



Dave Yost • Auditor of State



**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Maple Heights City School District  
Cuyahoga County  
14605 Granger Road  
Maple Heights, Ohio 44137

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maple Heights City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As disclosed in Note 21 to the basic financial statements, the District is the subject of an ongoing federal investigation, alleging the Treasurer accepted bribes and committed other illegal acts. Based on the facts currently available, we cannot reasonably determine the effect of these acts on these financial statement amounts or other disclosures.

In our opinion, except for the effect, if any, of adjustments to financial statements amounts or revisions to disclosures that may have been required for the illegal acts described above, 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, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

March 7, 2010

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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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, 2010. 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 2010 are as follows:

- Total net assets increased by \$.7 million. This increase was primarily due to the increase in capital assets due to the construction of the new school buildings within the School District, offset by the increase in debt issued for this purpose.
- Total liabilities increased to \$88.7 million from \$81.3 million in 2009, while total assets increased by \$8.1 million. The increase in liabilities for 2010 was primarily the result of the issuance of debt. The investment in capital assets from the debt proceeds is mainly responsible for the large increase in total assets.
- Total revenue decreased from \$100.4 million in 2009 to \$47.4 million. The decrease in revenue was due to 2009's grants and entitlements revenue being exceptionally high due to the receipt of Ohio School Facilities Commission grant monies.

During fiscal year 2010, the School District was self insured for medical insurance benefits provided to School District employees. Over the past several years the School District has experienced double digit percentage increases for employee benefits without the means to generate the revenue necessary to meet these increases. In an effort to curtail future double percentage increases of employee benefits, the School District became self insured in fiscal year 2008 for purposes of cost containment. The School District has seen a savings by being self insured although this trend may not continue in the future. In addition, the School District has instituted stop loss insurance.

The School District's five year forecast (which has been submitted to the Ohio Department of Education and appears on our website) reflects a positive cash balance through fiscal year 2011. One of the largest sources of revenue included in the forecast is State foundation revenue. State foundation revenue amounts are uncertain. The five year forecast includes projected revenue for fiscal years 2011 through 2015. Funding for fiscal years 2011 through 2015 can only be estimated at this time, and is largely uncertain due to the revenue problems that the State of Ohio is facing.

In addition to uncertainty of future State funding, the budget adopted also includes a provision to eliminate Tangible Personal Property Taxes that are assessed to School District businesses. This lost revenue is scheduled to be reimbursed to school districts by the State of Ohio through fiscal year 2011.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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**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 Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the School District, the general fund is by far the most significant fund. The classroom facilities capital projects fund is also a major fund.

**Reporting the School District as a Whole**

The Statement of Net Assets and the Statement of Activities reflect how the School District did financially during fiscal year 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets 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 classroom facilities capital projects fund.

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



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

The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2010 compared to fiscal year 2009:

**Table 1**  
**Net Assets**  
**Governmental Activities**

	2010	2009	Change
<b>Assets</b>			
Current and Other Assets	\$131,592,703	\$131,515,974	\$76,729
Capital Assets, Net	22,750,576	14,687,686	8,062,890
<i>Total Assets</i>	<u>154,343,279</u>	<u>146,203,660</u>	<u>8,139,619</u>
<b>Liabilities</b>			
Current and Other Liabilities	22,889,719	20,086,625	2,803,094
Long-Term Liabilities:			
Due Within One Year	879,490	322,895	556,595
Due in More than One Year	64,960,505	60,919,664	4,040,841
<i>Total Liabilities</i>	<u>88,729,714</u>	<u>81,329,184</u>	<u>7,400,530</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	12,365,326	6,513,168	5,852,158
Restricted:			
Capital Projects	54,193,049	55,760,448	(1,567,399)
Other Purposes	1,577,237	946,497	630,740
Unrestricted	(2,522,047)	1,654,363	(4,176,410)
<i>Total Net Assets</i>	<u>\$65,613,565</u>	<u>\$64,874,476</u>	<u>\$739,089</u>

Total assets increased by \$8.1 million. The primary reason for this increase was due to investments in capital assets.

Total liabilities for governmental activities increased by \$7.4 million. The increase for 2010 was primarily the result of rolling the school facilities notes into bonds and incurring a \$4.3 million premium.

The net impact was an increase in net assets of \$0.7 million. This increase was primarily due to construction in progress for the new school buildings offset by the debt mentioned previously.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

Table 2 shows the change in net assets for fiscal year 2010 compared to fiscal year 2009.

