

Maple Heights City School District

**Basic Financial Statements
June 30, 2013**



Dave Yost • Auditor of State

Board of Education
Maple Heights City School District
5740 Lawn Avenue
Maple Heights, Ohio 44137

We have reviewed the *Independent Auditor's Report* of the Maple Heights City School District, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2012 through June 30, 2013. 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 Maple Heights City School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

March 21, 2014

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Maple Heights City School District

For the Year Ended June 30, 2013

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Maple Heights City School District

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Independent Auditor's Report

Board of Education
Maple Heights City School District
Maple Heights, Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Education
Maple Heights City School District

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 District, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the basic financial statements, in 2013, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cini & Panichi, Inc.

Cleveland, Ohio
February 3, 2014

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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

Highlights

Key financial highlights for 2013 are as follows:

- Total net position decreased by \$4.7 million. Total liabilities increased by \$1 million while total assets decreased by \$3.7 million. The decrease in assets for fiscal year 2013 was primarily due to the expending of cash in connection with contracts entered into by the School District for the building and equipping of classroom facilities. Although new facilities were capitalized, a significant portion of this increase to capital assets was offset by a decrease in capital assets due to the deletion of the old buildings.
- Deferred outflows of resources increased by \$0.8 million while deferred inflows of resources increased by \$0.8 million. Deferred outflows of resources are applicable to future reporting periods and have a positive effect on net position, while deferred inflows of resources are applicable to future reporting periods and have a negative effect on net position.
- Total revenue decreased from \$47.1 million in fiscal year 2012 to \$46.6 million in fiscal year 2013. The decrease in revenue was due primarily to receiving less in property taxes.
- Operating grants and contributions increased by \$1.1 million from the prior fiscal year mainly due to increases in food service operation subsidies and race to the top and title I grant funding.

During fiscal year 2013, the School District was self insured for medical insurance benefits provided to School District employees. In the past, the School District experienced double digit percentage increases for employee benefits without the means to generate the revenue necessary to meet these increases. In an effort to curtail future double percentage increases of employee benefits, the School District became self insured in fiscal year 2008 for purposes of cost containment. The School District has seen a savings by being self insured although this trend may not continue in the future. In addition, the School District has purchased stop loss insurance. The School District has also established an active Health Care Committee that will review any health insurance increases to the School District exceeding five percent and will discuss ways to offset those costs by either changing the benefits or increasing employee contributions.

The School District's five-year forecast was registered as required with the Ohio Department of Education in October, 2013, and is located on the School District's website. The largest source of revenue for the District is the State Foundation revenue. The five-year forecast includes projected revenue for fiscal years 2014 through 2018. State funding for these fiscal years can only be estimated until the State's budget is set for those years.

Maple Heights City School District
Management's Discussion and Analysis
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The School District is benefiting from ERATE funding, which is over \$1 million for fiscal year 2013. The School District also renewed a five-year, \$6.7 million levy for operating funds in November, 2012. The forecast also reflects the fact that all employees are taking a three year step and wage freeze that carries through fiscal year 2015.

Finally, the School District just completed refinancing in November, 2012, of \$8.3 million of the \$56 million original school facilities improvement bond issue. The refinancing should save tax payers in Maple Heights almost \$1,100,000 over the life of those refinancing bonds. With advanced refunding, the Board would refinance the bonds prior to the call date, which is January 15, 2017, and the proceeds from the reissue of the bonds would be invested in U.S. Government securities. The principal and interest from these investments would then be used to pay the principal and interest on the 2009 bonds until the call date. After considering all issuance costs, in the current interest rate market, the net savings to the taxpayers is approximately \$622,000, or about \$30,000 a year, between fiscal years 2013 and 2033. The School District will continue to look at refinancing bonds in the future.

Using the 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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 and what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the School District, the general fund is by far the most significant fund. The bond retirement debt service fund and the classroom facilities capital projects fund are also major funds.

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2013. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

In the statement of net position and the statement of activities, all of the School District activities are reported as governmental activities, including instruction, support services, non-instructional services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement debt service fund, and the classroom facilities capital projects fund.

Governmental Funds Most of the School 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, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for medical benefits of School District employees. The proprietary fund uses the accrual basis of accounting.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2013 compared to fiscal year 2012:

Table 1
 Net Position
 Governmental Activities

	2013	2012	Change
Assets			
Current and Other Assets	\$40,525,430	\$53,749,931	(\$13,224,501)
Capital Assets, Net	111,436,717	101,870,415	9,566,302
<i>Total Assets</i>	<u>151,962,147</u>	<u>155,620,346</u>	<u>(3,658,199)</u>
Deferred Outflows of Resources	<u>1,345,432</u>	<u>553,546</u>	<u>791,886</u>
Liabilities			
Current and Other Liabilities	10,578,459	10,684,860	106,401
Long-Term Liabilities:			
Due Within One Year	697,481	798,010	100,529
Due in More than One Year	66,120,934	64,903,095	(1,217,839)
<i>Total Liabilities</i>	<u>77,396,874</u>	<u>76,385,965</u>	<u>(1,010,909)</u>
Deferred Inflows of Resources	<u>13,839,117</u>	<u>13,026,255</u>	<u>(812,862)</u>
Net Position			
Net Investment in Capital Assets	51,855,680	42,388,029	9,467,651
Restricted:			
Capital Projects	6,821,359	25,096,838	(18,275,479)
Debt Service	141,532	0	141,532
Other Purposes	1,858,333	1,969,681	(111,348)
Unrestricted (Deficit)	<u>1,394,684</u>	<u>(2,692,876)</u>	<u>4,087,560</u>
<i>Total Net Position</i>	<u>\$62,071,588</u>	<u>\$66,761,672</u>	<u>(\$4,690,084)</u>

Total assets decreased from the prior fiscal year due to a sharp decrease in cash and cash equivalents as well as intergovernmental receivables. The decrease in cash and cash equivalents is due to a sharp increase in expenses related to instruction, along with a slight decrease in revenues. The decrease in intergovernmental receivables is largely due to the completion of building projects, which the School District was receiving OSFC money for. Total liabilities for governmental activities increased by less than \$1 million, primarily due to refunding bonds issued during the year changing the repayment schedules of the debt. These factors led to a total decrease in net position of \$4.7 million.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2 shows the change in net position for fiscal year 2013 compared to fiscal year 2012.

Table 2
Change in Net Position

	2013	2012	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$993,846	\$1,108,208	(\$114,362)
Operating Grants and Contributions	5,503,370	4,367,068	1,136,302
<i>Total Program Revenues</i>	<u>6,497,216</u>	<u>5,475,276</u>	<u>1,021,940</u>
General Revenues:			
Property Taxes	15,604,285	18,596,163	(2,991,878)
Grants and Entitlements	21,502,971	21,495,530	7,441
Investment Earnings	8,480	282,266	(273,786)
Contributions and Donations	9,745	51,350	(41,605)
Other	2,976,685	1,240,256	1,736,429
<i>Total General Revenues</i>	<u>40,102,166</u>	<u>41,665,565</u>	<u>(1,563,399)</u>
<i>Total Revenues</i>	<u>46,599,382</u>	<u>47,140,841</u>	<u>(541,459)</u>
Program Expenses			
Instruction	31,254,815	25,718,121	(5,536,694)
Support Services:			
Pupil and Instructional Staff	3,025,134	3,756,997	731,863
Board of Education, Administration			
Fiscal and Business	5,715,625	5,286,506	(429,119)
Operation and Maintenance of Plant	4,130,762	4,485,601	354,839
Pupil Transportation	1,530,448	1,566,417	35,969
Central	14,372	39,044	24,672
Operation of Non-Instructional Services	49,637	122,010	72,373
Extracurricular Activities	1,257,233	1,093,121	(164,112)
Food Services Operations	1,735,890	1,667,650	(68,240)
Interest and Fiscal Charges	2,575,550	3,123,968	548,418
<i>Total Program Expenses</i>	<u>51,289,466</u>	<u>46,859,435</u>	<u>(4,430,031)</u>
Net Change in Net Position	(4,690,084)	281,406	(4,971,490)
<i>Net Position Beginning of Year</i>	<u>66,761,672</u>	<u>66,480,266</u>	<u>281,406</u>
<i>Net Position End of Year</i>	<u>\$62,071,588</u>	<u>\$66,761,672</u>	<u>(\$4,690,084)</u>

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Total revenue decreased for governmental activities from \$47.1 million to \$46.6 million. The vast majority of revenue supporting governmental activities is general revenue. General revenue decreased from \$41.7 million in fiscal year 2012 to \$40.1 million in fiscal year 2013. The primary source of the decrease was in property tax revenue. General revenue comprised 86.06 percent of total revenue.

