



OHIO AUDITOR OF STATE
KEITH FABER



**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2019**

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CUYAHOGA COUNTY
JUNE 30, 2019**

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Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2019, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Maple Heights City School District, Cuyahoga County, Ohio, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.

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

Keith Faber
Auditor of State

Columbus, Ohio

October 30, 2020

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Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
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, 2019. 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 2019 are as follows:

- Total program expenses increased significantly from fiscal year 2018. This significant increase is largely due to changes in assumptions and benefit terms related to pension and OPEB in the prior year.
- Total revenues increased in fiscal year 2019. The increase in revenue was due primarily to receiving more in intergovernmental revenues, which increased due to additional monies being allocated to the School District through the State budget during the fiscal year.

During fiscal year 2019, 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-digit percentage increases of employee benefits, the School District became self-insured in fiscal year 2008 for purposes of cost containment. 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.

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 nonmajor 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 is also a major fund.

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 2019. 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.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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 an 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.

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 and the bond retirement debt service 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.

The School District as a Whole

Table 1, found on the following page, provides a summary of the School District's net position for fiscal year 2019 compared to fiscal year 2018.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Table 1
Net Position
Governmental Activities

	2019	2018	Change
Assets			
Current and Other Assets	\$44,001,067	\$41,362,524	\$2,638,543
Capital Assets, Net	89,848,574	92,849,763	(3,001,189)
Net OPEB Asset	2,478,840	0	2,478,840
<i>Total Assets</i>	<u>136,328,481</u>	<u>134,212,287</u>	<u>2,116,194</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding Pension	2,263,463	2,417,419	(153,956)
OPEB	1,458,728	729,194	729,534
<i>Total Deferred Outflows of Resources</i>	<u>17,050,824</u>	<u>18,106,773</u>	<u>(1,055,949)</u>
Liabilities			
Current and Other Liabilities	5,667,469	5,221,120	(446,349)
Long-Term Liabilities:			
Due Within One Year	2,446,498	2,422,835	(23,663)
Due in More than One Year:			
Net Pension Liability	45,116,817	46,074,076	957,259
Net OPEB Liability	5,452,129	10,428,644	4,976,515
Other Amounts	62,952,307	64,336,952	1,384,645
<i>Total Liabilities</i>	<u>121,635,220</u>	<u>128,483,627</u>	<u>6,848,407</u>
Deferred Inflows of Resources			
Property Taxes	14,459,355	14,493,929	34,574
Pension	3,443,632	3,419,506	(24,126)
OPEB	4,303,239	1,170,798	(3,132,441)
<i>Total Deferred Inflows of Resources</i>	<u>22,206,226</u>	<u>19,084,233</u>	<u>(3,121,993)</u>
Net Position			
Net Investment in Capital Assets	33,236,821	34,912,917	(1,676,096)
Restricted:			
Debt Service	5,318,200	4,455,510	862,690
Capital Projects	792,867	731,137	61,730
Other Purposes	1,848,300	2,400,732	(552,432)
Unrestricted (Deficit)	(31,658,329)	(37,749,096)	6,090,767
<i>Total Net Position</i>	<u>\$9,537,859</u>	<u>\$4,751,200</u>	<u>\$4,786,659</u>

The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2019. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets increased from the prior fiscal year largely due to increases in cash and cash equivalents and the addition of a net OPEB asset. The increase in cash and cash equivalents is due to effective cost control at the School District. The net OPEB asset is the result of changes in STRS pension system financial activities.

Deferred inflows/outflows of resources related to pension and OPEB change as a direct result of differences between expected and actual experience, changes in assumptions, differences between contributions and the School District's proportionate share of contributions, contributions subsequent to the measurement date, and net difference between projected and actual earnings on pension plan investments.

The net pension and OPEB liabilities decreased significantly from the prior fiscal year. This decrease represents the School District's proportionate share of the unfunded benefits of the STRS and SERS plans. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension and OPEB liabilities.

As a result of the significant decrease in the net OPEB liability, the net position of the School District increased during fiscal year 2019.

Table 2, found on the following page, shows the change in net position for fiscal year 2019 compared to fiscal year 2018.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Table 2
Change in Net Position

	2019	2018	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$972,081	\$734,852	\$237,229
Operating Grants and Contributions	10,799,608	10,691,151	108,457
<i>Total Program Revenues</i>	<u>11,771,689</u>	<u>11,426,003</u>	<u>345,686</u>
General Revenues:			
Property Taxes	19,119,969	18,381,968	738,001
Grants and Entitlements not Restricted to Specific Programs	25,789,267	25,000,018	789,249
Investment Earnings	411,826	190,285	221,541
Unrestricted Contributions and Donations	9,813	336,046	(326,233)
Miscellaneous	283,842	568,248	(284,406)
<i>Total General Revenues</i>	<u>45,614,717</u>	<u>44,476,565</u>	<u>1,138,152</u>
<i>Total Revenues</i>	<u>57,386,406</u>	<u>55,902,568</u>	<u>1,483,838</u>
Program Expenses			
Instruction	29,811,415	16,237,818	(13,573,597)
Support Services:			
Pupil and Instructional Staff	3,756,390	2,481,167	(1,275,223)
Board of Education, Administration Fiscal and Business	6,435,308	5,247,798	(1,187,510)
Operation and Maintenance of Plant	4,434,028	4,406,855	(27,173)
Pupil Transportation	2,018,018	1,667,725	(350,293)
Central	25,998	12,874	(13,124)
Operation of Non-Instructional Services	93,933	46,601	(47,332)
Extracurricular Activities	908,851	641,526	(267,325)
Food Services Operations	2,373,965	1,808,560	(565,405)
Interest and Fiscal Charges	2,741,841	2,667,743	(74,098)
<i>Total Program Expenses</i>	<u>52,599,747</u>	<u>35,218,667</u>	<u>(17,381,080)</u>
Change in Net Position	4,786,659	20,683,901	(15,897,242)
<i>Net Position Beginning of Year</i>	<u>4,751,200</u>	<u>(15,932,701)</u>	<u>20,683,901</u>
<i>Net Position End of Year</i>	<u>\$9,537,859</u>	<u>\$4,751,200</u>	<u>\$4,786,659</u>

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions in the prior year. For the prior year, STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. As a result of these changes, pension expense decreased from \$3,959,358 in fiscal year 2017 to a negative pension expense of \$15,023,653 for fiscal year 2018. For fiscal year 2019, pension expense increased to \$4,108,622, closer to the 2017 pension expense amount.

In fiscal year 2019, total revenues increased for governmental activities. The vast majority of revenue supporting governmental activities is general revenue. General revenue increased due to increases in grants and entitlements not restricted to specific programs and property taxes.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Grants and entitlements not restricted to specific programs made up the largest component of total revenue for governmental activities for the School District in fiscal year 2019. These revenues increased due to additional money allocated to the School District by the State budget during the fiscal year.

Property taxes made up the second largest component of total revenues for governmental activities for the School District in fiscal year 2019. Overall, property tax revenue increased due to an increase in the amount available as an advance from the County.