**Table 2**  
Change in Net Assets

	2010	2009	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,243,628	\$1,829,055	(\$585,427)
Operating Grants and Contributions	5,830,404	8,556,556	(2,726,152)
Capital Grants and Contributions	0	12,601	(12,601)
<i>Total Program Revenues</i>	<u>7,074,032</u>	<u>10,398,212</u>	<u>(3,324,180)</u>
General Revenues:			
Property Taxes	16,339,689	15,064,071	1,275,618
Grants and Entitlements	21,959,292	73,931,119	(51,971,827)
Investment Earnings	1,473,595	625,963	847,632
Other	535,662	344,291	191,371
<i>Total General Revenues</i>	<u>40,308,238</u>	<u>89,965,444</u>	<u>(49,657,206)</u>
<i>Total Revenues</i>	<u>47,382,270</u>	<u>100,363,656</u>	<u>(52,981,386)</u>
<b>Program Expenses</b>			
Instruction	25,442,045	25,472,299	(30,254)
Support Services:			
Pupil and Instructional Staff	3,987,320	3,852,995	134,325
Board of Education, Administration			
Fiscal and Business	6,276,043	6,132,893	143,150
Operation and Maintenance of Plant	4,372,077	5,989,798	(1,617,721)
Pupil Transportation			
Central	24,068	28,481	(4,413)
Operation of Non-Instructional Services	249,318	252,064	(2,746)
Extracurricular Activities	1,015,623	938,040	77,583
Food Services Operations	1,512,160	1,482,403	29,757
Interest and Fiscal Charges	2,705,880	1,425,907	1,279,973
<i>Total Program Expenses</i>	<u>46,643,181</u>	<u>46,850,363</u>	<u>(207,182)</u>
Net Change in Net Assets	739,089	53,513,293	(52,774,204)
<i>Net Assets Beginning of Year</i>	<u>64,874,476</u>	<u>11,361,183</u>	<u>53,513,293</u>
<i>Net Assets End of Year</i>	<u>\$65,613,565</u>	<u>\$64,874,476</u>	<u>\$739,089</u>

While total revenue decreased for governmental activities from \$100.4 million to \$47.4 million. The vast majority of revenue supporting governmental activities is general revenue. General revenue decreased from \$90 million in 2009 to \$40.3 million in 2010. General revenue comprised 85.1 percent of total revenue. The primary source of the decrease was in intergovernmental revenue.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

Property taxes made up 34.5 percent of revenues for governmental activities for the School District in fiscal year 2010. Overall, property tax revenue increased by \$1.3 million. Property tax revenue increased due to the passing of a 7.8 mill permanent improvement levy, which will be used to pay for the local share of the Ohio Classroom Facilities Assistance Program.

Program expense decreased from \$46.9 million in 2009 to \$46.6 million in fiscal year 2010.

The major program expense for governmental activities, as expected, is for instruction. Instructional costs were slightly lower than the prior year. When combined with pupil and instructional staff support, these categories make up 63.1 percent of expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

**Table 3**  
**Governmental**  
**Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Instruction	\$25,442,045	(\$22,133,292)	\$25,472,299	(\$18,853,270)
Support Services:				
Pupil and Instructional Staff	3,987,320	(3,005,411)	3,852,995	(2,845,275)
Board of Education, Administration				
Fiscal and Business	6,276,043	(6,143,724)	6,132,893	(6,123,541)
Operation and Maintenance of Plant	4,372,077	(4,273,351)	5,989,798	(5,931,196)
Pupil Transportation	1,058,647	(888,658)	1,275,483	(866,842)
Central	24,068	39,124	28,481	(25,102)
Operation of Non-Instructional Services	249,318	(32,235)	252,064	23,210
Extracurricular Activities	1,015,623	(885,176)	938,040	(839,534)
Food Service Operations	1,512,160	459,454	1,482,403	435,306
Interest and Fiscal Charges	2,705,880	(2,705,880)	1,425,907	(1,425,907)
<i>Total</i>	<u>\$46,643,181</u>	<u>(\$39,569,149)</u>	<u>\$46,850,363</u>	<u>(\$36,452,151)</u>

