)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	36,005,000	
Compensated absences	2,618,017	
Total		(38,623,017)
Net assets of governmental activities		\$ 9,780,534

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 16,357,786	\$ 2,325,428	\$ 316,382	\$ 18,999,596
Tuition.	376,524	-	1,570	378,094
Charges for services	-	-	562,535	562,535
Earnings on investments.	133,651	37,332	4,793	175,776
Extracurricular.	-	-	208,380	208,380
Classroom materials and supplies	47,270	-	155,396	202,666
Other local revenues.	118,253	-	372,599	490,852
Intergovernmental - State	9,346,228	467,436	627,735	10,441,399
Intergovernmental - Federal.	-	-	1,382,308	1,382,308
Total revenue	<u>26,379,712</u>	<u>2,830,196</u>	<u>3,631,698</u>	<u>32,841,606</u>
Expenditures:				
Current:				
Instruction:				
Regular	14,141,693	-	316,708	14,458,401
Special.	2,535,522	-	559,747	3,095,269
Vocational.	332,584	-	-	332,584
Adult/continuing	-	-	19,331	19,331
Other.	470,732	-	-	470,732
Support services:				
Pupil.	1,405,300	-	24,103	1,429,403
Instructional staff	534,870	-	341,066	875,936
Board of education	36,255	-	-	36,255
Administration.	2,494,939	-	17,882	2,512,821
Fiscal	677,377	242	7,425	685,044
Business	44,620	-	192,358	236,978
Operations and maintenance.	3,568,635	-	17,173	3,585,808
Pupil transportation	932,514	-	97,057	1,029,571
Central.	186,025	-	38,468	224,493
Operation of non-instructional services:				
Food service operations	-	-	889,462	889,462
Other non-instructional services.	2,985	-	592,314	595,299
Extracurricular activities.	769,188	-	273,167	1,042,355
Facilities acquisition and construction	-	-	303,571	303,571
Debt service:				
Principal retirement	-	1,400,000	-	1,400,000
Interest and fiscal charges	-	1,736,640	-	1,736,640
Total expenditures	<u>28,133,239</u>	<u>3,136,882</u>	<u>3,689,832</u>	<u>34,959,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,753,527)</u>	<u>(306,686)</u>	<u>(58,134)</u>	<u>(2,118,347)</u>

Continued

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Sale of assets	\$ 10	\$ -	\$ -	\$ 10
Transfers in.	-	-	63,000	63,000
Transfers (out)	<u>(63,000)</u>	-	-	<u>(63,000)</u>
Total other financing sources (uses)	<u>(62,990)</u>	<u>-</u>	<u>63,000</u>	<u>10</u>
Net change in fund balances	(1,816,517)	(306,686)	4,866	(2,118,337)
Fund balances at beginning of year.	282,703	1,560,801	1,057,942	2,901,446
Decrease in reserve for inventory	<u>(3,452)</u>	-	<u>(3,403)</u>	<u>(6,855)</u>
Fund balances (deficit) at end of year.	<u><u>\$ (1,537,266)</u></u>	<u><u>\$ 1,254,115</u></u>	<u><u>\$ 1,059,405</u></u>	<u><u>\$ 776,254</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds \$ (2,118,337)

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

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

Capital assets additions	286,991	
Current year depreciation	(1,969,677)	
Total		(1,682,686)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-in, and donations) is to decrease net assets. (1,880)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (6,855)

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

Delinquent property taxes	(874,664)	
Other local revenue	(41,718)	
Intergovernmental revenue	(106,679)	
Interest revenue	(10,794)	
Total		(1,033,855)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 1,400,000

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

Decrease in accrued interest payable	4,666	
Amortization of bond issuance costs	(23,080)	
Amortization of bond premiums	45,164	
Total		26,750

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (71,955)