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 and sales and 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 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Instruction	\$29,811,415	(\$20,846,625)	\$16,237,818	(\$8,161,177)
Support Services:				
Pupil and Instructional Staff	3,756,390	(3,637,391)	2,481,167	(2,089,229)
Board of Education, Administration				
Fiscal and Business	6,435,308	(6,292,625)	5,247,798	(5,088,390)
Operation and Maintenance of Plant	4,434,028	(4,324,309)	4,406,855	(4,349,213)
Pupil Transportation	2,018,018	(1,744,679)	1,667,725	(1,397,685)
Central	25,998	(25,620)	12,874	(12,648)
Operation of Non-Instructional Services	93,933	(93,483)	46,601	(41,831)
Extracurricular Activities	908,851	(712,302)	641,526	(471,920)
Food Service Operations	2,373,965	(409,183)	1,808,560	487,172
Interest and Fiscal Charges	2,741,841	(2,741,841)	2,667,743	(2,667,743)
<i>Total</i>	<u>\$52,599,747</u>	<u>(\$40,828,058)</u>	<u>\$35,218,667</u>	<u>(\$23,792,664)</u>

Both the total cost of services and net cost of services increased from the prior fiscal year. As one can see, the vast majority of program expenses are not covered by program revenues. Instead, the reliance upon general revenues, including property tax revenues and grants and entitlements not restricted to specific programs, is crucial.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources that exceeded expenditures and other financing uses. The increase in fund balance in the general fund was primarily due to an increase in intergovernmental revenues. An increase in property tax revenues also contributed to this increase in fund balance, and was the primary contributor to the increase in fund balance in the bond retirement fund.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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 year 2019, 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 lower than the original budget estimate, and lower than actual revenues. This was primarily due to intergovernmental revenues exceeding estimates. The final estimated expenditures were higher than the original budgeted expenditures and higher than actual expenditures. This was due to lower than expected expenditures related to regular instruction and business and central support services.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation. Additions to capital assets during the fiscal year included computers, external lighting, metal detectors, school buses, and other miscellaneous appliances; however, depreciation exceeded additions, causing a decrease in capital assets from the prior fiscal year. More detailed information is presented in Note 8 to the basic financial statements.

Debt Administration

The 2018 refunding certificates of participation were issued to refund the 2008 certificates of participation and the 2017 energy conservation note. The 2008 certifications of participation were originally issued to make renovations to the Wylie Athletic Complex. The 2017 energy conservation note was originally 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.

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, the 2014 school facilities refunding bonds, and the 2015 school facilities refunding bonds were issued to refund portions of the 2010 school facilities improvement general obligation bonds, which were originally issued to retire the 2009 school facilities improvement note.

The capital lease was issued in fiscal year 2017 for the purchase of LED lighting for the stadium at the high school.

At June 30, 2019, the School District's overall legal debt margin was \$0 with an unvoted debt margin of \$277,181. The debt is within permissible limits. More detailed information is presented in Notes 14 and 15 to the basic financial statements.

Maple Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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.

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 Kathy Jo Beverly, Treasurer at Maple Heights City School District, 5740 Lawn Avenue, Maple Heights, Ohio 44137; or by e-mail at kj.beverly@mapleschools.com.

**Basic Financial
Statements**

Maple Heights City School District

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$16,114,605
Cash and Cash Equivalents In Segregated Accounts	166,354
Cash Equivalents Held by Trustee	338,718
Accounts Receivable	4,800
Intergovernmental Receivable	1,107,327
Accrued Interest Receivable	22,925
Inventory Held for Resale	4,336
Property Taxes Receivable	26,242,002
Nondepreciable Capital Assets	5,460,268
Depreciable Capital Assets, Net	84,388,306
Net OPEB Asset	2,478,840
	<hr/>
<i>Total Assets</i>	136,328,481
Deferred Outflows of Resources	
Deferred Charges on Refunding	2,263,463
Pension	13,328,633
OPEB	1,458,728
	<hr/>
<i>Total Deferred Outflows of Resources</i>	17,050,824
Liabilities	
Accounts Payable	493,277
Accrued Wages and Benefits	3,027,635
Intergovernmental Payable	983,260
Matured Compensated Absences Payable	62,675
Claims Payable	302,455
Accrued Interest Payable	798,167
Long-Term Liabilities:	
Due Within One Year	2,446,498
Due in More Than One Year:	
Net Pension Liability (See Note 12)	45,116,817
Net OPEB Liability (See Note 13)	5,452,129
Other Amounts	62,952,307
	<hr/>
<i>Total Liabilities</i>	121,635,220
Deferred Inflows of Resources	
Property Taxes	14,459,355
Pension	3,443,632
OPEB	4,303,239
	<hr/>
<i>Total Deferred Inflows of Resources</i>	22,206,226
Net Position	
Net Investment in Capital Assets	33,236,821
Restricted for:	
Debt Service	5,318,200
Capital Projects	792,867
Food Service	1,177,421
Classroom Maintenance	571,523
Other Purposes	99,356
Unrestricted (Deficit)	(31,658,329)
	<hr/>
<i>Total Net Position</i>	\$9,537,859
	<hr/>

See accompanying notes to the basic financial statements

Maple Heights City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Total
Governmental Activities				
Instruction:				
Regular	\$23,548,013	\$389,278	\$2,775,219	(\$20,383,516)
Special	5,429,868	89,237	5,224,269	(116,362)
Vocational	569,664	11,523	469,643	(88,498)
Student Intervention Services	263,870	5,621	0	(258,249)
Support Services:				
Pupil	2,517,836	49,500	1,944	(2,466,392)
Instructional Staff	1,238,554	11,800	55,755	(1,170,999)
Board of Education	76,008	1,306	0	(74,702)
Administration	4,191,203	58,372	47,418	(4,085,413)
Fiscal	1,670,130	26,971	0	(1,643,159)
Business	497,967	8,616	0	(489,351)
Operation and Maintenance of Plant	4,434,028	72,531	37,188	(4,324,309)
Pupil Transportation	2,018,018	37,846	235,493	(1,744,679)
Central	25,998	378	0	(25,620)
Operation of Non-Instructional Services	93,933	450	0	(93,483)
Extracurricular Activities	908,851	180,802	15,747	(712,302)
Food Service Operations	2,373,965	27,850	1,936,932	(409,183)
Interest and Fiscal Charges	2,741,841	0	0	(2,741,841)
<i>Total</i>	<u>\$52,599,747</u>	<u>\$972,081</u>	<u>\$10,799,608</u>	<u>(40,828,058)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				14,694,346
Debt Service				4,076,370
Capital Outlay				349,253
Grants and Entitlements not Restricted to Specific Program:				25,789,267
Investment Earnings				411,826
Unrestricted Contributions and Donations				9,813
Miscellaneous				283,842
<i>Total General Revenues</i>				<u>45,614,717</u>
Change in Net Position				4,786,659
<i>Net Position Beginning of Year</i>				<u>4,751,200</u>
<i>Net Position End of Year</i>				<u><u>\$9,537,859</u></u>

See accompanying notes to the basic financial statement:

Maple Heights City School District

*Balance Sheet
Governmental Funds
June 30, 2019*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,799,008	\$3,867,405	\$2,196,824	\$10,863,237
Receivables:				
Accounts Receivable	3,819	0	981	4,800
Intergovernmental Receivable	320,226	0	787,101	1,107,327
Accrued Interest Receivable	22,925	0	0	22,925
Inventory Held for Resale	0	0	4,336	4,336
Property Taxes Receivable	20,359,208	5,411,827	470,967	26,242,002
Interfund Receivable	197,477	0	0	197,477
Restricted Assets:				
Cash Equivalents Held in Segregated Accounts	0	0	166,354	166,354
Cash Equivalents Held by Trustee	0	0	338,718	338,718
<i>Total Assets</i>	<u>\$25,702,663</u>	<u>\$9,279,232</u>	<u>\$3,965,281</u>	<u>\$38,947,176</u>
Liabilities				
Accounts Payable	\$354,114	\$0	\$138,913	\$493,027
Accrued Wages and Benefits	2,730,309	0	297,326	3,027,635
Intergovernmental Payable	842,811	0	140,449	983,260
Interfund Payable	0	0	197,477	197,477
Matured Compensated Absences Payable	62,675	0	0	62,675
<i>Total Liabilities</i>	<u>3,989,909</u>	<u>0</u>	<u>774,165</u>	<u>4,764,074</u>
Deferred Inflows of Resources				
Property Taxes	11,184,513	3,018,068	256,774	14,459,355
Unavailable Revenue	6,765,060	1,672,274	811,875	9,249,209
<i>Total Deferred Inflows of Resources</i>	<u>17,949,573</u>	<u>4,690,342</u>	<u>1,068,649</u>	<u>23,708,564</u>
Fund Balances				
Restricted	0	4,588,890	2,509,115	7,098,005
Assigned	884,796	0	0	884,796
Unassigned (Deficit)	2,878,385	0	(386,648)	2,491,737
<i>Total Fund Balances</i>	<u>3,763,181</u>	<u>4,588,890</u>	<u>2,122,467</u>	<u>10,474,538</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$25,702,663</u>	<u>\$9,279,232</u>	<u>\$3,965,281</u>	<u>\$38,947,176</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, 2019*