The dependence upon general tax revenues and unrestricted State entitlements for governmental activities is apparent. In fiscal year 2010, 35 percent of total expenses are supported through taxes, an increase from the 32.2 percent in fiscal year 2009. Grants and entitlements not restricted to specific programs in fiscal year 2010 support 47.1 percent, a decrease from the 57.7 percent in fiscal year 2009. Investments and other miscellaneous type revenues support the remaining activity costs. In fiscal year 2010, program revenues only account for 15.2 percent of all governmental expenses, a decrease from the 22.3 percent in fiscal year 2009. The community, as a whole, is a primary support for School District students, with property taxes and unrestricted State entitlements being the most important source of revenue.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. A review of the School District's major funds demonstrates a decrease in fund balance for the general fund and an increase in fund balance for the classroom facilities fund. All governmental funds had total revenues of \$84.5 million and expenditures of \$110.2 million. The net change in fund balance for the year was most significant in the classroom facilities fund, where the fund balance went from a fund balance of \$59.7 million in 2009 to a fund balance of \$93 million for 2010. An issuance of debt and Ohio School Facilities Commission grant monies account for this increase.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During fiscal 2010, 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 revenue was \$38,871,089, above the original budget estimate of \$38,568,028, and above actual revenues of \$35,906,604. The final estimated expenditures were \$40,630,788, above the original budgeted expenditures of \$40,564,456, and above actual expenditures of \$38,654,651.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$2,748,047 above revenues. After other financing sources and uses are included, the net change in fund balance was a decrease of \$2,960,009.

**Capital Assets and Debt Administration**

*Capital Assets*

Table 4 shows fiscal 2010 balances compared to fiscal 2009. More detailed information is presented in Note 12 to the basic financial statements.

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

	2010	2009
Land	\$1,220,608	\$1,220,608
Construction in Progress	9,404,123	3,032,376
Buildings and Improvements	11,145,454	9,306,834
Furniture and Equipment	475,966	485,923
Vehicles	504,425	641,945
Totals	\$22,750,576	\$14,687,686

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

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

*Debt*

Table 5 summarizes the debt outstanding for fiscal years 2010 and 2009. More detailed information is presented in Notes 17 and 18 to the basic financial statements.

**Table 5**  
**Outstanding Debt at June 30**  
**Governmental Activities**

	2010	2009
<b><i>Certificates of Participation:</i></b>		
2008 Certificates of Participation	\$3,265,000	\$3,300,000
<b><i>General Obligation Bonds:</i></b>		
2010 School Facilities Improvement Bonds	55,734,932	0
<b><i>Long-Term Note:</i></b>		
2009 School Facilities Improvement Note	0	55,736,771
<b><i>Short-Term Notes:</i></b>		
2009 Energy Conservation Note	0	2,911,000
2010 Energy Conservation Note	2,811,000	0
Totals	\$61,810,932	\$61,947,771

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

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

The 2010 energy conservation note was issued to refinance the 2009 energy conservation note. Originally these notes were issued to replace heating systems at Dunham and Raymond Elementary Schools, lighting systems, and steam traps in all School District buildings and exterior windows at Rockside Elementary. Principal and interest payments are made from the general fund through savings realized through reductions in energy consumption.

At June 30, 2010, the School District's overall legal debt margin was \$35,739,855 with an unvoted debt margin of \$397,110. The debt is well within permissible limits.

**Current Issues**

The School District's five-year forecast continues to be the instrument used to make future financial decisions with regard to program and funding strategies. Currently, the forecast indicates a positive fund balance through 2011, but a careful strategy must be developed in regards to future labor negotiations, health insurance cost containment, rising utility costs and the need for increased revenue to support the School District's educational objectives.

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. However, financially the future is not without challenges.

**Maple Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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The passage of an 8.5 mill operating levy in 2003 provides additional funds to meet operating expenses and offset the decline of personal property tax due to the phase out of the tangible personal property tax. This decline due to decreasing personal property business taxes, and delinquencies means reduced tax revenue in future years. With this decline in tax collections, the School District must seek additional tax revenues to continue current School District operations. However, the School District cannot look to the State of Ohio for increased revenue. The district is putting a levy on the ballot in May of 2011 to increase the operating revenues by about \$5 million per year. The administrators are discussing the possibility of wage freezes for fiscal year 2012. The School District also hopes to be able to work with unions in order to lower the projected deficits in fiscal year 2012.

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

The School District has committed itself to financial excellence for many years. In addition, 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.

In July 2008, the School District entered into an agreement with the Ohio School Facilities Commission (OSFC) to construct new classroom facilities. All elementary, middle, and high school buildings in the School District will be replaced over a five-year period. The School District has been awarded a grant from OSFC in the amount of \$55,652,177, which is approximately 50 percent of the cost of the project. The local share of the project is funded through a bond levy passed in March 2008.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert J. Applebaum, Treasurer at Maple Heights City School District, 14605 Granger Road, Maple Heights, Ohio 44137; or by e-mail at [bob.applebaum@mapleschools.com](mailto:bob.applebaum@mapleschools.com).