Change in net assets of governmental activities \$ (3,488,818)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 17,872,076	\$ 17,901,359	\$ 16,593,046	\$ (1,308,313)
Tuition.	347,392	347,961	376,524	28,563
Earnings on investments.	215,148	215,500	127,237	(88,263)
Classroom materials and supplies	45,749	45,824	47,270	1,446
Other local revenues.	283,707	284,172	109,702	(174,470)
Intergovernmental - State	8,701,234	8,715,490	9,426,237	710,747
Total revenue	<u>27,465,306</u>	<u>27,510,306</u>	<u>26,680,016</u>	<u>(830,290)</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,658,466	14,094,542	14,140,268	(45,726)
Special.	2,235,284	2,306,650	2,314,133	(7,483)
Vocational.	317,722	327,866	328,930	(1,064)
Other.	453,162	467,630	469,147	(1,517)
Support services:				
Pupil.	1,293,885	1,335,195	1,339,527	(4,332)
Instructional staff	502,323	518,361	520,043	(1,682)
Board of education	32,913	33,964	34,074	(110)
Administration.	2,349,290	2,424,296	2,432,161	(7,865)
Fiscal	662,459	683,609	685,827	(2,218)
Business	48,418	49,964	50,126	(162)
Operations and maintenance.	3,391,610	3,499,894	3,511,249	(11,355)
Pupil transportation	882,565	910,743	913,698	(2,955)
Central.	181,045	186,826	187,432	(606)
Operation of non-instructional services:				
Other non-instructional services.	2,530	2,611	2,619	(8)
Extracurricular activities.	723,283	746,375	748,796	(2,421)
Total expenditures	<u>26,734,955</u>	<u>27,588,526</u>	<u>27,678,030</u>	<u>(89,504)</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>730,351</u>	<u>(78,220)</u>	<u>(998,014)</u>	<u>(919,794)</u>
Other financing sources (uses):				
Refund of prior year expenditure	206	206	70,968	70,762
Transfers (out)	(60,853)	(62,796)	(63,000)	(204)
Sale of assets	205	205	10	(195)
Total other financing sources (uses)	<u>(60,442)</u>	<u>(62,385)</u>	<u>7,978</u>	<u>70,363</u>
Net change in fund balance	669,909	(140,605)	(990,036)	(849,431)
Fund balance at beginning of year	2,663,471	2,663,471	2,663,471	-
Prior year encumbrances appropriated	138,255	138,255	138,255	-
Fund balance at end of year.	<u>\$ 3,471,635</u>	<u>\$ 2,661,121</u>	<u>\$ 1,811,690</u>	<u>\$ (849,431)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 105,010	\$ 35,131
Total assets	105,010	\$ 35,131
Liabilities:		
Accounts payable	35	\$ -
Due to students	-	35,131
Total liabilities	35	\$ 35,131
Net assets:		
Held in trust for scholarships	104,975	
Total net assets	\$ 104,975	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 5,607
Gifts and contributions.	31,642
	37,249
Deductions:	
Scholarships awarded	51,324
Change in net assets	(14,075)
Net assets at beginning of year.	119,050
Net assets at end of year	\$ 104,975

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District ranks as the 170th largest by enrollment among the 922 public and community school districts in the State. It currently operates 4 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 16 administrators, 127 non-certified and 218 certified full-time and part-time employees to provide services to approximately 2,756 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a computer consortium. NWOCA is an association of education entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood counties in northwestern Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during this fiscal year were \$102,893. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

Northern Buckeye Education Council

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

Penta Career Center

The Penta Career Center (the "Center") is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. The District did not make any payments to the Center during fiscal year 2009. Financial information can be obtained from the Penta County Career Center, Carrie Herringshaw, who serves as Treasurer, at 9301 Buck Road, Perrysburg, Ohio 43551.

Bay Area Council

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

PUBLIC ENTITY RISK POOL

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

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

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; and (b) for grants and other resources whose use is restricted to a particular purpose.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

D. Basis of Accounting

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2009 are recorded as deferred revenue in the governmental funds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

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

E. Budgets

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for rate determination. The Lucas County Budget Commission waived the tax budget filing requirement for fiscal year 2009.

Estimated Resources:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Appropriations:

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

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

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

F. Cash and Investments

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

During fiscal year 2009, investments were limited to federal agency securities, a U.S. Government money market fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$133,651, which includes \$48,254 assigned from other funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

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

G. Inventory

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

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

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

H. Capital Assets

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

I. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

K. Fund Reserves

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

L. Net Assets

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

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

M. Estimates

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

N. Restricted Assets

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

O. Interfund Activity

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

P. Parochial Schools

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

Q. Unamortized Bond Issuance Costs and Bond Premium

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

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

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

R. Prepayments

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any special or extraordinary items during fiscal year 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

	<u>Deficit</u>
<u>Major governmental fund:</u>	
General	\$ 1,537,266
 <u>Nonmajor governmental funds:</u>	
Education management information systems	10
Title VI-B	6,765
Title I	63,753
Class size reduction	2,673

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.