Total Governmental Funds Balances		\$10,474,538
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		89,848,574
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	8,316,497	
Intergovernmental	790,624	
Tuition and Fees	142,088	
Total	9,249,209	9,249,209
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities the statement of net position.		4,948,663
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(798,167)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Certificates of Participation	(4,272,398)	
General Obligation Bonds	(57,559,829)	
Capital Lease	(151,788)	
Compensated Absences	(3,414,790)	
Total	(65,398,805)	(65,398,805)
Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position.		2,263,463
The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	2,478,840	
Deferred Outflows - Pension	13,328,633	
Deferred Outflows - OPEB	1,458,728	
Net Pension Liability	(45,116,817)	
Net OPEB Liability	(5,452,129)	
Deferred Inflows - Pension	(3,443,632)	
Deferred Inflows - OPEB	(4,303,239)	
Total	(41,049,616)	(41,049,616)
<i>Net Position of Governmental Activities</i>		\$9,537,859

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, 2019

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$14,576,108	\$3,949,688	\$350,861	\$18,876,657
Intergovernmental	30,000,698	523,094	5,614,999	36,138,791
Interest	394,828	0	16,998	411,826
Charges for Services	55,498	0	28,831	84,329
Tuition and Fees	627,788	0	0	627,788
Extracurricular Activities	41,416	0	81,512	122,928
Contributions and Donations	21,969	0	3,591	25,560
Rentals	6,775	0	0	6,775
Miscellaneous	265,056	0	12,304	277,360
<i>Total Revenues</i>	<u>45,990,136</u>	<u>4,472,782</u>	<u>6,109,096</u>	<u>56,572,014</u>
Expenditures				
Current:				
Instruction:				
Regular	22,539,131	0	2,337,685	24,876,816
Special	5,125,189	0	755,112	5,880,301
Vocational	651,193	0	54,307	705,500
Student Intervention Services	269,035	0	0	269,035
Support Services:				
Pupil	2,866,737	0	13,138	2,879,875
Instructional Staff	636,827	0	467,815	1,104,642
Board of Education	76,008	0	0	76,008
Administration	3,439,901	0	369,974	3,809,875
Fiscal	1,569,087	90,341	8,921	1,668,349
Business	487,883	0	0	487,883
Operation and Maintenance of Plant	4,238,040	0	229,417	4,467,457
Pupil Transportation	2,222,558	0	27,746	2,250,304
Central	22,007	0	3,500	25,507
Operation of Non-Instructional Services	25,574	0	68,359	93,933
Extracurricular Activities	683,421	0	162,274	845,695
Food Service Operations	635	0	2,219,899	2,220,534
Capital Outlay	23,226	0	0	23,226
Debt Service:				
Principal Retirement	0	879,768	293,007	1,172,775
Interest and Fiscal Charges	130,455	1,682,625	39,994	1,853,074
Capital Appreciation Bonds Interest	0	1,240,232	0	1,240,232
<i>Total Expenditures</i>	<u>45,006,907</u>	<u>3,892,966</u>	<u>7,051,148</u>	<u>55,951,021</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>983,229</u>	<u>579,816</u>	<u>(942,052)</u>	<u>620,993</u>
Other Financing Sources (Uses)				
Transfers In	0	0	225,000	225,000
Transfers Out	(225,000)	0	0	(225,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(225,000)</u>	<u>0</u>	<u>225,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	758,229	579,816	(717,052)	620,993
<i>Fund Balances Beginning of Year</i>	<u>3,004,952</u>	<u>4,009,074</u>	<u>2,839,519</u>	<u>9,853,545</u>
<i>Fund Balances End of Year</i>	<u>\$3,763,181</u>	<u>\$4,588,890</u>	<u>\$2,122,467</u>	<u>\$10,474,538</u>

See accompanying notes to the basic financial statement:

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, 2019*

Net Change in Fund Balances -Total Governmental Funds \$620,993

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

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

Capital Outlay	457,137	
Current Year Depreciation	(3,458,326)	
Total		(3,001,189)

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

Delinquent Property Taxes	243,312	
Intergovernmental	434,337	
Tuition Fees	130,261	
Total		807,910

Repayment of principal and capital appreciation bond interest and payment to refunded bond escrow agent are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position:

Principal Retirement	1,172,775	
Capital Appreciation Bonds Interest	1,240,232	
Total		2,413,007

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

Accrued Interest	11,394	
Annual Accretion	(1,197,277)	
Amortization of Premium	509,800	
Amortization of Discount	(58,728)	
Amortization of Deferred Charges	(153,956)	
Total		(888,767)

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.

(305,820)

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.

786,471

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	3,410,228	
OPEB	133,395	
Total		3,543,623

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	(4,108,622)	
OPEB	4,919,053	
Total		810,431

Change in Net Position of Governmental Activities

\$4,786,659

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$13,441,275	\$13,232,442	\$13,902,826	\$670,384
Intergovernmental	29,139,817	28,697,772	30,116,807	1,419,035
Interest	292,502	287,957	302,546	14,589
Charges for Services	7,829	7,708	8,098	390
Tuition and Fees	696,870	686,754	719,230	32,476
Contributions and Donations	9,500	9,359	9,813	454
Rentals	6,550	6,448	6,775	327
Miscellaneous	35,716	23,756	264,704	240,948
<i>Total Revenues</i>	43,630,059	42,952,196	45,330,799	2,378,603
Expenditures				
Current:				
Instruction:				
Regular	21,929,251	22,323,140	22,316,686	6,454
Special	4,991,714	5,079,161	5,079,161	0
Vocational	648,658	660,256	660,256	0
Student Intervention Services	272,405	277,275	277,275	0
Support Services:				
Pupil	2,783,124	2,832,885	2,832,885	0
Instructional Staff	616,325	627,345	627,344	1
Board of Education	74,894	76,233	76,233	0
Administration	3,356,613	3,416,628	3,416,628	0
Fiscal	1,535,663	1,563,120	1,563,120	0
Business	487,419	496,131	494,362	1,769
Operation and Maintenance of Plant	4,179,150	4,253,874	4,253,874	0
Pupil Transportation	2,154,677	2,193,202	2,193,202	0
Central	18,353	18,681	17,867	814
Operation of Non-Instructional Services	22,335	22,733	22,733	0
Extracurricular Activities	616,618	627,644	627,644	0
Food Service Operations	624	635	635	0
Capital Outlay	22,262	22,660	22,660	0
Debt Service:				
Interest and Fiscal Charges	128,163	130,455	130,455	0
<i>Total Expenditures</i>	43,838,248	44,622,058	44,613,020	9,038
<i>Excess of Revenues Over (Under) Expenditures</i>	(208,189)	(1,669,862)	717,779	2,387,641
Other Financing Sources (Uses)				
Advances In	34,023	33,494	35,191	1,697
Advances Out	(189,096)	(192,477)	(197,477)	(5,000)
Transfers In	195,829	192,786	0	(192,786)
Transfers Out	(221,048)	(225,000)	(225,000)	0
<i>Total Other Financing Sources (Uses)</i>	(180,292)	(191,197)	(387,286)	(196,089)
<i>Net Change in Fund Balance</i>	(388,481)	(1,861,059)	330,493	2,191,552
<i>Fund Balance Beginning of Year</i>	4,167,721	4,167,721	4,167,721	0
Prior Year Encumbrances Appropriated	98,963	98,963	98,963	0
<i>Fund Balance End of Year</i>	\$3,878,203	\$2,405,625	\$4,597,177	\$2,191,552