# Maple Heights City School District

## Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$100,760,740
Cash Equivalents Held by Trustee	338,718
Intergovernmental Receivable	10,431,186
Accrued Interest Receivable	79,418
Inventory Held for Resale	9,245
Materials and Supplies Inventory	72,327
Property Taxes Receivable	19,300,038
Deferred Charges	601,031
Nondepreciable Capital Assets	10,624,731
Depreciable Capital Assets, Net	12,125,845
	<hr/>
<i>Total Assets</i>	154,343,279
	<hr/>
<b>Liabilities</b>	
Accounts Payable	247,134
Accrued Wages and Benefits	2,764,958
Intergovernmental Payable	1,385,114
Matured Compensated Absences Payable	134,401
Claims Payable	363,240
Accrued Interest Payable	1,733,731
Deferred Revenue	13,450,141
Notes Payable	2,811,000
Long-Term Liabilities:	
Due Within One Year	879,490
Due In More Than One Year	64,960,505
	<hr/>
<i>Total Liabilities</i>	88,729,714
	<hr/>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	12,365,326
Restricted for:	
Capital Projects	54,193,049
Special Education	391,587
Training and Development	29,884
Alternative Education	429
Food Service	633,622
Public School Support	21,656
Other Purposes	500,059
Unrestricted (Deficit)	(2,522,047)
	<hr/>
<i>Total Net Assets</i>	\$65,613,565
	<hr/> <hr/>

See accompanying notes to the basic financial statements

**Maple Heights City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Total
<b>Governmental Activities</b>				
Instruction:				
Regular	\$19,897,677	\$335,807	\$1,928,379	(\$17,633,491)
Special	4,061,486	36,080	917,507	(3,107,899)
Vocational	1,481,294	22,525	65,944	(1,392,825)
Adult/Continuing	1,588	0	2,511	923
Support Services:				
Pupil	2,287,946	24,271	73,080	(2,190,595)
Instructional Staff	1,699,374	9,328	875,230	(814,816)
Board of Education	69,242	881	280	(68,081)
Administration	4,167,893	44,432	62,386	(4,061,075)
Fiscal	1,569,716	17,159	265	(1,552,292)
Business	469,192	6,811	105	(462,276)
Operation and Maintenance of Plant	4,372,077	48,364	50,362	(4,273,351)
Pupil Transportation	1,058,647	17,008	152,981	(888,658)
Central	24,068	217	62,975	39,124
Operation of Non-Instructional Services	249,318	105,248	111,835	(32,235)
Extracurricular Activities	1,015,623	93,626	36,821	(885,176)
Food Service Operations	1,512,160	481,871	1,489,743	459,454
Interest and Fiscal Charges	2,705,880	0	0	(2,705,880)
<i>Total</i>	<u>\$46,643,181</u>	<u>\$1,243,628</u>	<u>\$5,830,404</u>	<u>(39,569,149)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
				13,419,848
				236,359
				2,385,304
				298,178
Grants and Entitlements not				
				21,959,292
				1,473,595
				<u>535,662</u>
				<u>40,308,238</u>
				739,089
				<u>64,874,476</u>
				<u>\$65,613,565</u>

See accompanying notes to the basic financial statements



**Maple Heights City School District**

*Balance Sheet  
Governmental Funds  
June 30, 2010*

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$798,074	\$92,956,960	\$7,005,706	\$100,760,740
Receivables:				
Property Taxes Receivable	15,651,514	0	3,648,524	19,300,038
Intergovernmental Receivable	1,092	9,028,558	1,401,536	10,431,186
Accrued Interest Receivable	0	79,418	0	79,418
Interfund Receivable	690,265	0	0	690,265
Inventory Held for Resale	0	0	9,245	9,245
Materials and Supplies Inventory	72,327	0	0	72,327
Restricted Assets:				
Cash Equivalents Held by Trustee	0	0	338,718	338,718
<i>Total Assets</i>	<u>\$17,213,272</u>	<u>\$102,064,936</u>	<u>\$12,403,729</u>	<u>\$131,681,937</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$162,065	\$619	\$84,450	\$247,134
Accrued Wages and Benefits	2,422,472	0	342,486	2,764,958
Intergovernmental Payable	1,366,363	0	18,751	1,385,114
Interfund Payable	0	0	670,444	670,444
Matured Compensated Absences Payable	134,401	0	0	134,401
Deferred Revenue	13,414,334	9,028,558	3,836,818	26,279,710
Accrued Interest Payable	0	0	6,852	6,852
Notes Payable	0	0	2,811,000	2,811,000
<i>Total Liabilities</i>	<u>17,499,635</u>	<u>9,029,177</u>	<u>7,770,801</u>	<u>34,299,613</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	31,813	39,835,386	387,988	40,255,187
Reserved for Property Taxes	2,237,180	0	509,749	2,746,929
Unreserved, Undesignated Reported in:				
General Fund (Deficit)	(2,555,356)	0	0	(2,555,356)
Special Revenue Funds	0	0	439,864	439,864
Debt Service Fund	0	0	3,283,220	3,283,220
Capital Projects Funds	0	53,200,373	12,107	53,212,480
<i>Total Fund Balances</i>	<u>(286,363)</u>	<u>93,035,759</u>	<u>4,632,928</u>	<u>97,382,324</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$17,213,272</u>	<u>\$102,064,936</u>	<u>\$12,403,729</u>	<u>\$131,681,937</u>