Property taxes made up 33.49 percent of revenues for governmental activities for the School District in fiscal year 2013. Overall, property tax revenue decreased by \$3 million. Property tax revenue decreased due to lower assessed property values within the School District.

Program expenses increased from \$46.9 million in fiscal year 2012 to \$51.3 million in fiscal year 2013. The major program expense for governmental activities, as expected, is for instruction. Instructional costs were \$5.5 million higher than the prior fiscal year. When combined with pupil and instructional staff support, these categories make up 66.84 percent of expenses.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted State entitlements.

Table 3
Governmental
Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Instruction	\$31,254,815	(\$27,505,559)	\$25,718,121	(\$23,017,282)
Support Services:				
Pupil and Instructional Staff	3,025,134	(2,591,921)	3,756,997	(3,354,389)
Board of Education, Administration				
Fiscal and Business	5,715,625	(5,618,923)	5,286,506	(5,059,016)
Operation and Maintenance of Plant	4,130,762	(4,049,759)	4,485,601	(4,416,286)
Pupil Transportation	1,530,448	(1,502,859)	1,566,417	(1,541,912)
Central	14,372	(14,372)	39,044	(32,353)
Operation of Non-Instructional Services	49,637	(37,359)	122,010	(6,150)
Extracurricular Activities	1,257,233	(1,078,081)	1,093,121	(920,449)
Food Service Operations	1,735,890	182,133	1,667,650	87,646
Interest and Fiscal Charges	2,575,550	(2,575,550)	3,123,968	(3,123,968)
Total	\$51,289,466	(\$44,792,250)	\$46,859,435	(\$41,384,159)

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The dependence upon general tax revenues and unrestricted State entitlements for governmental activities is apparent. In fiscal year 2013, 30.42 percent of total expenses are supported through taxes, a decrease from the 39.7 percent in fiscal year 2012. Grants and entitlements not restricted to specific programs in fiscal year 2013 support 41.92 percent, a decrease from the 45.9 percent in fiscal year 2012. Investments, contributions and donations, and other miscellaneous type revenues support the remaining activity costs. In fiscal year 2013, program revenues only account for 12.67 percent of all governmental expenses, an increase from the 11.7 percent in fiscal year 2012. The community, as a whole, is a primary support for School District students, with property taxes and unrestricted State entitlements being the most important source of revenue.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. A review of the School District's major funds demonstrates a decrease in fund balance for all major funds, except for the general fund. All governmental funds had total revenues of \$46.1 million and expenditures of \$61 million. The net change in fund balance for the year was most significant in the classroom facilities fund, where the fund balance went from \$21.8 million in fiscal year 2012 to \$6.6 million in fiscal year 2013. The main reason for this decrease was due to capital outlays for new buildings within the School District.

General Fund Budgeting Highlights

The School 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 fiscal 2013, the School District amended its general fund budget as needed. The School District uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management. For the general fund, final estimated revenues were \$37,978,150, below the original budget estimate of \$38,028,483, and above actual revenues of \$36,790,646. Actual revenues were \$1,187,504 lower than the final estimate. This was primarily due to intergovernmental and property tax revenues. The final estimated expenditures were \$37,022,680, below the original budgeted expenditures of \$37,175,207, and above actual expenditures of \$35,898,911. Actual expenditures were \$1,123,769 lower than the final estimate. This was primarily due to lower than expected instructional costs.

Total actual revenues on the budget basis were \$891,735 above expenditures (cash outlays plus encumbrances). After other financing sources and uses are included, the net change in fund balance was an increase of \$825,280.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2013 balances compared to fiscal year 2012. More detailed information is presented in Note 8 to the basic financial statements.

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

	2013	2012
Land	\$5,667,751	\$1,220,608
Construction in Progress	0	31,025,978
Land Improvements	847,235	0
Buildings and Improvements	102,764,521	68,557,614
Furniture and Equipment	2,064,066	836,830
Vehicles	93,144	229,385
Totals	\$111,436,717	\$101,870,415

The increase in capital assets is due primarily to the purchase of land and construction of new school buildings throughout the School District.

Debt

Table 5 summarizes the debt outstanding for fiscal years 2013 and 2012. More detailed information is presented in Notes 15 and 16 to the basic financial statements.

Table 5
 Outstanding Debt at June 30
 Governmental Activities

	2013	2012
<i>Certificates of Participation:</i>		
2008 Certificates of Participation	\$2,960,000	\$3,065,000
<i>General Obligation Bonds:</i>		
2010 School Facilities Improvement Bonds	45,454,975	54,359,932
2013 School Facilities Refunding Bonds	8,224,702	0
<i>Short-Term Notes:</i>		
Energy Conservation Notes	2,511,000	2,611,000
Totals	\$59,150,677	\$60,035,932

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The 2008 certificates of participation were issued to make renovations to the Wylie Athletic Complex.

The 2010 school facilities improvement general obligation bonds were issued to retire the 2009 school facilities improvement note, which was originally issued for the construction of new elementary, middle, and high school buildings in the School District.

The 2013 school facilities refunding bonds were issued to refund a portion of the 2010 school facilities improvement general obligation bonds, which were originally issued to retire the 2009 school facilities improvement note.

The 2013 energy conservation note was issued to refinance the 2012 energy conservation note. Originally, these notes were issued to replace heating systems at Dunham and Raymond Elementary Schools, lighting systems, and steam traps in all School District buildings and exterior windows at Rockside Elementary. Principal and interest payments are made from the general fund through savings realized through reductions in energy consumption.

At June 30, 2013, the School District's overall legal debt margin was \$28,475,530 with an unvoted debt margin of \$316,395. The debt is well within permissible limits.

Current Issues

The School District's five-year forecast continues to be the instrument used to make future financial decisions with regard to program and funding strategies.

The School District is maintaining its programs and using its resources wisely. As the preceding information shows, the School District heavily depends on its property taxpayers and support from unrestricted State entitlements, and continued stability in the Federal grant area. However, financially the future is not without challenges.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several fiscal years.

The School District has committed itself to financial excellence for many years. The School District's system of budgeting and internal controls is critical to the integrity of the use of public funds. All of the School District's financial abilities will be needed to meet the challenges of the future.

The School District has moved into five new school buildings during the past 24 months, with the new high school representing the final building that was opened in August of 2012. Originally, some buildings were not scheduled to be opened until fiscal year 2014, but they are now all opened and operating for fiscal year 2013. In addition, the School District has begun construction on a new stadium which will be operational in fiscal year 2014.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert J. Applebaum, Treasurer at Maple Heights City School District, 5740 Lawn Avenue, Maple Heights, Ohio 44137; or by e-mail at bob.applebaum@mapleschools.com.