See accompanying notes to the basic financial statements

Maple Heights City School District

Statement of Fund Net Position

Internal Service Fund

June 30, 2019

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,251,368</u>
Liabilities	
Accounts Payable	250
Claims Payable	<u>302,455</u>
<i>Total Liabilities</i>	<u>302,705</u>
Net Position	
Unrestricted	<u><u>\$4,948,663</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, 2019*

	Insurance
Operating Revenues	
Charges for Services	\$4,983,660
Other	6,482
<i>Total Operating Revenues</i>	4,990,142
Operating Expenses	
Claims	4,191,457
Other	12,214
<i>Total Operating Expenses</i>	4,203,671
<i>Change in Net Position</i>	786,471
<i>Net Position Beginning of Year</i>	4,162,192
<i>Net Position End of Year</i>	\$4,948,663

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, 2019

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$4,983,660
Cash Received from Other Sources	6,482
Cash Payments for Claims	(4,217,324)
Cash Payments for Other Purposes	(12,215)
	760,603
<i>Net Increase in Cash and Cash Equivalents</i>	760,603
<i>Cash and Cash Equivalents Beginning of Year</i>	4,490,765
	\$5,251,368
	\$5,251,368
 <i>Reconciliation of Operating Income</i>	
<i>to Net Cash Provided by Operating Activities</i>	
<i>Operating Income</i>	\$786,471
	\$786,471
Adjustments	
Decrease in Liabilities:	
Accounts Payable	(1)
Claims Payable	(25,867)
	(25,867)
<i>Total Adjustments</i>	(25,868)
	(25,868)
<i>Net Cash Provided by Operating Activities</i>	\$760,603
	\$760,603

See accompanying notes to the basic financial statements

Maple Heights City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$866,673</u>
Liabilities	
Undistributed Monies	\$837,380
Due to Students	<u>29,293</u>
<i>Total Liabilities</i>	<u>\$866,673</u>

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, 2019

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 187 non-certificated employees, 224 certificated full-time teaching personnel, and 25 administrative employees to provide services to 3,656 students and other community members. The School District operates 3 elementary schools (K-5), 1 middle school (6-8), 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 composed of the primary government, component units and other organizations that are included to ensure 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.

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 as follows.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

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.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

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 fiduciary funds are agency funds which report resources that belong to the student bodies of the various schools and retainage related to the construction of School District buildings.

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.

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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 outflows/inflows 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.

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 represent 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 are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

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 until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 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, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of

Maple Heights City School District
Notes to the Basic Financial Statements
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resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 12 and 13).

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.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources 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 2019, investments were limited to a money market account, federal national mortgage association notes, federal home loan bank notes, federal farm credit bank notes, and negotiable certificates of deposit reported at fair value, commercial paper reported at amortized cost, and State Treasury Asset Reserve of Ohio (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 has adopted Governmental Accounting Standards Board (GASB) Statement No. 79

Maple Heights City School District
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“Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates their value.

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 general fund during fiscal year 2019 amounted to \$394,828, which includes \$281,805 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.

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 acquisition 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 - 40 years
Buildings and Improvements	10 - 100 years
Furniture and Equipment	5 - 50 years
Vehicles	7 - 30 years

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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.

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 claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Certificates of participation and general obligation bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

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

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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 includes the remaining amount that is not restricted or committed. These assigned balances are established 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. The School District Board of Education has also assigned fund balance to cover a gap between fiscal year 2020’s estimated revenue and appropriated budget and for public school support.

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.

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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include instruction, athletics, community activities, information systems, and telecommunications.

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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”.

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.

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.

Premiums on Debt Issuances

On the government-wide financial statements, premiums on debt issuances 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 receipted in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Discounts on Debt Issuances

On the government-wide financial statements, discounts on debt issuances are deferred and amortized for the term of the certificates of participation and bonds using the straight-line method since the results are not significantly different from the effective interest method. These discounts are presented as a decrease of the face amount of the certificates of participation and bonds payable. On governmental fund statements, discounts are financing uses in the year the bonds are issued.

Maple Heights City School District
Notes to the Basic Financial Statements
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Deferred Charges 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.

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.

Note 3 – Changes in Accounting Principles

For fiscal year 2019, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position.

For fiscal year 2019, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-2*. These changes were incorporated in the School District's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – 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.

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. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Maple Heights City School District
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3. Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
5. Budgetary revenues and expenditures of the public school support fund are reclassified to the general fund for GAAP reporting.
6. 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 statement to the budgetary basis statement for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$758,229
Net Adjustment for Revenue Accruals	(488,545)
Advances In	35,191
Ending Fair Value Adjustment for Investments	(69,357)
Net Adjustment for Expenditure Accruals	398,628
Advances Out	(197,477)
Perspective Differences:	
Public School Support	(52,477)
Adjustment for Encumbrances	(53,699)
Budget Basis	\$330,493

Note 5 – Accountability

At June 30, 2019, the following funds had deficit fund balances:

Fund	Fund Balance
<i>Special Revenue Funds:</i>	
Public Preschool	\$20,927
Title VI-B	56,589
Title I School Improvement	32,182
Title I	162,277
Miscellaneous Federal	114,673

The deficits in the special revenue funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in other funds and provides transfers when cash is required, rather than when accruals occur.

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.

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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.

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations, including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time 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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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Notes to the Basic Financial Statements
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Deposits

Custodial credit risk for deposits is the risk that in the event of a 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 June 30, 2019, \$418,555 of the School District's total bank balance of \$1,451,244 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2019, the School District had the following investments and maturities:

Measurement/Investment	Measurement Amount	Maturities	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 1 Inputs:				
Money Market	\$2,677,751	Less than one year	N/A	17.15 %
Fair Value - Level 2 Inputs:				
Federal National Mortgage Association Notes	733,265	Less than two years	AA+	4.70
Federal Home Loan Bank Notes	1,408,087	Less than four years	AA+	9.02
Federal Farm Credit Bank Notes	1,012,504	Less than four years	AA+	6.49
Negotiable Certificates of Deposits	2,120,010	Less than three years	N/A	13.58
Amortized Cost:				
Commercial Paper	3,124,470	Less than one year	A-1	20.02
Net Asset Value Per Share:				
STAR Ohio	4,534,308	53.3 Days	AAAm	29.04
Total	<u>\$15,610,395</u>			<u>100.00 %</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurement as of June 30, 2019. The money market account is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads,

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two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. 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.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

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 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, 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.

Public utility property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018, and are collected in calendar year 2019 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, 2019, are available to finance fiscal year 2019 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, 2019, 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.

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The amount available as an advance at June 30, 2019, was \$2,682,398 in the general fund, \$721,485 in the bond retirement fund, and \$62,268 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2018, was \$2,009,115 in the general fund, \$486,874 in the bond retirement fund, and \$48,365 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 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$245,821,030	95.38 %	\$264,923,360	95.54 %
Public Utility	11,907,320	4.62	12,357,330	4.46
	\$257,728,350	100.00 %	\$277,280,690	100.00 %
Full Tax Rate per \$1,000 of Assessed Valuation	\$91.50		\$92.70	

The School District's full tax rate increased from the prior year due to an increase in the bond levy rate. The rate increased in order to ensure that the bond retirement fund cash balance keeps pace with the School District's debt payments.