C. Noncompliance

- i.* The District had expenditures exceed appropriations during the fiscal year ended June 30, 2009 in noncompliance with Ohio Revised Code Section 5705.40.
- ii.* The District had expenditures in excess of appropriations during the fiscal year ended June 30, 2009 in noncompliance with Ohio Revised Code Section 5705.41(B).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim 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, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$948,134. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$749,882 of the District's bank balance of \$1,249,882 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 704,816	\$ -	\$ -	\$ 704,816	\$ -	\$ -
FNMA	504,220	-	-	-	-	504,220
U.S. Government money market fund	143,476	143,476	-	-	-	-
STAR Ohio	<u>2,041,725</u>	<u>2,041,725</u>	-	-	-	-
Total	<u>\$ 3,394,237</u>	<u>\$ 2,185,201</u>	<u>\$ -</u>	<u>\$ 704,816</u>	<u>\$ -</u>	<u>\$ 504,220</u>

The weighted average maturity of investments is .73 years.

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

Credit Risk: STAR Ohio and the U.S. Government money market fund carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 704,816	20.77
FNMA	504,220	14.86
U.S Government money market fund	143,476	4.22
STAR Ohio	<u>2,041,725</u>	<u>60.15</u>
Total	<u>\$ 3,394,237</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 948,134
Investments	3,394,237
Cash on hand	<u>9,090</u>
 Total	 <u>\$ 4,351,461</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,211,320
Private-purpose trust funds	105,010
Agency fund	<u>35,131</u>
 Total	 <u>\$ 4,351,461</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2009, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	\$ 63,000

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

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

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

NOTE 6 - PROPERTY TAXES

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, 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 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Lucas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$666,317 in the general fund, \$90,072 in the debt service fund and \$13,481 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$853,527 in the general fund, \$138,805 in the debt service fund and \$17,159 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 498,300,660	90.86	\$ 497,971,050	98.45
Public utility personal	12,062,730	2.20	6,849,880	1.36
Tangible personal property	<u>38,108,097</u>	<u>6.94</u>	<u>1,027,887</u>	<u>0.19</u>
Total	<u>\$ 548,471,487</u>	<u>100.00</u>	<u>\$ 505,848,817</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$77.80		\$78.45	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

Governmental activities:	
Taxes	\$ 21,073,256
Accounts	105,371
Intergovernmental	90,830
Accrued interest	<u>13,442</u>
Total	<u>\$ 21,282,899</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance <u>June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2009</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,009,875	\$ -	\$ -	\$ 1,009,875
Construction in progress	<u>78,568</u>	-	<u>(78,568)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,088,443</u>	<u>-</u>	<u>(78,568)</u>	<u>1,009,875</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,871,071	-	-	1,871,071
Buildings and improvements	56,582,304	141,768	-	56,724,072
Furniture and equipment	1,572,554	79,077	(6,404)	1,645,227
Vehicles	<u>1,612,266</u>	<u>144,714</u>	<u>(62,910)</u>	<u>1,694,070</u>
Total capital assets, being depreciated	<u>61,638,195</u>	<u>365,559</u>	<u>(69,314)</u>	<u>61,934,440</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,674,207)	(81,054)	-	(1,755,261)
Buildings and improvements	(10,258,399)	(1,735,115)	-	(11,993,514)
Furniture and equipment	(1,197,106)	(84,557)	6,404	(1,275,259)
Vehicles	<u>(1,153,684)</u>	<u>(68,951)</u>	<u>61,030</u>	<u>(1,161,605)</u>
Total accumulated depreciation	<u>(14,283,396)</u>	<u>(1,969,677)</u>	<u>67,434</u>	<u>(16,185,639)</u>
Governmental activities capital assets, net	<u>\$ 48,443,242</u>	<u>\$ (1,604,118)</u>	<u>\$ (80,448)</u>	<u>\$ 46,758,676</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,005,837
Special	146,399
<u>Support services:</u>	
Pupil	8,045
Instructional staff	101,419
Administration	93,307
Fiscal	8,660
Business	1,660
Operations and maintenance	44,040
Pupil transportation	71,726
<u>Operation of non-instructional services:</u>	
Food service operations	115,531
Other non-instructional services	3,417
Extracurricular	<u>369,636</u>
Total depreciation expense	<u>\$ 1,969,677</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amount
	June 30, 2008	Increase	Decrease	June 30, 2009	Due in One Year
General obligation bonds	\$ 37,405,000	\$ -	\$ (1,400,000)	\$ 36,005,000	\$ 850,000
Compensated absences	<u>2,878,211</u>	<u>303,653</u>	<u>(414,747)</u>	<u>2,767,117</u>	<u>232,094</u>
Total	<u>\$ 40,283,211</u>	<u>\$ 303,653</u>	<u>\$ (1,814,747)</u>	38,772,117	<u>\$ 1,082,094</u>
Unamortized premium on bonds				<u>1,012,433</u>	
Total on statement of net assets				<u>\$ 39,784,550</u>	