Maple Heights City School District

Statement of Net Position

June 30, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$17,761,988
Cash Equivalents Held by Trustee	338,718
Accounts Receivable	463,834
Intergovernmental Receivable	1,372,394
Inventory Held for Resale	40,974
Property Taxes Receivable	20,547,522
Nondepreciable Capital Assets	5,667,751
Depreciable Capital Assets, Net	105,768,966
<i>Total Assets</i>	<u>151,962,147</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>1,345,432</u>
Liabilities	
Accounts Payable	157,519
Accrued Wages and Benefits	2,570,332
Contracts Payable	795,590
Retainage Payable	3,025,636
Intergovernmental Payable	840,269
Matured Compensated Absences Payable	165,387
Claims Payable	345,873
Accrued Interest Payable	166,853
Notes Payable	2,511,000
Long-Term Liabilities:	
Due Within One Year	697,481
Due In More Than One Year	66,120,934
<i>Total Liabilities</i>	<u>77,396,874</u>
Deferred Inflows of Resources	
Property Taxes	<u>13,839,117</u>
Net Position	
Net Investment in Capital Assets	51,855,680
Restricted for:	
Capital Projects	6,821,359
Debt Service	141,532
Special Education	187,182
Food Service	226,553
Classroom Maintenance	936,541
School Improvement	319,183
Student Development	78,173
Other Purposes	110,701
Unrestricted	1,394,684
<i>Total Net Position</i>	<u>\$62,071,588</u>

See accompanying notes to the basic financial statements

Maple Heights City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Total
Governmental Activities				
Instruction:				
Regular	\$24,697,120	\$366,319	\$2,356,940	(\$21,973,861)
Special	5,046,558	91,144	844,607	(4,110,807)
Vocational	1,381,903	27,279	62,967	(1,291,657)
Student Intervention Services	129,234	0	0	(129,234)
Support Services:				
Pupil	1,842,596	37,851	0	(1,804,745)
Instructional Staff	1,182,538	0	395,362	(787,176)
Board of Education	68,377	0	0	(68,377)
Administration	3,185,323	68,403	0	(3,116,920)
Fiscal	1,681,958	28,299	0	(1,653,659)
Business	779,967	0	0	(779,967)
Operation and Maintenance of Plant	4,130,762	81,003	0	(4,049,759)
Pupil Transportation	1,530,448	27,589	0	(1,502,859)
Central	14,372	0	0	(14,372)
Operation of Non-Instructional Services	49,637	0	12,278	(37,359)
Extracurricular Activities	1,257,233	89,825	89,327	(1,078,081)
Food Service Operations	1,735,890	176,134	1,741,889	182,133
Interest and Fiscal Charges	2,575,550	0	0	(2,575,550)
<i>Total</i>	<u>\$51,289,466</u>	<u>\$993,846</u>	<u>\$5,503,370</u>	<u>(44,792,250)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	12,443,739
Special Revenue	95,341
Debt Service	2,688,304
Capital Outlay	376,901
Grants and Entitlements not	
Restricted to Specific Programs	21,502,971
Investment Earnings	8,480
Unrestricted Contributions and Donations	9,745
Miscellaneous	2,976,685
<i>Total General Revenues</i>	<u>40,102,166</u>
Change in Net Position	(4,690,084)
<i>Net Position Beginning of Year</i>	<u>66,761,672</u>
<i>Net Position End of Year</i>	<u>\$62,071,588</u>

See accompanying notes to the basic financial statements

Maple Heights City School District

Balance Sheet

Governmental Funds

June 30, 2013

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,209,447	\$2,657,610	\$10,389,553	\$3,136,859
Property Taxes Receivable	16,459,046	3,628,102	0	460,374
Accounts Receivable	462,792	0	0	0
Intergovernmental Receivable	189,894	0	253,032	929,468
Interfund Receivable	57,164	0	0	0
Inventory Held for Resale	0	0	0	40,974
Restricted Assets: Cash Equivalents Held by Trustee	0	0	0	338,718
<i>Total Assets</i>	<u>\$18,378,343</u>	<u>\$6,285,712</u>	<u>\$10,642,585</u>	<u>\$4,906,393</u>
Liabilities				
Accounts Payable	\$108,816	\$0	\$0	\$48,242
Accrued Wages and Benefits	2,365,614	0	0	204,718
Intergovernmental Payable	805,352	0	0	34,917
Contracts Payable	0	0	795,590	0
Retainage Payable	0	0	3,025,636	0
Interfund Payable	0	0	0	57,164
Matured Compensated Absences Payable	163,404	0	0	1,983
Accrued Interest Payable	0	0	0	6,880
Notes Payable	0	0	0	2,511,000
<i>Total Liabilities</i>	<u>3,443,186</u>	<u>0</u>	<u>3,821,226</u>	<u>2,864,904</u>
Deferred Inflows of Resources				
Property Taxes	11,085,112	2,435,400	0	318,605
Unavailable Revenue	3,750,534	843,870	253,032	1,023,231
<i>Total Deferred Inflows of Resources</i>	<u>14,835,646</u>	<u>3,279,270</u>	<u>253,032</u>	<u>1,341,836</u>
Fund Balances				
Restricted	0	3,006,442	6,568,327	1,248,147
Assigned	48,418	0	0	0
Unassigned (Deficit)	51,093	0	0	(548,494)
<i>Total Fund Balances (Deficit)</i>	<u>99,511</u>	<u>3,006,442</u>	<u>6,568,327</u>	<u>699,653</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$18,378,343</u>	<u>\$6,285,712</u>	<u>\$10,642,585</u>	<u>\$4,906,393</u>

See accompanying notes to the basic financial statements

Maple Heights City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2013*

Total Governmental Funds	Total Governmental Funds Balances	\$10,373,933
	<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
\$17,393,469	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	111,436,717
20,547,522		
462,792	Other long-term assets are not available to pay for current- period expenditures and therefore are reported as unavailable revenue in the funds:	
1,372,394	Delinquent Property Taxes	4,688,167
57,164	Grants	1,182,500
40,974		
338,718	Total	5,870,667
\$40,213,033	An internal service fund is used by management to charge the costs of internal service fund are included in governmental activities in the statement of net position.	23,227
\$157,058	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(159,973)
2,570,332	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
840,269	General Obligation Bonds	(44,000,000)
795,590	Refunding Bonds	(8,175,000)
3,025,636	Capital Appreciation Bonds	(1,504,677)
57,164	Certificates of Participation	(2,960,000)
165,387	Premium on Bonds and Certificates of Participation	(5,324,599)
6,880	Accretion	(2,010,248)
2,511,000	Deferred Charge on Refunding	1,345,432
10,129,316	Compensated Absences	(2,843,891)
13,839,117	Total	(65,472,983)
5,870,667	<i>Net Position of Governmental Activities</i>	\$62,071,588
19,709,784		
10,822,916		
48,418		
(497,401)		
10,373,933		
\$40,213,033		

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds
Revenues				
Property Taxes	\$12,217,224	\$2,655,277	\$0	\$479,462
Intergovernmental	20,950,406	429,443	398,809	4,848,346
Interest	124	0	8,356	0
Charges for Services	8,719	0	0	176,134
Tuition and Fees	719,168	0	0	0
Extracurricular Activities	46,695	0	0	43,130
Contributions and Donations	94,977	0	0	9,095
Miscellaneous	2,930,279	0	30,517	15,889
<i>Total Revenues</i>	<u>36,967,592</u>	<u>3,084,720</u>	<u>437,682</u>	<u>5,572,056</u>
Expenditures				
Current:				
Instruction:				
Regular	16,895,803	0	0	2,182,071
Special	4,180,039	0	0	753,131
Vocational	1,268,843	0	0	73,954
Student Intervention Services	129,234	0	0	0
Support Services:				
Pupil	1,742,869	0	0	52,800
Instructional Staff	466,498	0	0	562,492
Board of Education	68,377	0	0	0
Administration	3,102,407	0	0	155,272
Fiscal	1,306,853	74,414	0	282,991
Business	435,234	0	0	0
Operation and Maintenance of Plant	3,722,344	0	0	56,437
Pupil Transportation	1,295,298	0	0	0
Central	8,818	0	0	5,554
Operation of Non-Instructional Services	0	0	0	49,637
Extracurricular Activities	609,193	0	0	134,722
Food Service Operations	1,870	0	0	2,020,453
Capital Outlay	26,821	0	15,703,352	0
Debt Service:				
Principal Retirement	0	694,957	0	0
Interest and Fiscal Charges	0	2,247,479	0	32,454
Capital Appreciation Bonds Interest	0	215,043	0	0
Issuance Costs	0	192,104	0	0
Advance Refunding Escrow	0	207,875	0	0
<i>Total Expenditures</i>	<u>35,260,501</u>	<u>3,631,872</u>	<u>15,703,352</u>	<u>6,361,968</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,707,091</u>	<u>(547,152)</u>	<u>(15,265,670)</u>	<u>(789,912)</u>
Other Financing Sources (Uses)				
Refunding Bonds Issued	0	8,224,702	0	0
Premium on Refunding Bonds Issued	0	1,775,792	0	0
Payment to Refunded Bond Escrow Agent	0	(9,808,390)	0	0
Transfers In	262	0	0	69,845
Transfers Out	(69,845)	0	0	(262)
<i>Total Other Financing Sources (Uses)</i>	<u>(69,583)</u>	<u>192,104</u>	<u>0</u>	<u>69,583</u>
<i>Net Change in Fund Balances</i>	1,637,508	(355,048)	(15,265,670)	(720,329)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,537,997)</u>	<u>3,361,490</u>	<u>21,833,997</u>	<u>1,419,982</u>
<i>Fund Balances End of Year</i>	<u>\$99,511</u>	<u>\$3,006,442</u>	<u>\$6,568,327</u>	<u>\$699,653</u>