See accompanying notes to the basic financial statements

**Maple Heights City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2010*

<b>Total Governmental Funds Balances</b>		\$97,382,324
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,750,576
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	3,102,968	
Grants	9,726,601	
Total	12,829,569	12,829,569
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and the liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(383,061)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(1,726,879)
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		601,031
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(53,690,000)	
Capital Appreciation Bonds	(2,044,932)	
Certificates of Participation	(3,265,000)	
Premium on Bonds and Certificates of Participation	(4,397,323)	
Accretion	(291,932)	
Compensated Absences	(2,150,808)	
Total	(65,839,995)	(65,839,995)
 <i>Net Assets of Governmental Activities</i>		 \$65,613,565

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, 2010*

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$13,295,484	\$0	\$2,404,116	\$15,699,600
Intergovernmental	21,109,976	38,271,051	6,157,732	65,538,759
Interest	21,348	1,452,247	0	1,473,595
Charges for Services	17,882	0	481,871	499,753
Tuition and Fees	400,880	0	260,057	660,937
Extracurricular Activities	0	0	81,935	81,935
Rentals	1,003	0	0	1,003
Contributions and Donations	6,459	0	36,679	43,138
Miscellaneous	493,787	18,256	23,619	535,662
<i>Total Revenues</i>	<u>35,346,819</u>	<u>39,741,554</u>	<u>9,446,009</u>	<u>84,534,382</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	17,492,432	0	3,035,342	20,527,774
Special	3,272,820	0	735,901	4,008,721
Vocational	1,403,317	0	67,031	1,470,348
Adult/Continuing	0	0	1,588	1,588
Support Services:				
Pupil	2,195,209	0	63,499	2,258,708
Instructional Staff	839,334	0	844,086	1,683,420
Board of Education	80,546	0	1,811	82,357
Administration	3,961,182	0	125,168	4,086,350
Fiscal	1,554,002	0	0	1,554,002
Business	619,762	0	0	619,762
Operation and Maintenance of Plant	4,402,626	0	126,282	4,528,908
Pupil Transportation	1,542,839	0	0	1,542,839
Central	19,912	0	2,000	21,912
Operation of Non-Instructional Services	0	0	249,318	249,318
Extracurricular Activities	713,962	0	196,185	910,147
Food Service Operations	420	0	1,623,568	1,623,988
Capital Outlay	51,009	6,434,765	42,639	6,528,413
Debt Service:				
Principal Retirement	54,735	55,736,771	35,000	55,826,506
Interest and Fiscal Charges	1,496	2,456,828	239,358	2,697,682
<i>Total Expenditures</i>	<u>38,205,603</u>	<u>64,628,364</u>	<u>7,388,776</u>	<u>110,222,743</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,858,784)</u>	<u>(24,886,810)</u>	<u>2,057,233</u>	<u>(25,688,361)</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	0	55,734,932	0	55,734,932
Premium on General Obligation Bonds Issued	0	2,458,717	1,851,141	4,309,858
Transfers In	70,290	0	282,252	352,542
Transfers Out	(282,252)	0	(70,290)	(352,542)
<i>Total Other Financing Sources (Uses)</i>	<u>(211,962)</u>	<u>58,193,649</u>	<u>2,063,103</u>	<u>60,044,790</u>
<i>Net Change in Fund Balances</i>	<u>(3,070,746)</u>	<u>33,306,839</u>	<u>4,120,336</u>	<u>34,356,429</u>
<i>Fund Balances Beginning of Year</i>	<u>2,784,383</u>	<u>59,728,920</u>	<u>512,592</u>	<u>63,025,895</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$286,363)</u>	<u>\$93,035,759</u>	<u>\$4,632,928</u>	<u>\$97,382,324</u>

**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, 2010*

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**Net Change in Fund Balances -Total Governmental Funds** \$34,356,429

*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 capital outlay exceeded depreciation in the current period.

Capital Outlay	8,530,740	
Current Year Depreciation	<u>(467,850)</u>	
Total		8,062,890

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

Delinquent Property Taxes	640,089	
Intergovernmental	<u>(37,792,201)</u>	
Total		(37,152,112)

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

Certificates of Participation	35,000	
Long-term Notes	55,736,771	
Capital Leases	<u>54,735</u>	
Total		55,826,506

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	(336,014)	
Annual Accretion	(291,932)	
Issuance Cost	501,041	
Amortization of Premium	<u>118,707</u>	
Total		(8,198)

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.