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
<i>Capital Assets, not being depreciated:</i>				
Land	\$5,460,268	\$0	\$0	\$5,460,268
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,640,049	0	0	1,640,049
Buildings and Improvements	108,870,826	44,420	0	108,915,246
Furniture and Equipment	2,351,274	168,481	0	2,519,755
Vehicles	1,954,054	244,236	0	2,198,290
<i>Total Capital Assets, being depreciated</i>	114,816,203	457,137	0	115,273,340
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(586,599)	(36,612)	0	(623,211)
Buildings and Improvements	(24,366,828)	(3,231,154)	0	(27,597,982)
Furniture and Equipment	(985,224)	(137,995)	0	(1,123,219)
Vehicles	(1,488,057)	(52,565)	0	(1,540,622)
<i>Total Accumulated Depreciation</i>	(27,426,708)	(3,458,326) *	0	(30,885,034)
<i>Total Capital Assets, being depreciated, net</i>	87,389,495	(3,001,189)	0	84,388,306
Governmental Activities Capital Assets, Net	\$92,849,763	(\$3,001,189)	\$0	\$89,848,574

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*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,312,106
Special	5,493
Vocational	9,102
Support Services:	
Instructional Staff	56,682
Administration	755,288
Operation and Maintenance of Plant	65,174
Pupil Transportation	45,993
Central	491
Extracurricular Activities	45,101
Food Service Operations	162,896
Total Depreciation Expense	\$3,458,326

Note 9 – 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 as follows:

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<i>Restricted for:</i>				
Debt Service	\$0	\$4,588,890	\$0	\$4,588,890
Capital Projects	0	0	640,942	640,942
Food Service	0	0	1,245,986	1,245,986
Classroom Maintenance	0	0	571,523	571,523
Other Purposes	0	0	50,664	50,664
<i>Total Restricted</i>	0	4,588,890	2,509,115	7,098,005
<i>Assigned to:</i>				
Purchases on Order:				
Instruction	7,730	0	0	7,730
Support Services	13,545	0	0	13,545
Extracurricular Activities	598	0	0	598
Fiscal Year 2020 Operations	785,837	0	0	785,837
Public School Support	77,086	0	0	77,086
<i>Total Assigned</i>	884,796	0	0	884,796
<i>Unassigned (Deficit)</i>	2,878,385	0	(386,648)	2,491,737
Total Fund Balances	\$3,763,181	\$4,588,890	\$2,122,467	\$10,474,538

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Note 10 – 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 2019, the School District contracted for the following insurance coverage:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
NGM Insurance	Treasurer's Bond	\$250,000
Ohio Casualty	Blanket Property	153,743,389
	Business Income/Extra Expense	3,060,000
	Inland Marine	911,780
	Flood	1,000,000
	Earthquake	1,000,000
	Employee Dishonesty	1,000,000
	Forgery & Alteration	50,000
	Computer Fraud	50,000
	General Liability, limit	1,000,000
	General Liability, aggregate	2,000,000
	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	10,000,000
	Self-Insured Retention	10,000
Travelers Insurance	Boiler and Machinery	50,000,000
	Excess Crime	500,000

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 \$150,000 per employee, per year. The claims liability of \$302,455 reported in the internal service fund at June 30, 2019, is

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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.

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

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2018	\$237,079	\$4,319,081	\$4,227,838	\$328,322
2019	328,322	4,191,457	4,217,324	302,455

Note 11 – Receivables

Receivables at June 30, 2019, consisted of taxes, accounts (miscellaneous), interfund, intergovernmental grants, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except for 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:

Governmental Activities	Amount
Title I Grant	\$380,136
Miscellaneous Federal Grants	158,410
State Foundation Tuition	154,407
Bureau of Workers' Compensation Rebate	130,674
IDEA-B Special Education Grant	86,535
Early Childhood Education Grant	35,634
Title I School Improvement Grant	31,400
Medicaid Reimbursements	27,351
UPK Grant	26,116
Strengthening Ohio's Teacher Pipeline Grant	25,000
Federal Food Subsidies	24,434
Title II-A Grant	19,436
Fuel Tax Reimbursement	7,794
Total Governmental Activities	<u>\$1,107,327</u>

Note 12 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services.

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Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liabilities (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liabilities (asset) calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities (asset). Resulting adjustments to the net pension/OPEB liabilities (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset*, long-term *net pension liability*, or long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description – School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$892,821 for fiscal year 2019. Of this amount \$107,358 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent, and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$2,517,407 for fiscal year 2019. Of this amount \$356,504 is reported as an intergovernmental payable.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.16338520%	0.15285979%	
Current Measurement Date	<u>0.19552330%</u>	<u>0.15426239%</u>	
Change in Proportionate Share	<u>0.03213810%</u>	<u>0.00140260%</u>	
Proportionate Share of the Net Pension Liability	\$11,197,981	\$33,918,836	\$45,116,817
Pension Expense	\$1,352,932	\$2,755,690	\$4,108,622

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$614,138	\$782,951	\$1,397,089
Changes of assumptions	252,874	6,011,057	6,263,931
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	1,150,923	1,106,462	2,257,385
School District contributions subsequent to the measurement date	<u>892,821</u>	<u>2,517,407</u>	<u>3,410,228</u>
Total Deferred Outflows of Resources	<u>\$2,910,756</u>	<u>\$10,417,877</u>	<u>\$13,328,633</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$221,510	\$221,510
Net difference between projected and actual earnings on pension plan investments	310,262	2,056,801	2,367,063
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>25,708</u>	<u>829,351</u>	<u>855,059</u>
Total Deferred Inflows of Resources	<u>\$335,970</u>	<u>\$3,107,662</u>	<u>\$3,443,632</u>

\$3,410,228 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2020	\$1,541,940	\$2,406,480	\$3,948,420
2021	602,667	2,282,646	2,885,313
2022	(367,488)	501,218	133,730
2023	(95,154)	(397,536)	(492,690)
Total	\$1,681,965	\$4,792,808	\$6,474,773

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented as follows:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age setback for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$15,773,201	\$11,197,981	\$7,361,966

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, are presented as follows:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and do not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described

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previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018; therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$49,533,995	\$33,918,836	\$21,702,723

Note 13 – Postemployment Benefits

See Note 12 for a description of the net OPEB liability (asset).

Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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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 pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District’s surcharge obligation was \$100,328.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$133,395 for fiscal year 2019. Of this amount \$104,304 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS, which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to postemployment health care.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Prior Measurement Date	0.16635830%	0.15285979%	
Current Measurement Date	<u>0.19652480%</u>	<u>0.15426239%</u>	
Change in Proportionate Share	<u>0.03016650%</u>	<u>0.00140260%</u>	
Proportionate Share of the:			
Net OPEB Asset	\$0	\$2,478,840	\$2,478,840
Net OPEB Liability	\$5,452,129	\$0	\$5,452,129
OPEB Expense	\$415,773	(\$5,334,826)	(\$4,919,053)

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At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$88,998	\$289,532	\$378,530
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	729,903	216,900	946,803
School District contributions subsequent to the measurement date	<u>133,395</u>	<u>0</u>	<u>133,395</u>
Total Deferred Outflows of Resources	<u><u>\$952,296</u></u>	<u><u>\$506,432</u></u>	<u><u>\$1,458,728</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$144,425	\$144,425
Changes of assumptions	489,832	3,377,614	3,867,446
Net difference between projected and actual earnings on OPEB plan investments	<u>8,180</u>	<u>283,188</u>	<u>291,368</u>
Total Deferred Inflows of Resources	<u><u>\$498,012</u></u>	<u><u>\$3,805,227</u></u>	<u><u>\$4,303,239</u></u>