See accompanying notes to the basic financial statements

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

Total Governmental Funds	Net Change in Fund Balances -Total Governmental Funds	(\$14,703,539)
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$15,351,963	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
26,627,004	Capital Outlay	14,693,056
8,480	Current Year Depreciation	<u>(2,662,686)</u>
184,853		
719,168	Total	12,030,370
89,825		
104,072	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(2,464,068)
<u>2,976,685</u>		
46,062,050	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	Delinquent Property Taxes	252,322
19,077,874	Intergovernmental	<u>285,010</u>
4,933,170		
1,342,797	Total	537,332
129,234		
1,795,669	Repayment of principal and advance refunding are expenditures or other financing uses in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
1,028,990	Principal Retirement	694,957
68,377	Capital Appreciation Bonds Interest	215,043
3,257,679	Advance Refunding	<u>10,016,265</u>
1,664,258		
435,234	Total	10,926,265
3,778,781		
1,295,298	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
14,372	Accrued Interest	505,147
49,637	Annual Accretion	(772,888)
743,915	Amortization of Premium	<u>164,228</u>
2,022,323		
15,730,173	Total	(103,513)
694,957		
2,279,933	Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.	
215,043	Refunding Bonds Issued	(8,224,702)
192,104	Premium on Refunding Bonds Issued	<u>(1,775,792)</u>
207,875		
<u>60,957,693</u>	Total	(10,000,494)
(14,895,643)		
8,224,702	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.	(88,989)
1,775,792		
(9,808,390)	The internal service fund used by management to charge the cost of insurance is included in the statement of activities and not on the governmental fund statement of revenues and expenditures.	(823,448)
70,107		
(70,107)	<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$4,690,084)</u></u>
<u>192,104</u>		
(14,703,539)		
<u>25,077,472</u>		
<u>\$10,373,933</u>		

See accompanying notes to the basic financial statements

Maple Heights City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$13,140,429	\$13,191,409	\$12,696,301	(\$495,108)
Intergovernmental	21,675,628	21,593,533	20,950,406	(643,127)
Interest	128	128	124	(4)
Charges for Services	9,021	8,987	8,719	(268)
Tuition and Fees	748,345	745,511	723,307	(22,204)
Contributions and Donations	10,082	10,044	9,745	(299)
Miscellaneous	2,444,850	2,428,538	2,402,044	(26,494)
<i>Total Revenues</i>	<u>38,028,483</u>	<u>37,978,150</u>	<u>36,790,646</u>	<u>(1,187,504)</u>
Expenditures				
Current:				
Instruction:				
Regular	17,892,057	17,862,094	17,270,599	591,495
Special	4,331,305	4,303,770	4,179,890	123,880
Vocational	1,293,335	1,285,113	1,248,148	36,965
Student Intervention Services	133,957	133,105	129,234	3,871
Support Services:				
Pupil	1,785,231	1,773,882	1,737,790	36,092
Instructional Staff	542,444	538,996	523,320	15,676
Board of Education	70,504	70,055	68,252	1,803
Administration	3,307,558	3,286,531	3,191,624	94,907
Fiscal	1,389,537	1,380,703	1,343,518	37,185
Business	482,794	479,725	466,492	13,233
Operation and Maintenance of Plant	4,040,637	4,014,950	3,899,643	115,307
Pupil Transportation	1,352,393	1,343,796	1,309,692	34,104
Central	8,195	8,143	7,906	237
Operation of Non-Instructional Services	3,352	3,352	0	3,352
Extracurricular Activities	505,705	502,491	487,876	14,615
Food Service Operations	1,938	1,926	1,870	56
Capital Outlay	34,265	34,048	33,057	991
<i>Total Expenditures</i>	<u>37,175,207</u>	<u>37,022,680</u>	<u>35,898,911</u>	<u>1,123,769</u>
<i>Excess of Revenues Over Expenditures</i>	<u>853,276</u>	<u>955,470</u>	<u>891,735</u>	<u>(63,735)</u>
Other Financing Sources (Uses)				
Transfers In	31,066	27,933	3,390	(24,543)
Transfers Out	(74,088)	(73,323)	(69,845)	3,478
<i>Total Other Financing Sources (Uses)</i>	<u>(43,022)</u>	<u>(45,390)</u>	<u>(66,455)</u>	<u>(21,065)</u>
<i>Net Change in Fund Balance</i>	810,254	910,080	825,280	(84,800)
<i>Fund Balance Beginning of Year</i>	344,392	344,392	344,392	0
Prior Year Encumbrances Appropriated	19,941	19,941	19,941	0
<i>Fund Balance End of Year</i>	<u>\$1,174,587</u>	<u>\$1,274,413</u>	<u>\$1,189,613</u>	<u>(\$84,800)</u>

See accompanying notes to the basic financial statements

Maple Heights City School District

Statement of Fund Net Position

Internal Service Fund

June 30, 2013

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$368,519
Accounts Receivable	<u>1,042</u>
<i>Total Assets</i>	<u>369,561</u>
Liabilities	
Accounts Payable	461
Claims Payable	<u>345,873</u>
<i>Total Liabilities</i>	<u>346,334</u>
Net Position	
Unrestricted	<u><u>\$23,227</u></u>

See accompanying notes to the basic financial statements

Maple Heights City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2013*

	Insurance
Operating Revenues	
Charges for Services	\$4,012,381
Other	2,388
<i>Total Operating Revenues</i>	4,014,769
Operating Expenses	
Purchased Services	38,755
Claims	4,799,462
<i>Total Operating Expenses</i>	4,838,217
<i>Change in Net Position</i>	(823,448)
<i>Net Position Beginning of Year</i>	846,675
<i>Net Position End of Year</i>	\$23,227

See accompanying notes to the basic financial statements

Maple Heights City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2013

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$4,398,623
Cash Received from Other Sources	2,388
Cash Payments for Purchased Services	(38,294)
Cash Payments for Claims	(4,813,829)
<i>Net Cash Used in Operating Activities</i>	(451,112)
<i>Cash and Cash Equivalents Beginning of Year</i>	819,631
<i>Cash and Cash Equivalents End of Year</i>	\$368,519
 <i>Reconciliation of Operating Loss</i>	
<i>to Net Cash Used in Operating Activities</i>	
<i>Operating Loss</i>	(\$823,448)
Adjustments	
Decrease in Accounts Receivable	386,242
Increase (Decrease) in Liabilities:	
Accounts Payable	461
Claims Payable	(14,367)
<i>Total Adjustments</i>	372,336
<i>Net Cash Used in Operating Activities</i>	(\$451,112)

See accompanying notes to the basic financial statements

Maple Heights City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$1,564,736</u></u>
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Liabilities

Due to Students	<u><u>\$1,564,736</u></u>
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See accompanying notes to the basic financial statements

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1 – Description of the School District

The Maple Heights City School District (the School District) operates under a locally elected five-member Board form of government and provides educational services as authorized by state and federal agencies. The Board controls a staff of 148 non-certificated employees, 231 certificated full-time teaching personnel, and 31 administrative employees to provide services to 3,834 students and other community members. The School District operates 3 elementary schools (K-6), 1 middle school (7-8), and 1 high school (9-12).