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

Fiscal Year Ending	Principal	Interest	Total
2010	\$ 850,000	\$ 1,697,165	\$ 2,547,165
2011	950,000	1,671,440	2,621,440
2012	975,000	1,637,690	2,612,690
2013	1,015,000	1,597,890	2,612,890
2014	1,055,000	1,551,215	2,606,215
2015 - 2019	6,135,000	6,887,325	13,022,325
2020 - 2024	7,820,000	5,151,200	12,971,200
2025 - 2029	9,985,000	2,939,690	12,924,690
2030 - 2032	7,220,000	513,343	7,733,343
Total	<u>\$ 36,005,000</u>	<u>\$ 23,646,958</u>	<u>\$ 59,651,958</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$10,662,301 (including available funds of \$1,254,115) and an unvoted debt margin of \$504,591.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 10 - RISK MANAGEMENT

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

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

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

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

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from 2008.

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

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 11 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$316,849, \$329,082 and \$327,795, respectively; 43.72 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

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

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

**MAUMEE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 11 - PENSION PLANS - (Continued)

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,968,303, \$1,921,537 and \$1,915,991, respectively; 83.74 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$24,419 made by the District and \$34,842 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, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**MAUMEE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$218,019, \$217,670 and \$180,581, respectively; 43.72 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$26,143, \$23,711 and \$22,290, respectively; 43.72 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$151,408, \$147,811 and \$147,384, respectively; 83.74 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**MAUMEE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (990,036)
Net adjustment for revenue accruals	(300,304)
Net adjustment for expenditure accruals	(522,771)
Net adjustment for other sources/uses	(70,968)
Adjustment for encumbrances	<u>67,562</u>
GAAP basis	<u><u>\$ (1,816,517)</u></u>

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

**MAUMEE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 15 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	Texbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	BWC <u>Refunds</u>
Set-aside balance as of June 30, 2008	\$ (2,384,163)	\$ (42,026,495)	\$ 121,957
Current year set-aside requirement	445,723	445,723	-
Qualifying disbursements	<u>(442,727)</u>	<u>(516,748)</u>	<u>-</u>
Total	<u>\$ (2,381,167)</u>	<u>\$ (42,097,520)</u>	<u>\$ 121,957</u>
Balance carried forward to FY 2010	<u>\$ (2,381,167)</u>	<u>\$ (42,026,495)</u>	<u>\$ 121,957</u>

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

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

In addition to the above, the District received \$12,060 from the State of Ohio that is restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2009 follows:

Amount restricted for BWC refunds	\$ 121,957
Amount restricted for school bus purchases	<u>12,060</u>
Total restricted assets	<u>\$ 134,017</u>

SUPPLEMENTARY DATA

**MAUMEE CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Nutrition Cluster:				
(D) (E) School Breakfast Program	10.553	2009	\$ 20,472	\$ 20,472
Total School Breakfast Program			<u>20,472</u>	<u>20,472</u>
(D) (E) National School Lunch Program	10.555	2009	275,344	275,344
(C) (D) National School Lunch Program - Food Donation	10.555	2009	43,051	43,051
Total National School Lunch Program			<u>318,395</u>	<u>318,395</u>
Total U.S. Department of Agriculture and Nutrition Cluster			<u>338,867</u>	<u>338,867</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grants to Local Educational Agencies	84.010	2009	307,778	307,778
Total Title I Grants to Local Educational Agencies			<u>307,778</u>	<u>307,778</u>
Special Education_Grants to States	84.027	2009	621,267	621,267
Total Special Education_Grants to States			<u>621,267</u>	<u>621,267</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2009	5,308	5,308
Total Safe and Drug-Free Schools and Communities_State Grants			<u>5,308</u>	<u>5,308</u>
Javits Gifted and Talented Students Education Grant Program	84.206	2008	-	2,918
Total Javits Gifted & Talented Students Education Grant Program			<u>-</u>	<u>2,918</u>
(F) State Grants for Innovative Programs	84.298	2008	(295)	-
(F) State Grants for Innovative Programs	84.298	2009	3,254	3,254
Total State Grants for Innovative Programs			<u>2,959</u>	<u>3,254</u>
Education Technology State Grants	84.318	2009	3,035	3,035
Total Education Technology State Grants			<u>3,035</u>	<u>3,035</u>
(F) Improving Teacher Quality State Grants	84.367	2008	(20)	-
(F) Improving Teacher Quality State Grants	84.367	2009	78,089	73,116
Total Improving Teacher Quality State Grants			<u>78,069</u>	<u>73,116</u>
Total U.S. Department of Education			<u>1,018,416</u>	<u>1,016,676</u>
Total Federal Financial Assistance			<u>\$ 1,357,283</u>	<u>\$ 1,355,543</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2009
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Nutrition Grant Cluster" in determining major programs
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2009, the ODE authorized the following transfers

