



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2021**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund.....	20
Statement of Fund Net Position	
Internal Service Fund .....	21
Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Fund .....	22
Statement of Cash Flows	
Internal Service Fund .....	23
Notes to the Basic Financial Statements.....	24

**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2021**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Prepared by Management:	
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio .....	66
Schedule of the School District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio .....	68
Schedule of the School District's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio .....	70
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) – State Teachers Retirement System of Ohio .....	72
Schedule of School District Contributions – School Employees Retirement System of Ohio .....	74
Schedule of School District Contributions – State Teachers Retirement System of Ohio .....	76
Notes to the Required Supplementary Information .....	78
Schedule of Expenditures of Federal Awards .....	81
Notes to the Schedule of Expenditures of Federal Awards.....	82
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	83
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.....	85
Schedule of Findings.....	87
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	89
Corrective Action Plan .....	91

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
(800) 282-0370

## 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, 2021, 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.

---

Efficient • Effective • Transparent

**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, 2021, 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.

**Emphasis of Matter**

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

**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.

This 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 March 14, 2022, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 14, 2022

**This page intentionally left blank.**



**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*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, 2021. 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 2021 are as follows:

- Total program expenses increased from fiscal year 2020. This increase is largely due to changes in both instruction and support services expenditures.
- Total revenues increased in fiscal year 2021. The increase in revenue was due primarily to property taxes and miscellaneous revenues. This was due to the timing of tax advances from the county and workers' compensation rebates, respectively.

During fiscal year 2021, 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 2021. 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, 2021*  
*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.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

**The School District as a Whole**

Table 1, below, provides a summary of the School District's net position for fiscal year 2021 compared to fiscal year 2020.

**Table 1**  
**Net Position**  
**Governmental Activities**

	2021	2020	Change
<b>Assets</b>			
Current and Other Assets	\$46,754,476	\$46,523,217	\$231,259
Capital Assets, Net	83,772,614	87,177,875	(3,405,261)
Net OPEB Asset	2,697,466	2,552,410	145,056
<i>Total Assets</i>	<u>133,224,556</u>	<u>136,253,502</u>	<u>(3,028,946)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	1,955,544	2,109,504	(153,960)
Pension	8,582,425	9,243,678	(661,253)
OPEB	1,734,357	1,533,513	200,844
<i>Total Deferred Outflows of Resources</i>	<u>12,272,326</u>	<u>12,886,695</u>	<u>(614,369)</u>
<b>Liabilities</b>			
Current and Other Liabilities	6,362,961	5,523,826	(839,135)
Long-Term Liabilities:			
Due Within One Year	1,041,271	1,990,985	949,714
Due in More than One Year:			
Net Pension Liability	49,832,498	45,481,078	(4,351,420)
Net OPEB Liability	4,044,262	4,821,207	776,945
Other Amounts	61,882,107	62,954,086	1,071,979
<i>Total Liabilities</i>	<u>123,163,099</u>	<u>120,771,182</u>	<u>(2,391,917)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	14,809,495	15,886,265	1,076,770
Pension	514,365	2,201,384	1,687,019
OPEB	5,595,353	4,560,281	(1,035,072)
<i>Total Deferred Inflows of Resources</i>	<u>20,919,213</u>	<u>22,647,930</u>	<u>1,728,717</u>
<b>Net Position</b>			
Net Investment in Capital Assets	30,364,500	31,902,561	(1,538,061)
Restricted:			
Debt Service	6,368,180	5,792,249	575,931
Capital Projects	561,509	506,007	55,502
Other Purposes	3,069,303	2,027,961	1,041,342
Unrestricted (Deficit)	<u>(38,948,922)</u>	<u>(34,507,693)</u>	<u>(4,441,229)</u>
<i>Total Net Position</i>	<u>\$1,414,570</u>	<u>\$5,721,085</u>	<u>(\$4,306,515)</u>

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

---

The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2021. 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. 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 decreased from the prior fiscal year largely due to depreciation outpacing capital asset additions.

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 liability increased and the OPEB liability decreased from the prior fiscal year. These changes represent 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 decrease in capital assets and increase in net pension liability, the net position of the School District decreased during fiscal year 2021.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

Table 2, below, shows the change in net position for fiscal year 2021 compared to fiscal year 2020.

**Table 2**  
Change in Net Position

	2021	2020	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$960,512	\$899,965	\$60,547
Operating Grants and Contributions	8,589,005	7,323,294	1,265,711
<i>Total Program Revenues</i>	<u>9,549,517</u>	<u>8,223,259</u>	<u>1,326,258</u>
General Revenues:			
Property Taxes	18,935,471	17,231,692	1,703,779
Grants and Entitlements not Restricted to Specific Programs	29,032,037	29,759,373	(727,336)
Investment Earnings	45,361	497,088	(451,727)
Unrestricted Contributions and Donations	1,090	2,359	(1,269)
Miscellaneous	1,229,153	351,184	877,969
<i>Total General Revenues</i>	<u>49,243,112</u>	<u>47,841,696</u>	<u>1,401,416</u>
<i>Total Revenues</i>	<u>58,792,629</u>	<u>56,064,955</u>	<u>2,727,674</u>
<b>Program Expenses</b>			
Instruction	38,659,708	36,415,792	(2,243,916)
Support Services:			
Pupil and Instructional Staff	5,076,057	3,772,728	(1,303,329)
Board of Education, Administration Fiscal and Business	7,693,194	7,504,202	(188,992)
Operation and Maintenance of Plant	4,874,898	4,828,056	(46,842)
Pupil Transportation	1,345,211	2,108,082	762,871
Central	19,576	16,161	(3,415)
Food Service Operations	1,230,732	2,028,614	797,882
Operation of Non-Instructional Services	119,786	81,024	(38,762)
Extracurricular Activities	750,870	1,071,404	320,534
Interest and Fiscal Charges	3,329,112	2,922,339	(406,773)
<i>Total Program Expenses</i>	<u>63,099,144</u>	<u>60,748,402</u>	<u>(2,350,742)</u>
Change in Net Position	(4,306,515)	(4,683,447)	376,932
<i>Net Position Beginning of Year</i>	<u>5,721,085</u>	<u>10,404,532</u>	<u>(4,683,447)</u>
<i>Net Position End of Year</i>	<u>\$1,414,570</u>	<u>\$5,721,085</u>	<u>(\$4,306,515)</u>

In fiscal year 2021, total revenues increased for governmental activities. The vast majority of revenue supporting governmental activities is general revenue. General revenue increased due to increases in property tax and miscellaneous revenue.