The School District was originally part of Bedford Township. In 1924, the first Maple Heights Board of Education was organized. The Clement Elementary School was selected to become the site of the high school. The School District was officially established in 1931 and is organized under Article VI, Sections 2 and 3 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 School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District is located in Maple Heights, Ohio, Cuyahoga County and serves an area of approximately 5.5 square miles.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the basic financial statements of the School District are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in two jointly governed organizations, the Northeast Ohio Network for Educational Technology and Ohio Schools Council. These organizations are presented in Note 17 to the basic financial statements.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 2 – Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. The fiduciary funds are reported by type.

Fund Accounting

The School 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.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund The bond retirement fund is used to account for and report the accumulation of property tax revenues restricted for the payment of certificates of participation and general obligation bonds issued for building improvements and the construction of a new school building.

Classroom Facilities Fund The classroom facilities fund accounts for and reports grants from the Ohio School Facilities Commission restricted for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Fund Type Proprietary funds reporting focuses on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District only has an internal service fund.

Internal Service Fund The internal service fund accounts for and reports the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self insurance fund that accounts for medical benefits of School District employees.

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

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

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 and the statement presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources and in the presentation of expenses versus expenditures.

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 School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School 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 year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate appropriations at the function and object levels.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the original and final appropriations were passed by the Board of Education.

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2013, investments were limited to STAR Ohio. 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 net asset value per share, which is the price the investment could be sold for on June 30, 2013.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the classroom facilities fund during fiscal year 2013 amounted to \$8,356, which includes \$3,876 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are reported as cash equivalents.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventories consist of donated food, purchased food and school supplies held for resale, and materials and supplies held for consumption.

Capital Assets

All of the School District's capital assets are general capital assets. General capital assets are those assets related to activities reported in the governmental funds. 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 position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of thirty-five hundred dollars. The School District does not possess any infrastructure. 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.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Description	Estimated Lives
Land Improvements	20 - 40 years
Buildings and Improvements	20 - 50 years
Furniture and Equipment	3 - 20 years
Vehicles	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave after ten years of current service with the School District.

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have resigned or retired will be paid. The non-current portion of the liability is not reported.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Maple Heights City School District
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Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Net Position

Net position represents the difference between all other elements in the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include community activities, information systems, and telecommunications.

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. The School District utilizes a trustee to hold monies set aside as a Certificate Reserve Fund under the provisions of the debt agreement. The balance in this account is presented on the balance sheet as “restricted assets – cash equivalents held by trustee”.

Estimates

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

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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 financial statements.

Maple Heights City School District
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Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Note 3 – Changes in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, Statement No. 61, “The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and No. 34”, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities”, and Statement No. 66, “Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units presentation and certain disclosure requirements. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District’s financial statements.

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

Maple Heights City School District
Notes to the Basic Financial Statements
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GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 – Accountability

Accountability

At June 30, 2013, the following funds had deficit fund balances:

Fund	Fund Balance
<i>Special Revenue Funds:</i>	
Public Preschool	(\$14,770)
Race To The Top	(11,881)
Title VI-B	(36,278)
Carl Perkins	(17,024)
Title I School Improvement	(25,468)
Title I	(165,313)
Miscellaneous Federal	(22,094)
<i>Capital Projects Fund:</i>	
Building	(255,666)

The deficits in the special revenue funds are due to expenditures exceeding revenues. The deficit in the building capital projects fund is a result of the issuance of short-term bond anticipation notes, which are used to finance various projects within the School District until bonds are issued. The general fund is liable for any deficit in other funds and provides transfers when cash is required, rather than when accruals occur.

Note 5 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Maple Heights City School District
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The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments reported at cost (budget basis) rather than fair value (GAAP basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Budgetary revenues and expenditures of the public school support and elementary sports program funds are reclassified to the general fund for GAAP reporting.
5. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$1,637,508
Net Adjustment for Revenue Accruals	(352,268)
Beginning Fair Value Adjustment for Investments	46,523
Net Adjustment for Expenditure Accruals	(470,897)
Net Change in Fund Balance:	
Public School Support	(3,725)
Elementary Sports Program	(2,029)
Adjustments for Encumbrances	(29,832)
Budget Basis	\$825,280

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 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.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,679,415 of the School District's bank balance of \$17,937,920 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the School District's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Investments are reported at fair value and all mature in less than a year. As of June 30, 2013, the School District had investments in STAR Ohio.

Interest Rate Risk The School District's policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase to maximize the returns on the excess cash balances consistent with the safety of the monies and the desired liquidity of the investments. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School 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.

Credit Risk STAR Ohio carries a rating of AA+ by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Credit risk is addressed by the School District's policy by the requirements that all investments are authorized by Ohio Revised Code and that their portfolio be diversified both by types and issuer.

Concentration of Credit Risk The School District investment policy requires diversification of the portfolio, but does not indicate specific percentage allocations. All of the School District's investments are in STAR Ohio.

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in calendar year 2013 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2013, was \$1,623,400 in the general fund, \$15,842 in the classroom facilities maintenance special revenue fund, \$348,832 in the bond retirement fund, and \$32,164 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2012, was \$2,102,477 in the general fund, \$17,782 in the classroom facilities maintenance special revenue fund, \$480,837 in the bond retirement fund, and \$35,565 in the permanent improvement capital projects fund. The difference is in the timing and collection by the County Fiscal Officer.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$387,308,830	97.93 %	\$307,532,560	97.20 %
Public Utility	8,203,350	2.07	8,862,220	2.80
	<u>\$395,512,180</u>	<u>100.00 %</u>	<u>\$316,394,780</u>	<u>100.00 %</u>
Full Tax rate per \$1,000 of assessed valuation		\$74.20		\$78.80

During fiscal year 2013, property tax values decreased in the School District. This caused the tax rate to increase so that the emergency and bond levies would meet their collection amounts.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 8 – Capital Assets

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

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,220,608	\$4,447,143	\$0	\$5,667,751
Construction in Progress	31,025,978	0	(31,025,978)	0
<i>Total Capital Assets, not being depreciated</i>	<u>32,246,586</u>	<u>4,447,143</u>	<u>(31,025,978)</u>	<u>5,667,751</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	0	1,156,604	(212,769)	943,835
Buildings and Improvements	74,603,183	38,573,512	(5,167,516)	108,009,179
Furniture and Equipment	2,072,083	1,482,954	(1,077,126)	2,477,911
Vehicles	1,764,111	58,821	(525,048)	1,297,884
<i>Total Capital Assets, being depreciated</i>	<u>78,439,377</u>	<u>41,271,891</u>	<u>(6,982,459)</u>	<u>112,728,809</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	0	(309,369)	212,769	(96,600)
Buildings and Improvements	(6,045,569)	(2,135,919)	2,936,830	(5,244,658)
Furniture and Equipment	(1,235,253)	(135,531)	956,939	(413,845)
Vehicles	(1,534,726)	(81,867)	411,853	(1,204,740)
<i>Total Accumulated Depreciation</i>	<u>(8,815,548)</u>	<u>(2,662,686) *</u>	<u>4,518,391</u>	<u>(6,959,843)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>69,623,829</u>	<u>38,609,205</u>	<u>(2,464,068)</u>	<u>105,768,966</u>
Governmental Activities Capital Assets, Net	<u>\$101,870,415</u>	<u>\$43,056,348</u>	<u>(\$33,490,046)</u>	<u>\$111,436,717</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,222,622
Vocational	4,675
Support Services:	
Instructional Staff	46,262
Administration	4,947
Business	29,466
Operation and Maintenance of Plant	32,149
Pupil Transportation	73,300
Extracurricular Activities	191,762
Food Service Operations	57,503
Total Depreciation Expense	<u>\$2,662,686</u>

Maple Heights City School District
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Note 9 – Receivables

Receivables at June 30, 2013, consisted of taxes, accounts (rent, student fees and tuition), interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds. All receivables, except OSFC monies and delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected in one year.