\$133,395 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	(\$50,594)	(\$587,729)	(\$638,323)
2021	(11,998)	(587,729)	(599,727)
2022	110,231	(587,731)	(477,500)
2023	113,713	(523,417)	(409,704)
2024	113,147	(500,855)	(387,708)
Thereafter	<u>46,390</u>	<u>(511,334)</u>	<u>(464,944)</u>
Total	<u><u>\$320,889</u></u>	<u><u>(\$3,298,795)</u></u>	<u><u>(\$2,977,906)</u></u>

Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS’ actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented as follows:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption:	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015 and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018, was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018, was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the State statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net

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position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the School District's proportionate share of the net OPEB liability for SERS and what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what the School District's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.25 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School District's proportionate share of the net OPEB liability	\$6,615,730	\$5,452,129	\$4,530,775

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$4,398,868	\$5,452,129	\$6,846,835

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented as follows:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends:	
Medical:	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug:	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

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For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020; however, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the School District's proportionate share of the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the School District's proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	\$2,124,597	\$2,478,840	\$2,776,563

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	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$2,759,756	\$2,478,840	\$2,193,546

Note 14 – Leases

Capital Lease

The School District has an existing lease for the purchase of LED lighting. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital lease and the book value as of June 30, 2019, is as follows:

	Amounts
Asset:	
Buildings and Improvements	\$210,920
Less: Accumulated Depreciation	(42,184)
Current Book Value	\$168,736

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2019.

Fiscal Year Ending June 30	Governmental Activities
2020	\$53,301
2021	53,301
2022	53,301
Total	159,903
Less: Amount Representing Interest	(8,115)
Present Value of Net Minimum Lease Payments	\$151,788

Operating Lease

The School District leases copiers throughout its buildings. Total costs for the leases were \$27,720 for the fiscal year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending	Copiers
2020	\$2,534
2021	1,521
2022	296
Total	\$4,351

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Note 15 – Long-Term Obligations

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

	Amount Outstanding 6/30/18	Additions	Reductions	Amount Outstanding 6/30/19	Amount Due in One Year
<i>Certificates of Participation:</i>					
2018 Refunding Certificates of Participation:					
Term Portion (3.90%)	\$4,575,000	\$0	(\$245,000)	\$4,330,000	\$260,000
Discount	(60,730)	0	3,128	(57,602)	0
Total 2018 Refunding Certificates of Participation	4,514,270	0	(241,872)	4,272,398	260,000
<i>General Obligation Bonds:</i>					
2010 School Facilities Improvement:					
Capital Appreciation Bonds (25.00%)	289,612	0	(159,768)	129,844	129,844
Accretion	1,944,174	433,518	(1,240,232)	1,137,460	1,137,460
Premium	289,595	0	(144,798)	144,797	0
Total 2010 School Facilities Improvement	2,523,381	433,518	(1,544,798)	1,412,101	1,267,304
2013 School Facilities Refunding Bonds:					
Serial Portion (1.50%-3.00%)	5,885,000	0	(160,000)	5,725,000	165,000
Term Portion (3.00%-3.25%)	1,555,000	0	0	1,555,000	0
Capital Appreciation Bonds (24.00%)	49,702	0	0	49,702	0
Accretion	126,715	44,962	0	171,677	0
Premium	1,331,842	0	(88,788)	1,243,054	0
Total 2013 School Facilities Refunding Bonds	8,948,259	44,962	(248,788)	8,744,433	165,000
2014 School Facilities Refunding Bonds:					
Serial Portion (2.00%-3.00%)	1,240,000	0	(150,000)	1,090,000	155,000
Term Portion (3.25%-3.50%)	7,155,000	0	0	7,155,000	0
Capital Appreciation Bonds (51.80%)	19,972	0	0	19,972	0
Accretion	81,843	59,557	0	141,400	0
Premium	1,162,090	0	(74,572)	1,087,518	0
Discount	(228,318)	0	14,651	(213,667)	0
Total 2014 School Facilities Refunding Bonds	9,430,587	59,557	(209,921)	9,280,223	155,000
2015 School Facilities Refunding Bonds:					
Serial Portion (2.50%-5.00%)	14,730,000	0	(410,000)	14,320,000	425,000
Term Portion (3.50%-3.75%)	19,250,000	0	0	19,250,000	0
Capital Appreciation Bonds (51.70%)	214,088	0	0	214,088	0
Accretion	854,225	659,240	0	1,513,465	0
Premium	3,747,170	0	(201,642)	3,545,528	0
Discount	(760,958)	0	40,949	(720,009)	0
Total 2015 School Facilities Refunding Bonds	38,034,525	659,240	(570,693)	38,123,072	425,000
Total General Obligation Bonds	58,936,752	1,197,277	(2,574,200)	57,559,829	2,012,304
<i>Net Pension Liability:</i>					
SERS	9,761,905	1,436,076	0	11,197,981	0
STRS	36,312,171	0	(2,393,335)	33,918,836	0
Total Net Pension Liability	46,074,076	1,436,076	(2,393,335)	45,116,817	0
<i>Net OPEB Liability:</i>					
SERS	4,464,620	987,509	0	5,452,129	0
STRS	5,964,024	0	(5,964,024)	0	0
Total Net OPEB Liability	10,428,644	987,509	(5,964,024)	5,452,129	0
<i>Other Long-Term Obligations:</i>					
Capital Lease	199,795	0	(48,007)	151,788	49,279
Compensated Absences	3,108,970	387,483	(81,663)	3,414,790	124,915
Total Other Long-Term Obligations	3,308,765	387,483	(129,670)	3,566,578	174,194
Total Governmental Activities Long-Term Liabilities	\$123,262,507	\$4,008,345	(\$11,303,101)	\$115,967,751	\$2,446,498

The School District issued \$4,575,000 in Refunding Certificates of Participation (COPs) on October 10, 2017, for the purpose of refunding the 2008 certificates of participation and energy conservation notes. The COPs issuance included a discount of \$62,815, which will be amortized over the life of the COPs. The

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COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio Governmental Development Leasing Corporation and the subleased back to the School District. The initial lease ended June 30, 2009. The School District may renew the lease for successive one-year terms, each ending on June 30, except the final lease term, which ends on November 1, 2037. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and annual appropriations. The base rent includes an interest component of 3.9 percent. As a result, \$2,490,000 of the 2008 COPs is considered defeased and the liability for the refunded portion of these bonds has been removed from the School District’s financial statements. At June 30, 2019, \$2,225,000 of the defeased bonds are still outstanding.

The term bond portion of the 2018 COPs is 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 November 1 of the years and in the respective principal amounts as follows:

Fiscal Year	Principal Amount to be Redeemed
2020	\$260,000
2021	275,000
2022	285,000
2023	295,000
2024	305,000
2025	320,000
2026	330,000
2027	340,000
2028	355,000
2029	370,000
2030	115,000
2031	120,000
2032	125,000
2033	125,000
2034	130,000
2035	135,000
2036	140,000
2037	150,000

The remaining principal amount of the bonds (\$155,000) will mature at stated maturity in fiscal year 2038, on November 1, 2037.

The 2010 school facilities improvement general obligation bonds were issued in the amount of \$55,734,932 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 included serial, term, and capital appreciation bonds. The bonds will be paid from the bond retirement debt service fund. These bonds were partially refunded in fiscal year 2013 and fiscal year 2015.

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, 2019, is \$2,725,000. The accretion recorded for 2019 was \$433,518, for a total outstanding bond liability of \$1,267,304.

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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 proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2019, \$8,315,000 of the defeased bonds are still outstanding. The bonds will be paid from the bond retirement debt service fund.

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, 2019, is \$3,540,000. The accretion recorded for fiscal year 2019 was \$44,962, for a total outstanding bond liability of \$221,379.

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:

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.