General Obligation Bonds Issued	(55,734,932)	
Premium on General Obligation Bonds Issued	<u>(4,309,858)</u>	
Total		(60,044,790)

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.

(205,927)

The internal service fund used by management to charge the costs of insurance is included in the statement of activities and not on the governmental fund statement of revenues and expenditures.

(95,709)

*Change in Net Assets of Governmental Activities*

\$739,089

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, 2010*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$14,891,291	\$15,009,150	\$13,856,271	(\$1,152,879)
Intergovernmental	22,668,213	22,845,653	21,109,976	(1,735,677)
Interest	22,807	22,974	21,348	(1,626)
Charges for Services	19,202	19,352	17,882	(1,470)
Tuition and Fees	430,568	433,938	400,970	(32,968)
Rentals	1,077	1,085	1,003	(82)
Contributions and Donations	6,936	6,990	6,459	(531)
Miscellaneous	527,934	531,947	492,695	(39,252)
<i>Total Revenues</i>	<u>38,568,028</u>	<u>38,871,089</u>	<u>35,906,604</u>	<u>(2,964,485)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	17,904,865	19,524,012	17,547,875	1,976,137
Special	4,218,266	3,312,983	3,312,983	0
Vocational	1,398,234	1,402,512	1,402,512	0
Support Services:				
Pupil	2,172,679	2,145,713	2,145,713	0
Instructional Staff	817,049	815,038	815,038	0
Board of Education	84,731	80,976	80,976	0
Administration	4,053,473	3,994,018	3,994,018	0
Fiscal	2,057,162	1,630,621	1,630,621	0
Business	645,251	636,080	636,080	0
Operation and Maintenance of Plant	4,768,077	4,642,024	4,642,024	0
Pupil Transportation	1,575,193	1,596,822	1,596,822	0
Central	19,466	20,029	20,029	0
Extracurricular Activities	724,259	723,411	723,411	0
Food Service Operations	420	420	420	0
Capital Outlay	69,100	49,898	49,898	0
Debt Service:				
Principal Retirement	54,735	54,735	54,735	0
Interest and Fiscal Charges	1,496	1,496	1,496	0
<i>Total Expenditures</i>	<u>40,564,456</u>	<u>40,630,788</u>	<u>38,654,651</u>	<u>1,976,137</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,996,428)</u>	<u>(1,759,699)</u>	<u>(2,748,047)</u>	<u>(988,348)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	70,290	70,290	70,290	0
Transfers Out	(282,252)	(282,252)	(282,252)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(211,962)</u>	<u>(211,962)</u>	<u>(211,962)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,208,390)	(1,971,661)	(2,960,009)	(988,348)
<i>Fund Balance Beginning of Year</i>	4,291,248	4,291,248	4,291,248	0
Prior Year Encumbrances Appropriated	24,335	24,335	24,335	0
<i>Fund Balance End of Year</i>	<u>\$2,107,193</u>	<u>\$2,343,922</u>	<u>\$1,355,574</u>	<u>(\$988,348)</u>

See accompanying notes to the basic financial statements

**Maple Heights City School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2010*

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	<u>Insurance</u>
<b>Assets</b>	<u>\$0</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Interfund Payable	19,821
Claims Payable	<u>363,240</u>
<i>Total Liabilities</i>	<u>383,061</u>
<b>Net Assets</b>	
Unrestricted (Deficit)	<u><u>(\$383,061)</u></u>

See accompanying notes to the basic financial statements

**Maple Heights City School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2010*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$4,588,789
<b>Operating Expenses</b>	
Purchased Services	345,264
Claims	4,339,234
<i>Total Operating Expenses</i>	4,684,498
<i>Change in Net Assets</i>	(95,709)
<i>Net Assets (Deficit) Beginning of Year</i>	(287,352)
<i>Net Assets (Deficit) End of Year</i>	(\$383,061)

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, 2010

	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	\$4,608,610
Cash Payments for Purchased Services	(345,264)
Cash Payments for Claims	(4,263,346)
<i>Net Change in Cash and Cash Equivalents</i>	0
<i>Cash and Cash Equivalents Beginning of Year</i>	0
<i>Cash and Cash Equivalents End of Year</i>	\$0
 <b><i>Reconciliation of Operating Loss</i></b>	
<b><i>to Net Cash Provided by Operating Activities</i></b>	
<i>Operating Loss</i>	(\$95,709)
 <b>Adjustments</b>	
Increase in Liabilities:	
Interfund Payable	19,821
Claims Payable	75,888
<i>Total Adjustments</i>	95,709
<i>Net Cash Provided by Operating Activities</i>	\$0

See accompanying notes to the basic financial statements



**Maple Heights City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Fund*  
*June 30, 2010*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$79,940</u>
<b>Liabilities</b>	
Due to Students	<u>\$79,940</u>

See accompanying notes to the basic financial statements

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**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 219 non-certificated employees, 261 certificated full-time teaching personnel, and 31 administrative employees to provide services to 3,926 students and other community members. The School District operates 4 elementary schools (K-6), 1 middle school (7-8), and 1 high school (9-12).