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 2021. These revenues decreased due to decreased grant funding during the fiscal year.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

Property taxes made up the second largest component of total revenues for governmental activities for the School District in fiscal year 2021. Overall, property tax revenue increased due to the timing of advances 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 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instruction	\$38,659,708	(\$33,246,437)	\$36,415,792	(\$31,076,355)
Support Services:				
Pupil and Instructional Staff	5,076,057	(3,857,289)	3,772,728	(3,594,736)
Board of Education, Administration				
Fiscal and Business	7,693,194	(6,212,368)	7,504,202	(7,145,261)
Operation and Maintenance of Plant	4,874,898	(4,583,761)	4,828,056	(4,741,242)
Pupil Transportation	1,345,211	(877,927)	2,108,082	(1,741,225)
Central	19,576	(19,181)	16,161	(15,933)
Food Service Operations	1,230,732	(750,996)	2,028,614	(442,686)
Operation of Non-Instructional Services	119,786	(6,020)	81,024	7,074
Extracurricular Activities	750,870	(666,536)	1,071,404	(852,440)
Interest and Fiscal Charges	3,329,112	(3,329,112)	2,922,339	(2,922,339)
<i>Total</i>	<u>\$63,099,144</u>	<u>(\$53,549,627)</u>	<u>\$60,748,402</u>	<u>(\$52,525,143)</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 property tax revenue. A decrease in most support service expenditures also contributed to the increase in fund balance. The bond retirement fund also increased primarily due to an increase in property tax revenue due to amount available as an advance and decreased debt service requirements.

**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.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

---

During fiscal year 2021, 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 higher than the original budget estimate and actual revenues. This was primarily due to actual property tax and intergovernmental revenues being below estimates. The final estimated expenditures were lower than the original budgeted expenditures and higher than actual expenditures. This was due to lower than expected instructional expenditures.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

All capital assets, except land, are reported net of depreciation. Additions to capital assets during the fiscal year included computers, other miscellaneous appliances and equipment, and a school bus; 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 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, 2021, the School District's overall legal debt margin was \$0 with an unvoted debt margin of \$280,237. The debt is within permissible limits. More detailed information is presented in Notes 14 and 15 to the basic financial statements.

### **Current Issues**

The School District's five-year forecast continues to be the instrument used to make future financial decisions regarding 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.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

---

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](mailto:kj.beverly@mapleschools.com).



---

**Basic Financial  
Statements**

---

**Maple Heights City School District**

*Statement of Net Position*

*June 30, 2021*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$18,283,419
Cash and Cash Equivalents In Segregated Accounts	11,617
Cash Equivalents Held by Trustee	186,619
Intergovernmental Receivable	2,530,152
Prepaid Items	78,057
Accrued Interest Receivable	12,894
Inventory Held for Resale	17,638
Property Taxes Receivable	25,634,080
Nondepreciable Capital Assets	5,460,268
Depreciable Capital Assets, Net	78,312,346
Net OPEB Asset (See Note 13)	<u>2,697,466</u>
<i>Total Assets</i>	<u>133,224,556</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charges on Refunding	1,955,544
Pension	8,582,425
OPEB	<u>1,734,357</u>
<i>Total Deferred Outflows of Resources</i>	<u>12,272,326</u>
<b>Liabilities</b>	
Accounts Payable	502,275
Accrued Wages and Benefits	3,012,774
Intergovernmental Payable	699,854
Matured Compensated Absences Payable	162,238
Claims Payable	1,228,700
Accrued Interest Payable	757,120
Long-Term Liabilities:	
Due Within One Year	1,041,271
Due in More Than One Year:	
Net Pension Liability (See Note 12)	49,832,498
Net OPEB Liability (See Note 13)	4,044,262
Other Amounts	<u>61,882,107</u>
<i>Total Liabilities</i>	<u>123,163,099</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	14,809,495
Pension	514,365
OPEB	<u>5,595,353</u>
<i>Total Deferred Inflows of Resources</i>	<u>20,919,213</u>
<b>Net Position</b>	
Net Investment in Capital Assets	30,364,500
Restricted for:	
Debt Service	6,368,180
Capital Projects	561,509
Food Service	324,701
Classroom Maintenance	503,748
Other Purposes	2,240,854
Unrestricted (Deficit)	<u>(38,948,922)</u>
<i>Total Net Position</i>	<u>\$1,414,570</u>

See accompanying notes to the basic financial statements

**Maple Heights City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Total
<b>Governmental Activities</b>				
Instruction:				
Regular	\$30,115,725	\$457,121	\$3,156,710	(\$26,501,894)
Special	7,298,434	123,205	1,162,099	(6,013,130)
Vocational	862,411	12,994	407,005	(442,412)
Student Intervention Services	383,138	4,225	89,912	(289,001)
Support Services:				
Pupil	2,844,575	49,509	858	(2,794,208)
Instructional Staff	2,231,482	17,377	1,151,024	(1,063,081)
Board of Education	59,111	1,319	0	(57,792)
Administration	5,275,979	70,146	1,366,167	(3,839,666)
Fiscal	1,674,858	30,791	0	(1,644,067)
Business	683,246	12,403	0	(670,843)
Operation and Maintenance of Plant	4,874,898	80,301	210,836	(4,583,761)
Pupil Transportation	1,345,211	21,476	445,808	(877,927)
Central	19,576	395	0	(19,181)
Food Service Operations	1,230,732	6,048	473,688	(750,996)
Operation of Non-Instructional Services	119,786	0	113,766	(6,020)
Extracurricular Activities	750,870	73,202	11,132	(666,536)
Interest and Fiscal Charges	3,329,112	0	0	(3,329,112)
<i>Total</i>	<u>\$63,099,144</u>	<u>\$960,512</u>	<u>\$8,589,005</u>	<u>(53,549,627)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				14,578,761
Debt Service				4,002,254
Capital Outlay				354,456
Grants and Entitlements not Restricted to Specific Programs				29,032,037
Investment Earnings				45,361
Unrestricted Contributions and Donations				1,090
Miscellaneous				1,229,153
<i>Total General Revenues</i>				<u>49,243,112</u>
Change in Net Position				(4,306,515)
<i>Net Position Beginning of Year</i>				<u>5,721,085</u>
<i>Net Position End of Year</i>				<u><u>\$1,414,570</u></u>