A summary of the principal items of intergovernmental receivable follows:

<u>Governmental Activities</u>	<u>Amount</u>
Title I Grants	\$492,136
Ohio School Facilities Commission	253,032
Title VI-B Grants	223,460
Miscellaneous	189,894
Race To The Top Grant	90,054
Miscellaneous Federal Grants	75,767
Title I School Improvement Grant	29,546
Early Childhood Education Grant	18,505
Total Governmental Activities	<u><u>\$1,372,394</u></u>

Note 10 – Contingencies

Grants

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

Litigation

The School District is a party to legal proceedings. The School Board is of the opinion that the ultimate disposition of the current proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 11 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, the School District contracted for the following insurance coverage:

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Company	Type of Coverage	Coverage Amount
NGM Insurance	Treasurer's Bond	\$250,000
Ohio Casualty	Blanket Property	93,167,858
	Business Income/Extra Expense	3,000,000
	Inland Marine	541,348
	Flood	1,000,000
	Earthquake	1,000,000
	Employee Dishonesty	300,000
	Forgery & Alteration	50,000
	Computer Fraud	50,000
	General Liability, limit	1,000,000
	General Liability, aggregate	3,000,000
	Employee Benefits Liability, limit	1,000,000
	Employee Benefits Liability, aggregate	3,000,000
	Employer's Liability, limit	1,000,000
	Employer's Liability, aggregate	2,000,000
	Professional Liability, limit	1,000,000
	Professional Liability, aggregate	1,000,000
	Non-Monetary Relief Defense	100,000
	Sexual Misconduct, limit	1,000,000
	Sexual Misconduct, aggregate	1,000,000
	Innocent Party Defense	300,000
Law Enforcement, limit	1,000,000	
Law Enforcement, aggregate	1,000,000	
Data Compromise	50,000	
Fleet (Combined Single Limit)	1,000,000	
Fleet (Uninsured Motorist Limit)	500,000	
Umbrella	8,000,000	
Self-Insured Retention	10,000	
Travelers Insurance	Boiler and Machinery	50,000,000
Western Surety	Business Manager	25,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Workers' Compensation

The School 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.

Self-Insurance

Medical insurance is offered to employees through a self-insurance internal service fund. The School District's monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$125,000 per employee, per year. The claims liability of \$345,873 reported in the internal service fund at June 30, 2013, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The change in claims activity for the current fiscal year and prior year is as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2012	\$372,459	\$4,317,437	\$4,329,656	\$360,240
2013	360,240	4,799,462	4,813,829	345,873

Note 12 – Defined Benefit Pension Plans

School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$666,390, \$652,177, and \$656,951, respectively. For fiscal year 2013, 66.88 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

State Teachers Retirement System

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

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$2,274,518 and \$27,752 for the fiscal year ended June 30, 2013, \$2,327,728 and \$46,768 for the fiscal year ended June 30, 2012, and \$2,345,770 and \$47,520 for the fiscal year ended June 30, 2011. For fiscal year 2013, 83.28 percent has been contributed for the DB plan and 83.28 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$20,191 made by the School District and \$14,422 made by the plan members. In addition, member contributions of \$19,823 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

Note 13 – Postemployment Benefits

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System 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, Medicare Advantage, 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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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 2013, 0.16 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 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$69,081.

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.

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$47,220, \$103,622, and \$189,715, respectively. For fiscal year 2013, 66.88 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$37,643, \$38,514, and \$42,276, respectively. For fiscal year 2013, 66.88 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

State Teachers Retirement System

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health 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. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$171,172, \$178,221, and \$184,099, respectively. For fiscal year 2013, 83.28 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Maple Heights City School District
Notes to the Basic Financial Statements
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Note 14 – Employee Benefits

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 270 days for all certified and 180 days for classified personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 90 days for certified personnel and 60 days for classified personnel.

Note 15 – Long-Term Obligations

The changes in the School District’s long-term obligations during the year consist of the following:

	Amount Outstanding 6/30/12	Additions	Reductions	Amount Outstanding 6/30/13	Amount Due in One Year
<i>Certificates of Participation:</i>					
2008 Certificates of Participation					
Serial Bonds	\$840,000	\$0	(\$105,000)	\$735,000	\$110,000
Term Bonds	2,225,000	0	0	2,225,000	0
Premium	78,259	0	(4,603)	73,656	0
<i>Total Certificates of Participation</i>	<u>3,143,259</u>	<u>0</u>	<u>(109,603)</u>	<u>3,033,656</u>	<u>110,000</u>
<i>General Obligation Bonds:</i>					
2010 School Facilities Improvement					
Serial Bonds	52,315,000	0	(8,315,000)	44,000,000	0
Capital Appreciation Bonds	2,044,932	0	(589,957)	1,454,975	311,296
Accretion	1,452,403	765,772	(215,043)	2,003,132	0
Premium	3,990,609	0	(515,458)	3,475,151	0
	<u>59,802,944</u>	<u>765,772</u>	<u>(9,635,458)</u>	<u>50,933,258</u>	<u>311,296</u>
2013 School Facilities Refunding Bonds					
Serial Bonds	0	6,620,000	0	6,620,000	120,000
Term Bonds	0	1,555,000	0	1,555,000	0
Capital Appreciation Bonds	0	49,702	0	49,702	0
Accretion	0	7,116	0	7,116	0
Premium	0	1,775,792	0	1,775,792	0
	<u>0</u>	<u>10,007,610</u>	<u>0</u>	<u>10,007,610</u>	<u>120,000</u>
<i>Total General Obligation Bonds</i>	<u>59,802,944</u>	<u>10,773,382</u>	<u>(9,635,458)</u>	<u>60,940,868</u>	<u>431,296</u>
<i>Other Long-term Obligation:</i>					
Compensated Absences	<u>2,754,902</u>	<u>192,042</u>	<u>(103,053)</u>	<u>2,843,891</u>	<u>156,185</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$65,701,105</u>	<u>\$10,965,424</u>	<u>(\$9,848,114)</u>	<u>\$66,818,415</u>	<u>\$697,481</u>

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The School District issued \$3,300,000 in Certificates of Participation on June 30, 2008 for the purpose of renovating the Wylie Athletic Complex. The certificates were issued for a twenty year period with a final maturity on November 1, 2028. The certificates will be paid from the building capital projects fund and were issued at a premium of \$96,671. The final debt payment on the certificates of participation is being held by the trustee in a certificate reserve fund.

The 2010 school facilities improvement general obligation bonds were issued to retire the school facilities improvement notes, which were originally issued for the construction of new elementary, middle, and high school buildings in the School District. These bonds include serial and capital appreciation bonds in the amount of \$52,315,000 and \$2,044,932, respectively. The bonds will be paid from the classroom facilities capital projects fund. The bonds will mature on July 15, 2037. These bonds were partially refunded in fiscal year 2013.

Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds, which is 2013 through 2020. The final maturity amount of outstanding capital appreciation bonds at June 30, 2013, is \$7,835,000. The accretion recorded for 2013 was \$765,772, for a total outstanding bond liability of \$3,458,107.

In fiscal year 2013, the School District issued \$8,224,702 in general obligation bonds for the purpose of refunding a portion of the 2010 school facilities improvement bond issue in order to take advantage of lower interest rates. As a result, \$8,315,000 of the 2010 bonds were considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. The School District decreased its total debt service payments by \$1,101,103 as a result of the refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$622,490, but incurred an accounting loss of \$1,345,432 (difference between amount paid to bond escrow agent and refunding amount).

Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds, which is 2013 through 2032. The final maturity amount of outstanding capital appreciation bonds at June 30, 2013, is \$3,540,000. The accretion recorded for 2013 was \$7,116, for a total outstanding bond liability of \$56,818.

An analysis of the refunding follows:

	2010 School Facilities Improvement Bonds
Outstanding at June 30, 2012	\$54,359,932
Amount Refunded	(8,315,000)
Principal Payment	(589,957)
Outstanding Principal at June 30, 2013	\$45,454,975

The term bond portion of the 2013 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 of the years and in the respective principal amounts as follows:

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Year	Issue			
	\$355,000	\$375,000	\$400,000	\$425,000
2023	\$175,000	\$0	\$0	\$0
2025	0	185,000	0	0
2027	0	0	195,000	0
2029	0	0	0	210,000
Total	\$175,000	\$185,000	\$195,000	\$210,000
<i>Stated Maturity</i>	<i>1/15/2024</i>	<i>1/15/2026</i>	<i>1/15/2028</i>	<i>1/15/2030</i>

The remaining principal amount of the term bonds (\$180,000, \$190,000, \$205,000, and \$215,000) will mature at stated maturity.

The bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after January 15, 2022, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Compensated absences will be paid from the general fund and the food service special revenue fund.

The School District's overall debt margin was \$28,475,530 with an unvoted debt margin of \$316,395 at June 30, 2013. Principal and interest requirements to retire the debt outstanding at June 30, 2013 are as follows:

Fiscal Year Ending	Certificates of Participation	
	Principal	Interest
2014	\$110,000	\$164,188
2015	115,000	159,406
2016	120,000	154,337
2017	125,000	148,900
2018	130,000	143,000
2019-2023	760,000	598,256
2024-2028	1,020,000	334,500
2029	580,000	17,400
Totals	\$2,960,000	\$1,719,987

Fiscal Year Ending	General Obligation Bonds					
	Serial		Term		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Accretion
2014	\$120,000	\$2,395,072	\$0	\$0	\$311,296	\$528,704
2015	150,000	2,363,974	0	0	256,209	618,791
2016	150,000	2,360,974	0	0	226,723	753,277
2017	155,000	2,357,974	0	0	185,542	829,458
2018	160,000	2,354,874	0	0	185,592	1,099,408
2019-2023	5,675,000	11,342,209	175,000	196,587	289,613	2,550,387
2024-2028	11,590,000	8,669,275	955,000	898,362	0	0
2029-2033	13,905,000	5,934,561	425,000	314,675	49,702	3,490,298
2034-2037	18,715,000	2,418,000	0	0	0	0
Totals	\$50,620,000	\$40,196,913	\$1,555,000	\$1,409,624	\$1,504,677	\$9,870,323

Maple Heights City School District
Notes to the Basic Financial Statements
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Note 16 – Short-Term Obligations

The School District’s note activity, including amount outstanding and interest rate, is as follows:

	Outstanding 6/30/12	Additions	Deletions	Outstanding 6/30/13
Capital Projects Fund - Building				
2012 Energy Conservation Notes 1.25%	\$2,611,000	\$0	(\$2,611,000)	\$0
2013 Energy Conservation Notes 1.25%	0	2,511,000	0	2,511,000
Total Notes	<u>\$2,611,000</u>	<u>\$2,511,000</u>	<u>(\$2,611,000)</u>	<u>\$2,511,000</u>

All of the notes are backed by the full faith and credit of the School District and mature within one year. The note liability is reflected in the building capital projects fund which received the proceeds of the original notes.

The 2013 energy conservation bond anticipation notes were issued to refinance 2012 energy conservation notes. Originally these notes were issued to replace heating systems at Dunham and Raymond Elementary Schools, lighting systems and steam traps in all School District buildings and exterior windows at Rockside Elementary.

Note 17 – Jointly Governed Organizations

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Information Technology Center (ITC) used by the School District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs NEOnet. NEOnet’s Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each Participant’s degree of control is limited to its representation on the board. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. Payments to NEOnet are made from the general fund. In fiscal year 2013, the School District paid \$108,814 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 161 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member’s superintendent serves as a representative of the Assembly. The Council’s Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its

Maple Heights City School District
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representation on the Board. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2013, the School District paid \$118,966 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Energy USA served as the natural gas supplier and program manager from October 1, 2008 to September 30, 2010. Compass Energy has been selected as the supplier and program manager for the period from April 1, 2013 through March 31, 2016. There are currently 151 participants in the program including the Maple Heights City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

The School District also participates in the Council's current electric purchase program. The Power 4 Schools Program provides a fixed price rate for electricity supplied by First Energy Solutions of \$0.0528 per kwh for the generation of electricity. There are currently 251 participants in the program including the Maple Heights City School District. School districts are not charged a fee by OSC to participate in this program. School districts pay the utility (Ohio Edison, Toledo Edison or Cleveland Electric Illuminating Co.) directly and receive a discount for the fixed price of generation.

Note 18 – Interfund Transactions

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2013, were as follows:

	Transfers To		
Transfers From	General Fund	Other Governmental Funds	Total
General Fund	\$0	\$69,845	\$69,845
Other Governmental Funds	262	0	262
Total	\$262	\$69,845	\$70,107

The transfers are to move unrestricted balances to support programs and projects accounted for in other funds.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Interfund Balances

During fiscal year 2013, the general fund advanced \$57,164 to other governmental funds to cover negative cash balances in those funds. As of June 30, 2013, all interfund balances are anticipated to be repaid in one year.

Note 19 – Significant Commitments

Contractual Commitments

At June 30, 2013, the School District had the following outstanding contractual commitments for the new school buildings:

<u>Contractor</u>	<u>Contract Outstanding</u>
Giambrone Construction and Masonry	\$2,340,236
Fanning Howey (FHAJ)	924,597
Zenith Systems, LLC	374,665
Castle Heating & Air, Inc.	141,473
Baumann Enterprises, Inc.	138,602
Pro Quality Land Development	77,102
Reliance Mechanical, LLC	68,256
Solar Testing Laboratories, Inc.	65,412
Tom Sexton & Associates	63,140
Platform Cement, Inc.	61,202
Gateway Environmental Service	58,115
Soehrlen Piping Company	57,965
E.B. Katz Company	56,891
Doan Pyramid, LLC	56,768
Mr. Excavator	47,237
Illuminating Company	45,135
Brilliant Electric Sign Company	43,484
Ketchum & Walton Company	40,072
Petty Group, LLC	35,755
D&D Coatings	35,400
R.M. Riggle Enterprises, Inc	29,665
Continental Office Furniture Corp.	22,926
Soundcom Systems	19,559
Dunlop & Johnston, Inc	19,537
Salenbien Trucking & Excavating, Inc.	17,012
Hanover Engineering Associates, Inc.	10,578
Netech Corporation	10,394
Crowe Masonry	10,000
Moore Well Services, Inc.	8,978
Keidel & Company, LTD	6,500
Osborn Engineering	4,188
Shippers Highway Express, Inc.	3,800
Kotecki Family Memorials	3,190
Quality Control Inspection, Inc.	3,144
Green Building Certification Institute	1,907
Emerald Environmental Services, Inc.	1,545
Kahoe Air Balance Company	880
Cleveland Environmental Services, LTD	594

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Encumbrances

Encumbrances are commitments related to unperformed contracts for good or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$29,832
Classroom Facilities Fund	3,013,746
Other Governmental Funds	173,526
Total	\$3,217,104

Note 20 – Fund Balances

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

Fund Balances	General	Bond Retirement	Classroom Facilities	Other Governmental	Total
<u>Restricted for:</u>					
Debt Service	\$0	\$3,006,442	\$0	\$0	\$3,006,442
Capital Projects	0	0	6,568,327	0	6,568,327
Classroom Maintenance	0	0	0	905,599	905,599
District Managed Activities	0	0	0	13,802	13,802
Food Service	0	0	0	289,255	289,255
Other Purposes	0	0	0	39,491	39,491
<i>Total Restricted</i>	0	3,006,442	6,568,327	1,248,147	10,822,916
<u>Assigned to:</u>					
Public School Support	45,174	0	0	0	45,174
Purchases on Order	3,244	0	0	0	3,244
<i>Total Assigned</i>	48,418	0	0	0	48,418
Unassigned (Deficit)	51,093	0	0	(548,494)	(497,401)
Total Fund Balances (Deficit)	\$99,511	\$3,006,442	\$6,568,327	\$699,653	\$10,373,933

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 21 – Set-Asides

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

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

	Capital Improvements
Set-Aside Balance as of June 30, 2012	\$0
Current Year Set-Aside Requirement	622,156
Offsets During the Fiscal Year	(1,224,869)
Qualifying Disbursements	(490,944)
Totals	(\$1,093,657)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2013	\$0

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

Note 22 – Operating Leases

The School District leases two buildings for various uses and copiers throughout its buildings. Total costs for the leases were \$86,248 for the fiscal year year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

Fiscal Year	Building A	Building B	Copiers	Total
Ending				
2014	\$45,833	\$49,950	\$55,140	\$150,923
2015	50,000	8,325	55,140	113,465
2016	50,000	0	55,140	105,140
2017	50,000	0	55,140	105,140
2018	50,000	0	18,380	68,380
2019	4,167	0	0	4,167
	\$250,000	\$58,275	\$238,940	\$547,215

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 23 – Subsequent Event

In a Committee of the Whole Board meeting on August 5, 2013, the Superintendent recommended the School District Board of Education approve the contract for construction of a new 5,000 seat Athletic Stadium with JTO, Inc., in the amount of \$3,311,504. Details of this project were first announced at a special meeting on July 22, 2013, in which the Superintendent recommended that the School District Board of Education accept the base bid in the amount of \$3,068,404, alternate bid one in the amount of \$184,800, and alternate bid two in the amount of \$58,300 from JTO, Inc. Phase I is the construction of the all-weather track, stadium stands, night lighting, weather and artificial turf, asphalt, ticket building, and fencing.