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
State Grants for Innovative Programs	84.298	2008	\$ 295	
State Grants for Innovative Programs	84.298	2009		\$ 295
Improving Teacher Quality State Grants	84.367	2008	\$ 20	
Improving Teacher Quality State Grants	84.367	2009		20
Total			<u>\$ 315</u>	<u>\$ 315</u>



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maumee City School District as of and for the fiscal year ended June 30, 2009, which collectively comprise Maumee City School District's basic financial statements and have issued our report thereon dated October 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Maumee City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Maumee City School District's financial statements that is more than inconsequential will not be prevented or detected by the Maumee City School District's internal control.

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

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

Board of Education
Maumee City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Maumee City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses as 2009-MCSD-001 and 2009-MCSD-002.

We noted certain matters that we reported to the management of the Maumee City School District in a separate letter dated October 21, 2009.

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

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

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

Julian & Grube, Inc.
October 21, 2009



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

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

Compliance

We have audited the compliance of the Maumee City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009. The Maumee City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the Maumee City School District's management. Our responsibility is to express an opinion on the Maumee City School District's compliance based on our audit.

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

In our opinion, the Maumee City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

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

Board of Education
Maumee City School District

A control deficiency in Maumee City School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Maumee City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Maumee City School District's internal control.

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

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

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

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

Julian & Grube, Inc.
October 21, 2009

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Nutrition Cluster - School Breakfast Program: CFDA #10.553 and National School Lunch Program: CFDA #10.555; Title I Grants to Local Educational Agencies: CFDA #84.010.
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-MCSD-001

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations.

Expenditures exceeded appropriations in certain funds during the fiscal year due to the District not properly modifying appropriations throughout the year or at year end.

By not timely and properly modifying the District's appropriations, the District is not adequately monitoring appropriations versus expenditures. With expenditures exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend that the District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: The District is attempting to monitor its budget more closely and will approve amended appropriations in a timely manner.

Finding Number	2009-MCSD-002
----------------	---------------

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

The District had expenditures in excess of appropriations for the fiscal year ended June 30, 2009 in the following funds:

June 30, 2009

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Major Fund</u>			
General	\$ 27,741,030	\$ 27,651,322	\$89,708
<u>Nonmajor Funds</u>			
Auxiliary Services	571,655	320,239	251,416
Management Information System	8,195	7,197	998
Miscellaneous Federal Grants	32,607	17,389	15,218
Permanent Improvement	482,110	426,092	56,018
Building	18,519	15,000	3,519
Adult Education	21,408	13,878	7,530
Special Enterprises	37,030	29,305	7,725

The District is expending monies that have not been approved by the Board. This could result in unnecessary purchases or fund deficits.

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-MCSD-002 - (Continued)

We recommend that the District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: The District is attempting to monitor its budget more closely and to submit amended appropriation in a timely manner.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-MCSD-001	Ohio Revised Code Section 5705.38 requires the annual appropriation measure to be passed on or about the first day of each fiscal year.	Yes	N/A
2008-MCSD-002	Ohio Revised Code Section 5705.39 requires that the total appropriation from each fund should not exceed total estimated resources.	No	Partially corrected - moved to Management Letter.
2008-MCSD-003	Ohio Revised Code Section 5705.36, in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.	No	Partially corrected - moved to Management Letter.
2008-MCSD-004	Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations.	No	Repeated as finding 2009-MCSD-001.
2008-MCSD-005	Ohio Revised Code Section 5705.41(B) requires, in part, that no subdivision is to expend monies unless it has been appropriated.	No	Repeated as finding 2009-MCSD-002.



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Independent Accountant's Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on January 22, 2007.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board of Education of Maumee City School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.
October 21, 2009



Mary Taylor, CPA
Auditor of State

MAUMEE CITY SCHOOL DISTRICT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 22, 2009**