See accompanying notes to the basic financial statements

**Maple Heights City School District**

*Balance Sheet  
Governmental Funds  
June 30, 2021*

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$7,314,120	\$4,874,706	\$2,389,832	\$14,578,658
Receivables:				
Intergovernmental Receivable	347,549	0	2,182,603	2,530,152
Prepaid Items	78,057	0	0	78,057
Accrued Interest Receivable	12,894	0	0	12,894
Inventory Held for Resale	0	0	17,638	17,638
Property Taxes Receivable	19,834,782	5,334,884	464,414	25,634,080
Interfund Receivable	1,291,913	0	0	1,291,913
Restricted Assets:				
Cash Equivalents Held in Segregated Accounts	0	0	11,617	11,617
Cash Equivalents Held by Trustee	0	0	186,619	186,619
<i>Total Assets</i>	<u>\$28,879,315</u>	<u>\$10,209,590</u>	<u>\$5,252,723</u>	<u>\$44,341,628</u>
<b>Liabilities</b>				
Accounts Payable	\$49,507	\$0	\$452,768	\$502,275
Accrued Wages and Benefits	2,627,195	0	385,579	3,012,774
Intergovernmental Payable	605,093	0	94,761	699,854
Interfund Payable	0	0	1,291,913	1,291,913
Matured Compensated Absences Payable	162,238	0	0	162,238
<i>Total Liabilities</i>	<u>3,444,033</u>	<u>0</u>	<u>2,225,021</u>	<u>5,669,054</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	11,456,486	3,084,290	268,719	14,809,495
Unavailable Revenue	6,531,367	1,661,443	1,829,894	10,022,704
<i>Total Deferred Inflows of Resources</i>	<u>17,987,853</u>	<u>4,745,733</u>	<u>2,098,613</u>	<u>24,832,199</u>
<b>Fund Balances</b>				
Nonspendable	78,057	0	0	78,057
Restricted	0	5,463,857	2,364,706	7,828,563
Assigned	2,962,482	0	0	2,962,482
Unassigned (Deficit)	4,406,890	0	(1,435,617)	2,971,273
<i>Total Fund Balances</i>	<u>7,447,429</u>	<u>5,463,857</u>	<u>929,089</u>	<u>13,840,375</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$28,879,315</u>	<u>\$10,209,590</u>	<u>\$5,252,723</u>	<u>\$44,341,628</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, 2021*

<b>Total Governmental Funds Balances</b>		<b>\$13,840,375</b>
<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.		83,772,614
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	7,993,477	
Intergovernmental	1,722,128	
Tuition and Fees	136,232	
Miscellaneous	170,867	
<b>Total</b>	<b>10,022,704</b>	10,022,704
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.		2,476,061
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(757,120)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Certificates of Participation	(3,743,654)	
General Obligation Bonds	(55,453,096)	
Capital Lease	(51,924)	
Compensated Absences	(3,674,704)	
<b>Total</b>	<b>(62,923,378)</b>	(62,923,378)
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.		1,955,544
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	2,697,466	
Deferred Outflows - Pension	8,582,425	
Deferred Outflows - OPEB	1,734,357	
Net Pension Liability	(49,832,498)	
Net OPEB Liability	(4,044,262)	
Deferred Inflows - Pension	(514,365)	
Deferred Inflows - OPEB	(5,595,353)	
<b>Total</b>	<b>(46,972,230)</b>	(46,972,230)
<i>Net Position of Governmental Activities</i>		<b>\$1,414,570</b>

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, 2021*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$14,961,997	\$4,109,891	\$358,705	\$19,430,593
Intergovernmental	29,505,637	538,624	6,774,049	36,818,310
Interest	45,361	0	0	45,361
Charges for Services	7,392	0	6,048	13,440
Tuition and Fees	735,877	0	0	735,877
Extracurricular Activities	2,016	0	70,898	72,914
Contributions and Donations	12,220	0	2	12,222
Rentals	2,049	0	0	2,049
Miscellaneous	1,052,710	0	5,576	1,058,286
<i>Total Revenues</i>	<u>46,325,259</u>	<u>4,648,515</u>	<u>7,215,278</u>	<u>58,189,052</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	22,399,902	0	3,243,983	25,643,885
Special	5,970,920	0	698,591	6,669,511
Vocational	622,451	0	74,130	696,581
Student Intervention Services	212,711	0	158,199	370,910
Support Services:				
Pupil	2,429,100	0	136,415	2,565,515
Instructional Staff	783,923	0	1,224,037	2,007,960
Board of Education	63,646	0	0	63,646
Administration	3,503,584	0	646,700	4,150,284
Fiscal	1,483,298	85,632	0	1,568,930
Business	596,216	0	0	596,216
Operation and Maintenance of Plant	3,884,528	0	596,239	4,480,767
Pupil Transportation	1,071,484	0	109,136	1,180,620
Central	19,085	0	0	19,085
Food Service Operations	0	0	1,137,967	1,137,967
Operation of Non-Instructional Services	2,078	0	116,959	119,037
Extracurricular Activities	434,130	0	133,910	568,040
Capital Outlay	17,476	0	0	17,476
Debt Service:				
Principal Retirement	0	1,389,298	325,585	1,714,883
Interest and Fiscal Charges	153,368	1,642,725	2,717	1,798,810
Capital Appreciation Bonds Interest	0	880,702	0	880,702
<i>Total Expenditures</i>	<u>43,647,900</u>	<u>3,998,357</u>	<u>8,604,568</u>	<u>56,250,825</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,677,359</u>	<u>650,158</u>	<u>(1,389,290)</u>	<u>1,938,227</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	207,357	207,357
Transfers Out	(207,357)	0	0	(207,357)
<i>Total Other Financing Sources (Uses)</i>	<u>(207,357)</u>	<u>0</u>	<u>207,357</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	2,470,002	650,158	(1,181,933)	1,938,227
<i>Fund Balances Beginning of Year</i>	<u>4,977,427</u>	<u>4,813,699</u>	<u>2,111,022</u>	<u>11,902,148</u>
<i>Fund Balances End of Year</i>	<u>\$7,447,429</u>	<u>\$5,463,857</u>	<u>\$929,089</u>	<u>\$13,840,375</u>

See accompanying notes to the basic financial statements

**Maple Heights City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021*

---

**Net Change in Fund Balances -Total Governmental Funds** \$1,938,227

*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	132,450	
Current Year Depreciation	<u>(3,537,711)</u>	
Total		(3,405,261)

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

Delinquent Property Taxes	(495,122)	
Intergovernmental	791,600	
Tuition Fees	136,232	
Miscellaneous	<u>170,867</u>	
Total		603,577

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	1,714,883	
Capital Appreciation Bonds	<u>880,702</u>	
Total		2,595,585

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	33,410	
Annual Accretion	(1,716,029)	
Amortization of Premium	365,004	
Amortization of Discount	(58,727)	
Amortization of Deferred Charges	<u>(153,960)</u>	
Total		(1,530,302)

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.

835,860

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.

(2,106,320)

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

Pension	3,476,557	
OPEB	<u>63,576</u>	
Total		3,540,133

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	(6,802,211)	
OPEB	<u>24,197</u>	
Total		<u>(6,778,014)</u>

*Change in Net Position of Governmental Activities* (\$4,306,515)