**Independent Auditor's 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
Maple Heights City School District
Maple Heights, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maple Heights City School District (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 3, 2014, wherein we noted that the District adopted Governmental Accounting Standards Board (GASB) Statement No. 63 and Statement No. 65, as disclosed in Note 3.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies: 2013-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ciuni & Panichi, Inc.

Cleveland, Ohio
February 3, 2014

**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133**

Board of Education
Maple Heights City School District
Maple Heights, Ohio

Report on Compliance for Each Major Federal Program

We have audited the Maple Heights City School District’s (the “District”) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2013. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. 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, *Audits 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Board of Education
Maple Heights City School District

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated February 3, 2014, which contained unmodified opinions on those financial statements, wherein we noted the District adopted GASB Statement No. 63 and GASB Statement No. 65, as disclosed in Note 3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cini & Parichi, Inc.

Cleveland, Ohio
February 3, 2014

Maple Heights City School District

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Year	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
U.S. Department of Agriculture:						
Passed-Through Ohio Department of Education:						
Nutrition Cluster:						
National School Breakfast Program	10.553	2013	\$ 356,148	\$ -	\$ 356,148	\$ -
National School Lunch Program	10.555	2013	<u>1,306,353</u>	<u>210,720</u>	<u>1,306,353</u>	<u>210,720</u>
Total Nutrition Cluster			1,662,501	210,720	1,602,501	210,720
Fresh Fruit and Vegetable Program	10.582	2013	<u>31,185</u>	<u>-</u>	<u>31,185</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>1,693,686</u>	<u>210,720</u>	<u>1,693,686</u>	<u>210,720</u>
U.S. Department of Education:						
Passed-Through Ohio Department of Education:						
Special Education Cluster:						
Special Education Grants	84.027	2012	110,803	-	166,777	-
Special Education Grants	84.027	2013	<u>591,146</u>	<u>-</u>	<u>593,508</u>	<u>-</u>
Subtotal Special Education Grants			<u>701,949</u>	<u>-</u>	<u>760,285</u>	<u>-</u>
Special Education – Preschool Grant	84.173	2013	<u>30,002</u>	<u>-</u>	<u>30,002</u>	<u>-</u>
Total Special Education Cluster			<u>731,951</u>	<u>-</u>	<u>790,287</u>	<u>-</u>
Title I Cluster						
Title I Grants to Local Education Agencies	84.010	2012	311,797	-	355,912	-
Title I Grants to Local Education Agencies	84.010	2013	<u>1,448,137</u>	<u>-</u>	<u>1,477,601</u>	<u>-</u>
Subtotal Title I Grants to Local Education Agencies			1,759,934	-	1,833,513	-
ARRA – Title I Grants to Local Education Agencies	84.389	2012	<u>742</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Title I Cluster			<u>1,760,676</u>	<u>-</u>	<u>1,833,513</u>	<u>-</u>
21st Century Community Learning Centers	84.287	2011	-	-	13	-
21st Century Community Learning Centers	84.287	2012	138,761	-	157,419	-
21st Century Community Learning Centers	84.287	2013	<u>95,537</u>	<u>-</u>	<u>103,570</u>	<u>-</u>
Total 21st Century Community Learning Centers			<u>234,298</u>	<u>-</u>	<u>261,002</u>	<u>-</u>
Improving Teacher Quality	84.367	2012	15,989	-	15,989	-
Improving Teacher Quality	84.367	2013	<u>77,401</u>	<u>-</u>	<u>81,043</u>	<u>-</u>
Total Improving Teacher Quality			<u>93,390</u>	<u>-</u>	<u>97,032</u>	<u>-</u>
ARRA – Race to the Top	84.395	2012	74,933	-	80,020	-
ARRA – Race to the Top	84.395	2013	194,641	-	202,722	-
ARRA – Race to the Top	84.395A	2012	285	-	2,140	-
ARRA – Race to the Top	84.395A	2013	<u>31,009</u>	<u>-</u>	<u>32,447</u>	<u>-</u>
Total ARRA – Race to the Top			<u>300,868</u>	<u>-</u>	<u>317,329</u>	<u>-</u>
Total U.S. Department of Education			<u>3,121,183</u>	<u>-</u>	<u>3,299,163</u>	<u>-</u>
Passed-Through Bedford City School District:						
Career and Technical Education	84.048	2012	29,502	-	67,927	-
Career and Technical Education	84.048	2013	<u>33,465</u>	<u>-</u>	<u>35,935</u>	<u>-</u>
Total Career and Technical Education			<u>62,967</u>	<u>-</u>	<u>103,862</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ <u>4,877,836</u>	\$ <u>210,720</u>	\$ <u>5,096,711</u>	\$ <u>210,720</u>

The accompanying notes are an integral part of this schedule

Maple Heights City School District

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal awards of the Maple Heights City School District (the "District") and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Child Nutrition Cluster

Cash receipts from the U.S. Department of Agriculture are commingled with state grants. It is assumed that federal monies are expended first.

Food Donation Program

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

CFDA – Catalog of Federal Domestic Assistance

Maple Heights City School District

Schedule of Findings

OMB Circular A-133 Section .505

For the Year Ended June 30, 2013

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs	Title I Cluster: CFDA # 84.010, 84.389 Special Education Cluster: CFDA # 84.027, 84.173 ARRA - Race to the Top: CFDA # 84.395, 84.395A
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

Maple Heights City School District

Schedule of Findings (Continued)
OMB Circular A-133 Section .505

For the Year Ended June 30, 2013

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

Findings	Findings Summary
2013-1	<p data-bbox="293 548 841 579"><i>Financial Reporting – Significant Deficiency</i></p> <p data-bbox="293 611 1477 701">Sound financial reporting is the responsibility of the Treasurer and the Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.</p> <p data-bbox="293 737 1477 795">The following audit adjustments were made to the financial statements, and where applicable, to the District’s accounting records:</p> <ol data-bbox="342 831 1308 863" style="list-style-type: none"><li data-bbox="342 831 1308 863">1. Increase in accounts receivable for an amount that was not originally recorded. <p data-bbox="293 894 1477 984">The lack of controls over the posting of year-end financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.</p> <p data-bbox="293 1020 1477 1173">We recommend the District adopts policies and procedures for controls over recording of year-end financial transactions and over the financial report to help ensure the information accurately reflects the activity of the District and thereby increasing the reliability of the financial data at year-end. Although the District has contracted a third party to perform their GAAP Conversion, the District’s management needs to review the statements to be sure that all items are being properly recorded.</p> <p data-bbox="293 1209 1477 1362">Officials Response: The District has certain policies and procedures in place to make sure that information is being properly reported in the financial statements. The additional receivable balance noted related to an isolated occurrence that the District is not likely to receive in future periods. We will continue to implement controls over financial reporting to ensure all items are being properly recorded.</p>

3. Findings for Federal Awards

None noted.

Independent Accountant's Report on Applying Agreed-Upon Procedure

Maple Heights City School District
5740 Lawn Avenue
Maple Heights, Ohio 44137

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

1. We noted the Board amended its anti-harassment policy at its meeting on June 26, 2012 to include prohibiting harassment, intimidation, or bullying of any student “on a school bus” or by an “electronic act.”

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

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
February 3, 2014



Dave Yost • Auditor of State

MAPLE HEIGHTS CITY SCHOOL DISTRICT

CUYAHOGA 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
APRIL 3, 2014**