On December 30, 2014, the School District issued \$8,824,972 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, \$8,830,000 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 proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2019, \$8,830,000 of the defeased bonds are still outstanding. The bonds will be paid from the bond retirement debt service fund.

Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds, which is 2025. The final maturity amount of outstanding capital appreciation bonds at June 30, 2019, is \$2,040,000. The accretion recorded for fiscal year 2019 was \$59,557, for a total outstanding bond liability of \$161,372.

The term bond portion of the 2014 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:

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Year	Issue	
	\$3,230,000	\$3,925,000
2026	\$75,000	\$0
2027	75,000	0
2028	80,000	0
2030	0	30,000
2031	0	30,000
2032	0	35,000
2033	0	35,000
Total	\$230,000	\$130,000
<i>Stated Maturity</i>	<i>1/15/2029</i>	<i>1/15/2034</i>

The remaining principal amount of the term bonds (\$3,000,000 and \$3,795,000) will mature at stated maturity.

The current interest 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, 2023, 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.

On March 11, 2015, the School District issued \$35,154,088 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, \$35,170,000 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 proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2019, \$35,170,000 of the defeased bonds are still outstanding. The bonds will be paid from the bond retirement debt service fund.

Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds, which is 2021 through 2023. The final maturity amount of outstanding capital appreciation bonds at June 30, 2019, is \$5,230,000. The accretion recorded for fiscal year 2019 was \$659,240, for a total outstanding bond liability of \$1,727,553.

The term bond portion of the 2015 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:

Year	Issue	
	\$6,345,000	\$12,905,000
2028	\$2,920,000	\$0
2029	150,000	0
2031	0	2,755,000
2032	0	85,000
2033	0	85,000
2034	0	565,000
2035	0	4,595,000
Total	\$3,070,000	\$8,085,000
<i>Stated Maturity</i>	<i>1/15/2030</i>	<i>1/15/2036</i>

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

The remaining principal amount of the term bonds (\$3,275,000 and \$4,820,000) will mature at stated maturity.

The current interest 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, 2023, 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.

There is no repayment schedule for the net pension and OPEB liabilities; however, employer pension and OPEB contributions are made from the general fund and the food service, other local grants, public preschool, title VI-B, and title I special revenue funds. For additional information related to the net pension and OPEB liabilities see Notes 12 and 13. Compensated absences will be paid from the general fund and the food service, public preschool, title VI-B, and title I special revenue funds. The capital lease will be paid from the building capital projects fund.

The overall debt margin of the School District as of June 30, 2019, was \$0 with an unvoted debt margin of \$277,181. The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the nine percent limit to finance additional facilities, the State Department of Education may declare that school district a “special needs” school district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district’s assessed valuation. The Maple Heights City School District was determined to be a “special needs” school district by the State Superintendent.

Principal and interest requirements to retire the debt outstanding at June 30, 2019, are as follows:

Fiscal Year	Certificates of Participation	
	Term	
	Ending	Interest
2020	\$260,000	\$163,800
2021	275,000	153,368
2022	285,000	142,447
2023	295,000	131,138
2024	305,000	119,437
2025-2029	1,715,000	405,113
2030-2034	615,000	174,427
2035-2038	580,000	46,604
Total	\$4,330,000	\$1,336,334

Fiscal Year	General Obligation Bonds					
	Serial		Term		Capital Appreciation	
	Ending	Principal	Interest	Principal	Interest	Principal
2020	\$745,000	\$1,663,424	\$0	\$0	\$129,844	\$1,310,155
2021	1,325,000	1,642,725	0	0	64,298	880,702
2022	330,000	1,586,224	0	0	91,075	2,028,925
2023	165,000	1,381,338	175,000	196,587	58,715	2,106,285
2024	2,380,000	1,378,037	180,000	191,337	0	0
2025-2029	5,800,000	3,347,988	7,285,000	3,515,413	19,972	2,020,028
2030-2034	5,225,000	401,811	10,905,000	4,002,588	49,702	3,490,298
2035-2037	5,165,000	191,600	9,415,000	917,012	0	0
Total	\$21,135,000	\$11,593,147	\$27,960,000	\$8,822,937	\$413,606	\$11,836,393

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 16 – Contingencies

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The final adjustment was not material and is not reflected in the accompanying financial statements.

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, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2019, if applicable, cannot be determined at this time.

Litigation

The School District was not a party to legal proceedings as of June 30, 2019.

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 2019, the School District paid \$304,872 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.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 249 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 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 2019, the School District paid \$111,444 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, 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. Constellation New Energy (formerly Compass Energy) has been selected as the supplier and program manager for the period from July 1, 2019 through June 30, 2022. There are currently 165 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 \$0.0518 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 Company) directly and receive a discount for the fixed price of generation.

Note 18 – 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 330 days for all certified and 207 days for classified personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 110 days for certified personnel and 68.31 days for classified personnel.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 19 – Interfund Transactions

Interfund Transfers

During fiscal year 2019, the general fund transferred \$225,000 to other governmental funds for the purpose of supporting the activities of the funds.

Interfund Balances

At June 30, 2019, the School District had the following interfund balances:

	Interfund Balances	
	June 30, 2019	
	Receivables	Payables
Governmental Activities:		
General	\$197,477	\$0
Other Governmental Funds	0	197,477
Total Governmental Activities	\$197,477	\$197,477

The advances to the other governmental funds were to support the activities of those funds. As of June 30, 2019, all interfund balances are anticipated to be repaid in one year.

Note 20 – 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, 2018	\$0
Current Year Set-Aside Requirement	620,461
Offsets During the Fiscal Year	(336,958)
Qualifying Disbursements	(435,928)
Total	(\$152,425)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2019	\$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.

Maple Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 21 – 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	\$53,699
Other Governmental Funds	<u>190,648</u>
Total	<u><u>\$244,347</u></u>

Maple Heights City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2019	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.19552330%	0.16338520%	0.16074990%	0.16046860%
School District's Proportionate Share of the Net Pension Liability	\$11,197,981	\$9,761,905	\$11,765,409	\$9,156,493
School District's Covered Payroll	\$5,993,348	\$5,559,750	\$4,983,307	\$4,800,893
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.84%	175.58%	236.10%	190.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%	69.16%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2015	2014
0.17436300%	0.17436300%
\$8,824,412	\$10,368,808
\$4,920,038	\$5,086,947
179.36%	203.83%
71.70%	65.52%

Maple Heights City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Three Fiscal Years (1) **

	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.19652480%	0.16635830%	0.16312970%
School District's Proportionate Share of the Net OPEB Liability	\$5,452,129	\$4,464,620	\$4,649,800
School District's Covered Payroll	\$5,993,348	\$5,559,750	\$4,983,307
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	90.97%	80.30%	93.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

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Maple Heights City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2019	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.15426239%	0.15285979%	0.14849020%	0.14694241%
School District's Proportionate Share of the Net Pension Liability	\$33,918,836	\$36,312,171	\$49,704,146	\$40,610,585
School District's Covered Payroll	\$17,657,407	\$17,014,571	\$15,655,786	\$14,902,064
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	192.09%	213.42%	317.48%	272.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2015	2014
0.16124236%	0.16124236%
\$39,219,723	\$46,718,277
\$16,408,879	\$17,496,292
239.02%	267.02%
74.70%	69.30%

Maple Heights City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
*Last Three Fiscal Years (1) **

	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.15426239%	0.15285979%	0.14849020%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$2,478,840)	\$5,964,024	\$7,941,295
School District's Covered Payroll	\$17,657,407	\$17,014,571	\$15,655,786
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.04%	35.05%	50.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