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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$14,182,072	\$14,806,450	\$14,005,626	(\$800,824)
Intergovernmental	28,159,818	30,757,842	29,541,984	(1,215,858)
Interest	302,487	186,899	189,962	3,063
Charges for Services	12,354	7,510	7,104	(406)
Tuition and Fees	745,501	777,006	735,877	(41,129)
Contributions and Donations	2,328	1,117	1,090	(27)
Rentals	913	2,166	2,049	(117)
Miscellaneous	785,636	1,571,402	1,069,320	(502,082)
<i>Total Revenues</i>	44,191,109	48,110,392	45,553,012	(2,557,380)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	23,256,226	22,980,903	22,378,714	602,189
Special	5,105,875	6,122,790	5,981,214	141,576
Vocational	669,110	643,188	625,089	18,099
Student Intervention Services	223,522	219,454	213,279	6,175
Support Services:				
Pupil	2,783,942	2,468,227	2,468,227	0
Instructional Staff	765,132	882,530	882,530	0
Board of Education	47,560	63,638	63,638	0
Administration	3,456,086	3,530,583	3,530,583	0
Fiscal	1,132,652	1,531,818	1,531,818	0
Business	549,848	590,800	590,790	10
Operation and Maintenance of Plant	4,304,951	3,938,030	3,938,030	0
Pupil Transportation	2,084,218	1,074,156	1,074,156	0
Central	19,575	19,085	19,085	0
Operation of Non-Instructional Services	18,854	2,078	2,078	0
Extracurricular Activities	638,097	473,817	473,817	0
Capital Outlay	10,298	17,476	17,476	0
Debt Service:				
Interest and Fiscal Charges	0	153,368	153,368	0
<i>Total Expenditures</i>	45,065,946	44,711,941	43,943,892	768,049
<i>Excess of Revenues Over (Under) Expenditures</i>	(874,837)	3,398,451	1,609,120	(1,789,331)
<b>Other Financing Sources (Uses)</b>				
Advances In	197,477	96,977	96,977	0
Advances Out	(100,000)	(1,291,913)	(1,291,913)	0
Transfers In	198,402	0	0	0
Transfers Out	(200,000)	(207,357)	(207,357)	0
<i>Total Other Financing Sources (Uses)</i>	95,879	(1,402,293)	(1,402,293)	0
<i>Net Change in Fund Balance</i>	(778,958)	1,996,158	206,827	(1,789,331)
<i>Fund Balance Beginning of Year</i>	6,143,824	6,143,824	6,143,824	0
Prior Year Encumbrances Appropriated	44,914	44,914	44,914	0
<i>Fund Balance End of Year</i>	\$5,409,780	\$8,184,896	\$6,395,565	(\$1,789,331)

See accompanying notes to the basic financial statements



**Maple Heights City School District**

*Statement of Fund Net Position*

*Internal Service Fund*

*June 30, 2021*

---

---

	<u>Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,704,761
<b>Liabilities</b>	
Claims Payable	<u>1,228,700</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$2,476,061</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, 2021*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$5,076,115
Other	7,976
<i>Total Operating Revenues</i>	5,084,091
<b>Operating Expenses</b>	
Claims	7,175,411
Other	15,000
<i>Total Operating Expenses</i>	7,190,411
<i>Change in Net Position</i>	(2,106,320)
<i>Net Position Beginning of Year</i>	4,582,381
<i>Net Position End of Year</i>	\$2,476,061

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, 2021

	Insurance
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$5,076,115
Cash Received from Other Sources	7,976
Cash Payments for Claims	(6,321,707)
Cash Payments for Other Purposes	(15,000)
	(1,252,616)
<i>Net Decrease in Cash and Cash Equivalents</i>	(1,252,616)
<i>Cash and Cash Equivalents Beginning of Year</i>	4,957,377
<i>Cash and Cash Equivalents End of Year</i>	\$3,704,761
 <b><i>Reconciliation of Operating Loss</i></b>	
<b><i>to Net Cash Used for Operating Activities</i></b>	
<i>Operating Loss</i>	(\$2,106,320)
 <b>Adjustments</b>	
Increase (Decrease) in Liabilities:	
Claims Payable	853,704
<i>Total Adjustments</i>	853,704
<i>Net Cash Used for Operating Activities</i>	(\$1,252,616)
 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, 2021*

---

**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 189 non-certificated employees, 253 certificated full-time teaching personnel, and 25 administrative employees to provide services to 3,461 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, 2021*

---

***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. 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.

***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. The School District's fund categories are governmental and proprietary.

***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, 2021*

---

***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.

***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 (i.e., revenues) and decreases (i.e., expenses) in total net 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.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

***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 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, 2021, but which were levied to finance fiscal year 2022 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*  
*For the Fiscal Year Ended June 30, 2021*

---

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 custodial 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 2021, investments were limited to commercial paper, a money market account, federal home loan mortgage corporation notes, treasury notes, federal home loan bank notes, municipal bonds, federal farm credit bank notes, and negotiable certificates of deposit reported at fair value, 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 "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.



**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

For fiscal year 2021, 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 \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 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 2021 amounted to \$45,361, which includes \$27,409 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 expended/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

***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.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

***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.

***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:

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

***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 2022’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.

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

***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”.

The District has segregated bank accounts for monies held separate from the District’s central bank account. These depository accounts are presented as “cash and cash equivalents in segregated accounts”.

***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*  
*For the Fiscal Year Ended June 30, 2021*

---

***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 – Change in Accounting Principle**

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the School District's 2021 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).
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).

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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	\$2,470,002
Net Adjustment for Revenue Accruals	(644,406)
Advances In	96,977
Beginning Fair Value Adjustment for Investments	(265,288)
Ending Fair Value Adjustment for Investments	124,013
Net Adjustment for Expenditure Accruals	(60,255)
Advances Out	(1,291,913)
Perspective Difference:	
Public School Support	30,672
Adjustment for Encumbrances	<u>(252,975)</u>
Budget Basis	<u><u>\$206,827</u></u>

**Note 5 – Accountability**

At June 30, 2021, the following funds had deficit fund balances:

Fund	Deficit Fund Balance
<b><i>Special Revenue Funds:</i></b>	
Other Grants	\$98,058
Public Preschool	56,721
CARES Act	983,861
Title IV-B 21st Century	2,425
Title VI-B	1,568
Carl Perkins	46,790
Title I	209,000
Miscellaneous Federal	37,194

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed 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.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim monies available for investment at the time of purchase.

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.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

**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, 2021, \$2,164,444 of the School District's total bank balance of \$5,660,110 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, 2021, 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:				
Commercial Paper	\$819,763	Less than one year	N/A	6.48 %
Money Market	81,712	Less than one year	N/A	0.65
Fair Value - Level 2 Inputs:				
Federal Home Loan Mortgage Corporation Notes	849,269	Less than four years	AA+	6.72
Treasury Notes	199,570	Less than one year	AA+	1.58
Federal Home Loan Bank Notes	922,108	Less than three years	AA+	7.30
Municipal Bonds	223,796	Less than three years	AA+	1.77
Federal Farm Credit Bank Notes	2,137,202	Less than five years	AA+	16.91
Negotiable Certificates of Deposits	6,156,062	Less than five years	N/A	48.71
Net Asset Value Per Share:				
STAR Ohio	1,249,777	54.4 Days	AAAm	9.88
Total	<u>\$12,639,259</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, 2021. The commercial paper and money market account are 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



**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

quotes, issuer spreads, 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 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, 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 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected in calendar year 2021 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, 2021, are available to finance fiscal year 2021 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, 2021, 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.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

The amount available as an advance at June 30, 2021, was \$2,191,073 in the general fund, \$589,151 in the bond retirement fund, and \$50,884 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2020, was \$1,234,702 in the general fund, \$331,995 in the bond retirement fund, and \$28,674 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 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$265,209,270	95.21 %	\$265,496,000	94.74 %
Public Utility	13,345,360	4.79	14,740,650	5.26
<b>Total</b>	<b>\$278,554,630</b>	<b>100.00 %</b>	<b>\$280,236,650</b>	<b>100.00 %</b>
Full Tax Rate per \$1,000 of Assessed Valuation	\$92.70		\$90.20	

The District's tax rate decreased in fiscal year 2021 due to a reduction in the effective rate of the 2009 bond and 2013 emergency levies.

## Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$5,460,268	\$0	\$0	\$5,460,268
<b><i>Capital Assets, being depreciated:</i></b>				
Land Improvements	1,640,049	0	0	1,640,049
Buildings and Improvements	109,203,806	0	0	109,203,806
Furniture and Equipment	2,833,860	53,900	0	2,887,760
Vehicles	2,449,392	78,550	0	2,527,942
<i>Total Capital Assets, being depreciated</i>	116,127,107	132,450	0	116,259,557
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(659,823)	(36,612)	0	(696,435)
Buildings and Improvements	(30,838,755)	(3,240,773)	0	(34,079,528)
Furniture and Equipment	(1,292,625)	(174,796)	0	(1,467,421)
Vehicles	(1,618,297)	(85,530)	0	(1,703,827)
<i>Total Accumulated Depreciation</i>	(34,409,500)	(3,537,711) *	0	(37,947,211)
<i>Total Capital Assets, being depreciated, net</i>	81,717,607	(3,405,261)	0	78,312,346
<b>Governmental Activities Capital Assets, Net</b>	<b>\$87,177,875</b>	<b>(\$3,405,261)</b>	<b>\$0</b>	<b>\$83,772,614</b>

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,328,289
Special	9,961
Vocational	11,244
Support Services:	
Instructional Staff	60,724
Administration	765,587
Operation and Maintenance of Plant	69,338
Pupil Transportation	81,732
Central	491
Food Service Operations	46,422
Operation of Non-Instructional Services	1,027
Extracurricular Activities	162,896
Total Depreciation Expense	\$3,537,711

**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
<b><i>Nonspendable:</i></b>				
Prepays	\$78,057	\$0	\$0	\$78,057
<b><i>Restricted for:</i></b>				
Debt Service	0	5,463,857	0	5,463,857
Capital Projects	0	0	416,698	416,698
Food Service	0	0	349,743	349,743
Classroom Maintenance	0	0	503,748	503,748
Other Purposes	0	0	1,094,517	1,094,517
<b><i>Total Restricted</i></b>	<b>0</b>	<b>5,463,857</b>	<b>2,364,706</b>	<b>7,828,563</b>
<b><i>Assigned to:</i></b>				
Purchases on Order:				
Instruction	30,012	0	0	30,012
Support Services	173,456	0	0	173,456
Fiscal Year 2022 Operations	2,648,158	0	0	2,648,158
Public School Support	110,856	0	0	110,856
<b><i>Total Assigned</i></b>	<b>2,962,482</b>	<b>0</b>	<b>0</b>	<b>2,962,482</b>
<b><i>Unassigned (Deficit)</i></b>	<b>4,406,890</b>	<b>0</b>	<b>(1,435,617)</b>	<b>2,971,273</b>
<b>Total Fund Balances</b>	<b>\$7,447,429</b>	<b>\$5,463,857</b>	<b>\$929,089</b>	<b>\$13,840,375</b>

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

**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 2021, the School District contracted for the following insurance coverage:

Company	Type of Coverage	Coverage Amount
NGM Insurance	Treasurer's Bond	\$150,000
Ohio Casualty	Blanket Property	156,089,296
	Business Income/Extra Expense	3,060,000
	Inland Marine	541,358
	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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

employee, per year. The claims liability of \$1,228,700 reported in the internal service fund at June 30, 2021, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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
2020	\$302,455	\$5,427,362	\$5,354,821	\$374,996
2021	374,996	7,175,411	6,321,707	1,228,700

**Note 11 – Receivables**

Receivables at June 30, 2021, 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	\$1,507,788
Miscellaneous Federal Grants	268,296
IDEA-B Special Education Grant	208,084
State Foundation	176,682
State Employees Retirement System Refund	170,867
Elementary and Secondary School Emergency Relief Grant	83,197
Early Childhood Education Grant	55,376
Broadband Ohio Connectivity Grant	32,136
21st Century Grant	20,026
Cuyahoga County	7,700
Total Governmental Activities	<u>\$2,530,152</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. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

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 liability (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 liability (asset) calculation is 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.

The Ohio Revised Code limits the School District's obligation for this liability 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 includes 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 liability (asset). Resulting adjustments to the net pension/OPEB liability (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* or long-term *net pension/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.

***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, 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](http://www.ohsers.org) under Employers/Audit Resources.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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	Age 65 with 5 years of service credit; or 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 30 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. In 2020, the Board of Trustees approved a 0.5 percent cost of living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$846,466 for fiscal year 2021. Of this amount \$68,028 is reported as an intergovernmental payable.

***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 retirement 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](http://www.strsoh.org).

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

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.

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. 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.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit at any age.

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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. 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 is deposited into the member's DC account, and the remaining 2 percent is applied 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 at age 50 and after termination of employment.

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. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.



**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

The School District's contractually required contribution to STRS was \$2,630,091 for fiscal year 2021. Of this amount \$353,760 is reported as an intergovernmental payable.

***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, 2020, 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.19193530%	0.15348328%	
Prior Measurement Date	0.19054870%	0.15410871%	
Change in Proportionate Share	<u>0.00138660%</u>	<u>-0.00062543%</u>	
Proportionate Share of the Net Pension Liability	\$12,695,005	\$37,137,493	\$49,832,498
Pension Expense	\$1,794,060	\$5,008,151	\$6,802,211

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$24,660	\$83,327	\$107,987
Changes of assumptions	0	1,993,566	1,993,566
Net difference between projected and actual earnings on pension plan investments	805,875	1,806,000	2,611,875
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	48,868	343,572	392,440
School District contributions subsequent to the measurement date	846,466	2,630,091	3,476,557
Total Deferred Outflows of Resources	<u>\$1,725,869</u>	<u>\$6,856,556</u>	<u>\$8,582,425</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$237,469	\$237,469
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	52,332	224,564	276,896
Total Deferred Inflows of Resources	<u>\$52,332</u>	<u>\$462,033</u>	<u>\$514,365</u>

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

\$3,476,557 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$22,460)	\$1,460,217	\$1,437,757
2023	261,316	564,697	826,013
2024	335,907	960,009	1,295,916
2025	252,308	779,509	1,031,817
Total	\$827,071	\$3,764,432	\$4,591,503

***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, 2020, 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)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back 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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

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	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
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	\$17,390,607	\$12,695,005	\$8,755,306

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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.

Actuarial assumptions used in the July 1, 2020, 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
<b>Total</b>	<b>100.00 %</b>	

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but 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.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. 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 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, 2020. 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, 2020.

**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	\$52,877,324	\$37,137,493	\$23,799,296

**Note 13 – Defined Benefit OPEB Plans**

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

***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 Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

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.