The School District was originally part of Bedford Township. In 1924 the first Maple Heights Board of Education was organized. The Clement Elementary School was selected to become the site of the high school. The School District was officially established in 1931 and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

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

***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. 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 19 to the basic financial statements.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless these pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

***Basis of Presentation***

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

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

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

***Fund Accounting***

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

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

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

**Proprietary Fund Type** Proprietary funds reporting focuses on the determination of operating income, changes in net assets, 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 the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self insurance fund that accounts for medical benefits of School District employees.

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

**Measurement Focus**

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

**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 current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statement presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue 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 Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

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

***Budgetary Data***

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

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

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

***Cash and Cash Equivalents***

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

During fiscal year 2010, investments were limited to Federal Home Loan Bank Notes and STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2010.

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 2010 amounted to \$21,348, which includes \$9,725 assigned from other School District funds.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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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”.

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 presented on the financial statements 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, and materials and supplies held for consumption.

***Capital Assets***

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 years
Furniture and Equipment	3 - 20 years
Vehicles	10 years

***Interfund Balances***

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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***Issuance Costs***

Issuance costs for underwriting fees and issuance for the certificates of participation are being amortized using the straight-line method over the life of the obligations in the School District's governmental activities. The straight-line method of amortization is not materially different from the effective-interest method.

As permitted by State statute, the School District paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

***Bond Premiums***

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

***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.



**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include community activities, information systems and telecommunications.

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

***Interfund 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.

***Fund Balance Reserves***

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for encumbrances and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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***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.

***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

***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 Principles**

For fiscal year 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Reporting for Intangible Assets”, Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District’s financial statements.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District's financial statements.

**Note 4 – Accountability and Compliance**

***Accountability***

At June 30, 2010, the following funds had deficit fund balances:

Fund	Fund Balance
<b><i>Major Fund:</i></b>	
General	(\$286,363)
<b><i>Special Revenue Funds:</i></b>	
Latchkey Program	(8,167)
Athletics and Music	(37,045)
Management Information Systems	(3,330)
Public Preschool	(17,391)
Poverty Based Assistance	(134)
Title VI-B	(38,437)
Carl Perkins Grant	(33,450)
Federal Stimulus	(10,392)
Title I School Improvement ARRA	(57,291)
Title I	(34,397)
Drug Free Schools	(915)
Preschool Grant	(1,416)
<b><i>Internal Service Fund:</i></b>	
Insurance	(383,061)

The deficits in the special revenue funds and the internal service fund are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

The School District is addressing the general fund deficit by reducing expenditures in the next fiscal year as well as keeping better track of grant activities.

***Compliance***

Ohio Rev. Code § 5705.10(H) provides that money paid into a fund must be used only for the purposes for which such fund has been established. A fund with a negative fund balance signifies that monies from other funds were used to meet their obligations.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

As of June 30, 2010, the following funds had negative cash fund balances:

Fund	Deficit
<b><i>Special Revenue Funds:</i></b>	
Latchkey Program	(\$8,791)
Athletics and Music	(14,714)
Public Preschool	(7,842)
Carl Perkins Grant	(32,518)
Drug Free Schools	(821)
Preschool Grant	(9,483)
Miscellaneous Federal Grants	(10,574)
<b><i>Internal Service Fund:</i></b>	
Insurance	(19,821)

The following funds had expenditures plus encumbrances in excess of appropriations at year end, contrary to Ohio Revised Code Section 5705.41:

	Final Appropriations	Expenditures Plus Encumbrances	Excess
<b><i>Major Fund:</i></b>			
Classroom Facilities	\$95,302,998	\$103,957,090	(\$8,654,092)
<b><i>Special Revenue Funds:</i></b>			
Management Information Systems	25,000	44,964	(19,964)
School Net Professional Development	20,540	40,558	(20,018)
Ohio Reads Grant	0	645	(645)
Title I School Improvement ARRA	0	259,300	(259,300)
Miscellaneous Federal Grants	532,450	631,618	(99,168)

Although these violations were not corrected by fiscal year end, management has indicated that appropriations and expenditures plus encumbrances will be closely monitored to ensure no future violations occur.