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Maple Heights City School District, Ohio
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability:				
Contractually Required Contribution	\$892,821	\$809,102	\$778,365	\$697,663
Contributions in Relation to the Contractually Required Contribution	(892,821)	(809,102)	(778,365)	(697,663)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$6,613,489	\$5,993,348	\$5,559,750	\$4,983,307
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability:				
Contractually Required Contribution (2)	\$133,395	\$127,995	\$93,260	\$83,520
Contributions in Relation to the Contractually Required Contribution	(133,395)	(127,995)	(93,260)	(83,520)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.02%</u>	<u>2.14%</u>	<u>1.68%</u>	<u>1.68%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.52%</u>	<u>15.64%</u>	<u>15.68%</u>	<u>15.68%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
\$632,758	\$681,917	\$704,033	\$690,691	\$699,227	\$862,541
(632,758)	(681,917)	(704,033)	(690,691)	(699,227)	(862,541)
\$0	\$0	\$0	\$0	\$0	\$0
\$4,800,893	\$4,920,038	\$5,086,947	\$5,135,252	\$5,562,667	\$6,370,321
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
\$115,935	\$73,961	\$77,220	\$103,622	\$189,715	\$127,843
(115,935)	(73,961)	(77,220)	(103,622)	(189,715)	(127,843)
\$0	\$0	\$0	\$0	\$0	\$0
2.41%	1.50%	1.52%	2.02%	3.41%	2.01%
15.59%	15.36%	15.36%	15.47%	15.98%	15.55%

Maple Heights City School District, Ohio

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

	2019	2018	2017	2016
Net Pension Liability:				
Contractually Required Contribution	\$2,517,407	\$2,472,037	\$2,382,040	\$2,191,810
Contributions in Relation to the Contractually Required Contribution	<u>(2,517,407)</u>	<u>(2,472,037)</u>	<u>(2,382,040)</u>	<u>(2,191,810)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$17,981,479	\$17,657,407	\$17,014,571	\$15,655,786
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability:				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
\$2,086,289	\$2,133,154	\$2,274,518	\$2,327,728	\$2,345,770	\$2,318,922
(2,086,289)	(2,133,154)	(2,274,518)	(2,327,728)	(2,345,770)	(2,318,922)
\$0	\$0	\$0	\$0	\$0	\$0
\$14,902,064	\$16,408,879	\$17,496,292	\$17,905,600	\$18,044,385	\$17,837,862
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$164,089	\$174,963	\$179,056	\$180,444	\$178,379
0	(164,089)	(174,963)	(179,056)	(180,444)	(178,379)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Maple Heights City School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2019

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age setback for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on the RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Maple Heights City School District, Ohio

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years, one year setback from age 80 through 89, and no setback from age 90 and above.

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:	
Fiscal Year 2019	3.62 percent
Fiscal Year 2018	3.56 percent
Fiscal Year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.70 percent
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
School Breakfast Program	10.553	\$ 487,057	
National School Lunch Program	10.555	1,341,864	\$ 136,041
Total Nutrition Cluster		<u>1,828,921</u>	<u>136,041</u>
State Administrative Expenses for Child Nutrition	10.560	<u>11,639</u>	
Fresh Fruit and Vegetable Program	10.582	<u>107,512</u>	
Total U.S. Department of Agriculture		<u>1,948,072</u>	<u>136,041</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	1,949,084	
Special Education Cluster:			
Special Education - Grants to States	84.027	883,213	
Special Education - Preschool Grants	84.173	12,127	
Total Special Education Cluster		<u>895,340</u>	
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	56,983	
Twenty-First Century Community Learning Centers	84.287	237,054	
English Language Acquisition Grant	84.365	649	
Supporting Effective Instruction Grants to States	84.367	242,579	
Student Support and Academic Enrichment Program	84.424	80,325	
Temporary Emergency Impact Aid for Displaced Students	84.938	<u>31,875</u>	
Total U.S. Department of Education		<u>3,493,889</u>	
Total Expenditures of Federal Awards		<u>\$5,441,961</u>	<u>\$136,041</u>

The accompanying notes are an integral part of this schedule.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Maple Heights City School District, Cuyahoga County, Ohio (the District) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maple Heights City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. *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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

Compliance and Other Matters

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

District's Response to the Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

October 30, 2020



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Maple Heights City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could directly and materially affect Maple Heights City School District's major federal programs for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Maple Heights City School District, Cuyahoga County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 30, 2020

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control 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 weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any 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 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs:	CFDA #10.553, 10.555 – Child Nutrition Cluster CFDA #84.027, 84.173 – Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019
(Continued)

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

FINDING NUMBER 2019-001

Bank Reconciliations – Significant Deficiency

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

The District did not complete accurate, monthly bank reconciliations during the audit period. As of June 30, 2019, the District had an unreconciled balance totaling \$13,537 on its bank reconciliation, in which the District's book balance exceeded its bank balance. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. Finally, findings for recovery may be issued in the future, if there are unexplained book over bank variances.

The District should ensure the cash reconciliation is prepared on a monthly-basis and all variances are investigated, documented and corrected promptly. In addition, the Board should review the monthly cash reconciliation including the related support (such as reconciling items) and document their reviews.

Officials' Response: The District plans to go through all bank reconciliations and determine the cause of the unreconciled balance totaling \$13,537 at June 30, 2019.

3. FINDINGS FOR FEDERAL AWARDS

None

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019
(Continued)**

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2019-002

Finding for Recovery Partially Repaid Under Audit – High School Fees and Activities

Ohio Admin. Code § 117-2-01(D) requires, in part, that entities must plan for adequate segregation of duties or compensating controls when designing the public office's system of internal control and specific control activities. The control structure at the District was such that the High School Secretary collected receipts for senior dues and other various high school class fees, prepared a pay-in for the daily collections, and then prepared the deposit for pick-up by a secured courier. Additionally, certain receipts were collected by advisors in the High School and then turned in to the High School Secretary to create a pay-in and prepare the deposit. The pay-in and deposit ticket were then turned in to the Treasurer's office for posting to the accounting system.

We examined all available High School receipts for accounts in which the High School Secretary, Karla Hopkins, had access to collections for the period of review July 1, 2017 through June 30, 2018, and compared the receipts to the revenues posted to the District accounting records and monies deposited in the District's operating bank account.

We identified \$42,673 of the \$71,267 in total receipts for which Ms. Hopkins was responsible for depositing with the secure courier during the period of review that were not reported on the District accounting records or deposited into the District's bank account.

On May 5, 2020, Ms. Karla Hopkins was indicted on one count of Theft in Office, a felony of the third degree, in Cuyahoga County Common Pleas Court Case No. CR-20-650491-A.

On May 20, 2020 and June 16, 2020, the District received payments from its insurance company, Todd Associates in coordination with Liberty Mutual Insurance, in the total amount of \$41,673 which excludes the deductible portion of \$1,000.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public property converted or misappropriated is hereby issued against former High School Secretary, Karla Hopkins in the amount of \$1,000 and in favor of the Maple Heights City School District's General Fund for HS Student/Class Fees in the amount of \$1,000.

Officials' Response: The District acknowledges the finding and is working to correct the issue by developing stronger internal controls for each building where money is collected.

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Maple Heights Board of Education
Rosalind Moore, President
Wendall C. Garth, Vice President
Jalen Brown
Pamela D. Crews
Connie Rosemond

Dr. Charles T. Keenan, Superintendent
Kathy Jo Beverly, Treasurer

Maple Heights City Schools

5740 Lawn Avenue
Maple Heights, Ohio 44137



CORRECTIVE ACTION PLAN **2 CFR § 200.511(c)** **June 30, 2019**

Finding Number:	2019-001
Planned Corrective Action:	We plan to go through all bank reconciliations and determine the cause of the unreconciled balance totaling \$13,537 at June 30, 2019
Anticipated Completion Date:	12/31/2020
Responsible Contact Person:	Kathy Jo Beverly, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



MAPLE HEIGHTS CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/17/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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