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 2021, no allocation 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 2021, this amount was \$23,000. 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 2021, the School District's surcharge obligation was \$63,576.

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 \$63,576 for fiscal year 2021, which is reported as an intergovernmental payable.

***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. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – The 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. All benefit recipients 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, 2021, 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, 2020, 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:

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.18608620%	0.15348328%	
Prior Measurement Date	0.19171410%	0.15410871%	
Change in Proportionate Share	<u>-0.00562790%</u>	<u>-0.00062543%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$4,044,262	\$0	\$4,044,262
Net OPEB (Asset)	\$0	(\$2,697,466)	(\$2,697,466)
OPEB Expense	\$94,428	(\$118,625)	(\$24,197)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$53,117	\$172,840	\$225,957
Changes of assumptions	689,406	44,529	733,935
Net difference between projected and actual earnings on OPEB plan investments	45,570	94,535	140,105
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	437,312	133,472	570,784
School District contributions subsequent to the measurement date	63,576	0	63,576
Total Deferred Outflows of Resources	<u>\$1,288,981</u>	<u>\$445,376</u>	<u>\$1,734,357</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$2,056,790	\$537,296	\$2,594,086
Changes of assumptions	101,865	2,562,139	2,664,004
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	335,652	1,611	337,263
Total Deferred Inflows of Resources	<u>\$2,494,307</u>	<u>\$3,101,046</u>	<u>\$5,595,353</u>

\$63,576 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 or an increase to the net OPEB asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$213,506)	(\$654,802)	(\$868,308)
2023	(210,209)	(590,813)	(801,022)
2024	(210,745)	(568,366)	(779,111)
2025	(282,029)	(587,872)	(869,901)
2026	(259,107)	(123,325)	(382,432)
Thereafter	(93,306)	(130,492)	(223,798)
Total	(\$1,268,902)	(\$2,655,670)	(\$3,924,572)

***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.

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, 2020, 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	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption:	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent



**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

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, 2020, was 2.63 percent. The discount rate used to measure the total OPEB liability at June 30, 2019, was 3.22 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 contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. 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, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (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 (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 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 (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)								
School District's proportionate share of the net OPEB liability	\$4,950,076	\$4,044,262	\$3,324,141								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">1% Decrease (6.00 % decreasing to 3.75%)</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Current Trend Rate (7.00 % decreasing to 4.75%)</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">1% Increase (8.00 % decreasing to 5.75%)</th> </tr> </thead> <tbody> <tr> <td style="padding-top: 10px;">School District's proportionate share of the net OPEB liability</td> <td style="text-align: right; padding-top: 10px;">\$3,184,549</td> <td style="text-align: right; padding-top: 10px;">\$4,044,262</td> <td style="text-align: right; padding-top: 10px;">\$5,193,919</td> </tr> </tbody> </table>					1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)	School District's proportionate share of the net OPEB liability	\$3,184,549	\$4,044,262	\$5,193,919
	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)								
School District's proportionate share of the net OPEB liability	\$3,184,549	\$4,044,262	\$5,193,919								

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, 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	7.45 percent
Health Care Cost Trends:	
Medical:	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug:	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

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

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, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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, 2020. 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 as of June 30, 2020. 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, 2020.

**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, 2020, 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	\$2,346,971	\$2,697,466	\$2,994,849
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$2,976,389	\$2,697,466	\$2,357,697

**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, 2021, is as follows:

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

	Amounts
Asset:	
Buildings and Improvements	\$210,920
Less: Accumulated Depreciation	(70,306)
Current Book Value	\$140,614

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, 2021.

Fiscal Year Ending	Governmental Activities
2022	\$53,301
Less: Amount Representing Interest	(1,377)
Present Value of Net Minimum Lease Payments	\$51,924

***Operating Lease***

The School District leases copiers throughout its buildings. Total costs for the leases were \$592 for the fiscal year ended June 30, 2021. The future minimum lease payment for these leases consists of \$296 in fiscal year 2022.

**Note 15 – Long-Term Obligations**

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

	Amount Outstanding 6/30/20	Additions	Reductions	Amount Outstanding 6/30/21	Amount Due in One Year
<b><i>Certificates of Participation:</i></b>					
2018 Refunding Certificates of Participation:					
Term Portion (3.90%)	\$4,070,000	\$0	(\$275,000)	\$3,795,000	\$285,000
Discount	(54,474)	0	3,128	(51,346)	0
<i>Total 2018 Refunding Certificates of Participation</i>	4,015,526	0	(271,872)	3,743,654	285,000
<b><i>General Obligation Bonds:</i></b>					
2013 School Facilities Refunding Bonds:					
Serial Portion (1.50%-3.00%)	5,560,000	0	(165,000)	5,395,000	170,000
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	227,959	70,576	0	298,535	0
Premium	1,154,265	0	(88,790)	1,065,475	0
<i>Total 2013 School Facilities Refunding Bonds</i>	8,546,926	70,576	(253,790)	8,363,712	170,000
2014 School Facilities Refunding Bonds:					
Serial Portion (2.00%-3.00%)	935,000	0	(160,000)	775,000	160,000
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	236,084	149,780	0	385,864	0
Premium	1,012,946	0	(74,573)	938,373	0
Discount	(199,016)	0	14,651	(184,365)	0
<i>Total 2014 School Facilities Refunding Bonds</i>	\$9,159,986	\$149,780	(\$219,922)	\$9,089,844	\$160,000

*(continued)*

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

	Amount Outstanding 6/30/20	Additions	Reductions	Amount Outstanding 6/30/21	Amount Due in One Year
<b>General Obligation Bonds (Continued):</b>					
2015 School Facilities Refunding Bonds:					
Serial Portion (2.50%-5.00%)	\$13,895,000	\$0	(\$1,000,000)	\$12,895,000	\$0
Term Portion (3.50%-3.75%)	19,250,000	0	0	19,250,000	0
Capital Appreciation Bonds (51.70%)	214,088	0	(64,298)	149,790	91,075
Accretion	2,585,646	1,495,673	(880,702)	3,200,617	0
Premium	3,343,886	0	(201,641)	3,142,245	0
Discount	(679,060)	0	40,948	(638,112)	0
<i>Total 2015 School Facilities Refunding Bonds</i>	<u>38,609,560</u>	<u>1,495,673</u>	<u>(2,105,693)</u>	<u>37,999,540</u>	<u>91,075</u>
<i>Total General Obligation Bonds</i>	<u>56,316,472</u>	<u>1,716,029</u>	<u>(2,579,405)</u>	<u>55,453,096</u>	<u>421,075</u>
<b>Net Pension Liability:</b>					
SERS	11,400,863	1,294,142	0	12,695,005	0
STRS	34,080,215	3,057,278	0	37,137,493	0
<i>Total Net Pension Liability</i>	<u>45,481,078</u>	<u>4,351,420</u>	<u>0</u>	<u>49,832,498</u>	<u>0</u>
<b>Net OPEB Liability:</b>					
SERS	4,821,207	0	(776,945)	4,044,262	0
<b>Other Long-Term Obligations:</b>					
Capital Lease	102,509	0	(50,585)	51,924	51,924
Compensated Absences	4,510,564	170,555	(1,006,415)	3,674,704	283,272
<i>Total Other Long-Term Obligations</i>	<u>4,613,073</u>	<u>170,555</u>	<u>(1,057,000)</u>	<u>3,726,628</u>	<u>335,196</u>
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$115,247,356</u>	<u>\$6,238,004</u>	<u>(\$4,685,222)</u>	<u>\$116,800,138</u>	<u>\$1,041,271</u>

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 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, 2021, \$1,930,000 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:

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

Fiscal Year	Principal Amount to be Redeemed
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.

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, 2021, \$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, 2021, is \$3,540,000. The accretion recorded for fiscal year 2021 was \$70,576, for a total outstanding bond liability of \$348,237.

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>

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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, 2021, \$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, 2021, is \$2,040,000. The accretion recorded for fiscal year 2021 was \$149,780, for a total outstanding bond liability of \$405,836.

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:

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	<u>\$230,000</u>	<u>\$130,000</u>
<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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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, 2021, \$33,660,000 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, 2021, is \$5,230,000. The accretion recorded for fiscal year 2021 was \$1,495,673, for a total outstanding bond liability of \$3,350,407.

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>

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, other local grants, public preschool, student wellness, title VI-B, title I, and miscellaneous federal grants 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, 2021, was \$0 with an unvoted debt margin of \$280,237. 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.



**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

Principal and interest requirements to retire the debt outstanding at June 30, 2021, are as follows:

Fiscal Year Ending	Certificates of Participation	
	Term	
	Principal	Interest
2022	\$285,000	\$142,447
2023	295,000	131,138
2024	305,000	119,437
2025	320,000	107,250
2026	330,000	94,575
2027-2031	1,300,000	287,430
2032-2036	655,000	124,898
2037-2038	305,000	11,991
Total	\$3,795,000	\$1,019,166

Fiscal Year Ending	General Obligation Bonds					
	Serial		Term		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Accretion
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	535,000	1,313,963	185,000	185,937	19,972	2,020,028
2026	2,570,000	1,055,562	265,000	422,275	0	
2027-2031	2,695,000	1,125,400	13,140,000	4,800,526	16,584	993,416
2032-2036	5,225,000	254,874	14,015,000	3,026,275	33,118	2,496,882
2037	5,165,000	191,600	0	0	0	0
Total	\$19,065,000	\$8,286,998	\$27,960,000	\$8,822,937	\$219,464	\$9,645,536

**Note 16 – Contingencies**

***School Foundation***

In fiscal year 2021, School District foundation funding was 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. As of the date of this report, additional ODE adjustments for fiscal year 2021 have been finalized. The FTE adjustments made by ODE subsequent to year-end have been recorded as a liability on the 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, 2021, if applicable, cannot be determined at this time.

***Litigation***

The School District was not a party to legal proceedings as of June 30, 2021.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

**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 2021, the School District paid \$426,141 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

***Ohio Schools Council***

The Ohio Schools Council (Council) is a jointly governed organization among 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 2021, the School District paid \$146,879 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 161 participants in the program including the Maple Heights City School District. The participants make monthly payments based on estimated usage. Each August, 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 August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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 ENGIE Resources 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.

**Note 19 – Interfund Transactions**

***Interfund Transfers***

During fiscal year 2021, the general fund transferred \$207,357 to other governmental funds for the purpose of supporting the activities of the funds.

***Interfund Balances***

At June 30, 2021, the School District had the following interfund balances:

	Interfund Balances	
	June 30, 2021	
	Receivables	Payables
<b>Governmental Activities:</b>		
General	\$1,291,913	\$0
Other Governmental Funds	0	1,291,913
Total Governmental Activities	\$1,291,913	\$1,291,913

The advances to the other governmental funds were to support the activities of those funds. As of June 30, 2021, 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.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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, 2020	\$0
Current Year Set-Aside Requirement	622,880
Offsets During the Fiscal Year	(336,495)
Qualifying Disbursements	(550,565)
Total	(\$264,180)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2021	\$0

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

**Note 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	\$252,975
Other Governmental Funds	1,162,873
Total	\$1,415,848

**Note 22 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

---

**Note 23 – Subsequent Events**

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$6,794,250 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each school district. The School District’s State core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

On August 23, 2021, the Board approved the issuance and sale of bonds in the maximum principal amount of \$6,780,000 for the purpose of refunding the 2013 School Facilities Refunding Bonds at a lower interest rate. Additionally, the Board approved the issuance and sale of bonds in the maximum principal amount of \$39,750,000 for the purpose of refunding the 2014 and 2015 School Facilities Refunding Bonds at lower interest rates.

**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 Eight Fiscal Years (1) \**

	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.19193530%	0.19054870%	0.19552330%	0.16338520%
School District's Proportionate Share of the Net Pension Liability	\$12,695,005	\$11,400,863	\$11,197,981	\$9,761,905
School District's Covered Payroll	\$6,703,529	\$6,613,489	\$5,993,348	\$5,559,750
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.38%	172.39%	186.84%	175.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%

(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

2017	2016	2015	2014
0.16074990%	0.16046860%	0.17436300%	0.17436300%
\$11,765,409	\$9,156,493	\$8,824,412	\$10,368,808
\$4,983,307	\$4,800,893	\$4,920,038	\$5,086,947
236.10%	190.72%	179.36%	203.83%
62.98%	69.16%	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 Five Fiscal Years (1) \**

	2021	2020
School District's Proportion of the Net OPEB Liability	0.18608620%	0.19171410%
School District's Proportionate Share of the Net OPEB Liability	\$4,044,262	\$4,821,207
School District's Covered Payroll	\$6,703,529	\$6,613,489
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	60.33%	72.90%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%

(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



---

---

2019	2018	2017
0.19652480%	0.16635830%	0.16312970%
\$5,452,129	\$4,464,620	\$4,649,800
\$5,993,348	\$5,559,750	\$4,983,307
90.97%	80.30%	93.31%
13.57%	12.46%	11.49%

**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 Eight Fiscal Years (1) \**

	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.15348328%	0.15410871%	0.15426239%	0.15285979%
School District's Proportionate Share of the Net Pension Liability	\$37,137,493	\$34,080,215	\$33,918,836	\$36,312,171
School District's Covered Payroll	\$18,609,621	\$17,981,479	\$17,657,407	\$17,014,571
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.56%	189.53%	192.09%	213.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%

(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

2017	2016	2015	2014
0.14849020%	0.14694241%	0.16124236%	0.16124236%
\$49,704,146	\$40,610,585	\$39,219,723	\$46,718,277
\$15,655,786	\$14,902,064	\$16,408,879	\$17,496,292
317.48%	272.52%	239.02%	267.02%
66.80%	72.10%	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 Five Fiscal Years (1) \**

	2021	2020
School District's Proportion of the Net OPEB Liability (Asset)	0.15348328%	0.15410871%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$2,697,466)	(\$2,552,410)
School District's Covered Payroll	\$18,609,621	\$17,981,479
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.50%	-14.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%

(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

2019	2018	2017
0.15426239%	0.15285979%	0.14849020%
(\$2,478,840)	\$5,964,024	\$7,941,295
\$17,657,407	\$17,014,571	\$15,655,786
-14.04%	35.05%	50.72%
176.00%	47.10%	37.30%

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

	2021	2020	2019	2018
<b>Net Pension Liability:</b>				
Contractually Required Contribution	\$846,466	\$938,494	\$892,821	\$809,102
Contributions in Relation to the Contractually Required Contribution	(846,466)	(938,494)	(892,821)	(809,102)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
School District Covered Payroll (1)	\$6,046,186	\$6,703,529	\$6,613,489	\$5,993,348
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
<b>Net OPEB Liability:</b>				
Contractually Required Contribution (2)	\$63,576	\$57,658	\$133,395	\$127,995
Contributions in Relation to the Contractually Required Contribution	(63,576)	(57,658)	(133,395)	(127,995)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	1.05%	0.86%	2.02%	2.14%
Total Contributions as a Percentage of Covered Payroll (2)	15.05%	14.86%	15.52%	15.64%

(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

2017	2016	2015	2014	2013	2012
\$778,365	\$697,663	\$632,758	\$681,917	\$704,033	\$690,691
(778,365)	(697,663)	(632,758)	(681,917)	(704,033)	(690,691)
\$0	\$0	\$0	\$0	\$0	\$0
\$5,559,750	\$4,983,307	\$4,800,893	\$4,920,038	\$5,086,947	\$5,135,252
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$93,260	\$83,520	\$115,935	\$73,961	\$77,220	\$103,622
(93,260)	(83,520)	(115,935)	(73,961)	(77,220)	(103,622)
\$0	\$0	\$0	\$0	\$0	\$0
1.68%	1.68%	2.41%	1.50%	1.52%	2.02%
15.68%	15.68%	15.59%	15.36%	15.36%	15.47%

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

	2021	2020	2019	2018
<b>Net Pension Liability:</b>				
Contractually Required Contribution	\$2,630,091	\$2,605,347	\$2,517,407	\$2,472,037
Contributions in Relation to the Contractually Required Contribution	<u>(2,630,091)</u>	<u>(2,605,347)</u>	<u>(2,517,407)</u>	<u>(2,472,037)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$18,786,364	\$18,609,621	\$17,981,479	\$17,657,407
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability:</b>				
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



2017	2016	2015	2014	2013	2012
\$2,382,040	\$2,191,810	\$2,086,289	\$2,133,154	\$2,274,518	\$2,327,728
(2,382,040)	(2,191,810)	(2,086,289)	(2,133,154)	(2,274,518)	(2,327,728)
\$0	\$0	\$0	\$0	\$0	\$0
\$17,014,571	\$15,655,786	\$14,902,064	\$16,408,879	\$17,496,292	\$17,905,600
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
\$0	\$0	\$0	\$164,089	\$174,963	\$179,056
0	0	0	(164,089)	(174,963)	(179,056)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Maple Heights City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

***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:

	Beginning in 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 set-back 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:

	Beginning in 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 Annuity 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

**Maple Heights City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

---

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.

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 set-back for age 90 and above. Females younger than age 80 are set back four years, one year set-back from age 80 through 89, and no set-back 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 2021	2.45 percent
Fiscal year 2020	3.13 percent
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 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	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.

**Maple Heights City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

---

**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.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF Agriculture</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 119,356	\$ -
COVID-19 School Breakfast Program	10.553	66,981	-
Total School Breakfast Program		<u>186,337</u>	<u>-</u>
National School Lunch Program	10.555	195,772	32,820
COVID-19 National School Lunch Program	10.555	111,668	-
Total National School Lunch Program		<u>307,440</u>	<u>32,820</u>
Total Child Nutrition Cluster		<u>493,777</u>	<u>32,820</u>
Fresh Fruit and Vegetable Program	10.582	19,029	-
<b>Total U.S. Department of Agriculture</b>		<b><u>512,806</u></b>	<b><u>32,820</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	292,481	-
Title I Grants to Local Educational Agencies	84.010	1,994,363	-
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	807,172	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	12,701	-
Total Special Education Cluster		<u>819,873</u>	<u>-</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	76,225	-
Twenty-First Century Community Learning Centers	84.287	153,267	-
Supporting Effective Instruction State Grants	84.367	296,681	-
Student Support and Academic Enrichment Program	84.424	91,430	-
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	1,739,447	-
<b>Total U.S. Department of Education</b>		<b><u>5,463,767</u></b>	<b><u>-</u></b>
<b>Total Expenditures of Federal Awards</b>		<b><u>\$ 5,976,573</u></b>	<b><u>\$ 32,820</u></b>

*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, 2021**

**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 (the District) under programs of the federal government for the year ended June 30, 2021. 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 E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent period of the District.

### ***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 2021-001 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

March 14, 2022



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## 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 the 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 each of the District's major federal programs for the year ended June 30, 2021. 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 each of 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 each of 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 complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

***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

March 14, 2022

**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs:</b>	AL #84.027, 84.173 – Special Education Cluster (IDEA)  AL #84.425D – Elementary and Secondary School Emergency Relief Fund
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021  
(Continued)

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

**FINDING NUMBER 2021-001**

**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, 2021, the District has an unreconciled balance totaling \$4,772 on its bank reconciliation, in which the District's book balance exceeds 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 is considering hiring the Auditor of State's Local Government Services Division to determine the discrepancy as it is a long outstanding issue.

**3. FINDINGS FOR FEDERAL AWARDS**

None

**Maple Heights Board of Education**

Wendall C. Garth, President  
Jalen Brown, Vice President  
Alonzo Blackwell  
Sherria Granger  
Rosalind Moore

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

# Maple Heights City Schools

5740 Lawn Avenue  
Maple Heights, Ohio 44137



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR § 200.511(B)**  
**June 30, 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>
2020-001	<b>Bank Reconciliations – Significant Deficiency:</b> The District did not complete accurate, monthly bank reconciliations throughout the period. The District had an unreconciled balance of \$9,394 as of June 30, 2020.	Not corrected. Finding reissued as 2021-001

**This page intentionally left blank.**

**Maple Heights Board of Education**

Wendall C. Garth, President  
Jalen Brown, Vice President  
Alonzo Blackwell  
Sherria Granger  
Rosalind Moore

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, 2021**

<b>Finding Number:</b>	2021-001
<b>Planned Corrective Action:</b>	The District is considering hiring the Auditor of State's Local Government Services division to determine the discrepancy as it is a long outstanding issue
<b>Anticipated Completion Date:</b>	September 30, 2022
<b>Responsible Contact Person:</b>	Treasurer

# 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 4/12/2022**

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  
[www.ohioauditor.gov](http://www.ohioauditor.gov)