**Note 5 – Budgetary Basis of Accounting**

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

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

Net Change in Fund Balance	
GAAP Basis	(\$3,070,746)
Net Adjustment for Revenue Accruals	559,785
Net Adjustment for Expenditure Accruals	(261,547)
Principal Retirement	(54,735)
Adjustments for Encumbrances	<u>(132,766)</u>
Budget Basis	<u><u>(\$2,960,009)</u></u>

**Note 6 – Deposits and Investments**

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

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

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

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.

**Maple Heights City School District**  
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Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$53,770,629 of the School District's bank balance of \$79,020,629 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**Investments**

Investments are reported at fair value. As of June 30, 2010, the School District had the following investments:

	Fair Value	Average Maturity (Days)
Federal Home Loan Bank Notes	\$12,584,036	508
STAR Ohio	10,701,639	56
Total Investments	\$23,285,675	

**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.

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

**Credit Risk** The Federal Home Loan Bank Notes and STAR Ohio carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard 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. The School District's percentage allocation of credit risk is 54.04 percent from the Federal Home Loan Bank Notes.

**Note 7 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the School District 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009, and are collected 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.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however this year the settlement was late.

The School District receives property taxes from Cuyahoga County. The County Auditor 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, 2010, are available to finance fiscal year 2010 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, public utility property and tangible personal property taxes which are measurable as of June 30, 2010, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the late settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010, was \$2,237,180 in the general fund, \$19,289 in the classroom facilities maintenance special revenue fund, \$451,883 in the bond retirement fund, and \$38,577 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2009, was \$2,797,967 in the general fund, \$23,326 in the classroom facilities maintenance special revenue fund, and \$46,652 in the permanent improvement capital projects fund.

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 deferred.



**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$423,309,630	97.17 %	\$393,328,490	97.49 %
Public Utility	7,333,260	1.68	7,649,710	1.90
Tangible Personal Property	4,976,813	1.15	2,488,407	0.61
	\$435,619,703	100.00 %	\$403,466,607	100.00 %
Full Tax rate per \$1,000 of assessed valuation	\$63.40		\$71.90	

On November 4, 2008, the residents of the School District approved a 7.8 mill permanent improvement levy to pay the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. Tax revenue from this levy was received beginning in January 2009.

**Note 8 – Receivables**

Receivables at June 30, 2010, consisted of taxes, accounts (rent, student fees and tuition), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except OSFC monies and delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected in one year.

A summary of the principal items of intergovernmental receivable follows:

<b>Governmental Activities</b>	
Ohio School Facilities Commission	\$9,028,558
Title I	754,312
Title VI-B	300,402
Miscellaneous Federal	171,277
Title I School Improvement ARRA	72,345
Technology II-D Grant	54,721
Preschool Grant	22,517
Public Preschool	21,646
Other Grants	2,260
Drug Free Schools	1,151
Miscellaneous	1,092
Latchkey Program	905
Total Governmental Activities	\$10,431,186

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**Note 9 – Contingencies**

***Grants***

The School District received financial assistance from federal and state agencies in the form of grants. Disbursement 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, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

***Litigation***

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

**Note 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 2010, the School District contracted for the following insurance coverage:

Company	Type of Coverage	Coverage Amount
NGM Insurance	Treasurer's Bond	\$250,000
Midwestern Indemnity	Property	84,670,141
	General Liability, in aggregate	2,000,000
	General Liability, per occurrence	1,000,000
	Medical Expense, any one person	15,000
	Damage to Rented Premises	300,000
	Uninsured Motorist	500,000
	Blanket Bond	1,000,000
Ohio Casualty	Aggregate limit on premises	10,000
	Aggregate limit for messenger	10,000
	Employee Dishonesty	50,000
Travelers Insurance	Boiler and Machinery	50,000,000
Western Surety	Business Manager	25,000
	Treasurer's Bond	25,000

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2010

***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 \$85,000 per employee, per year. The claims liability of \$363,240 reported in the internal service fund at June 30, 2010, 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:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2009	\$397,862	\$3,448,014	\$3,558,524	\$287,352
2010	287,352	4,339,234	4,263,346	363,240

**Note 11 – Interfund Transactions**

***Interfund Balances***

As of June 30, 2010, the School District had the following interfund balances:

	Interfund Receivable
Interfund Payable	General Fund
<i>Special Revenue Funds:</i>	
Latchkey Program	\$8,791
Athletics and Music	14,714
Public Preschool	7,842
Title VI-B	277,879
Carl Perkins Grant	32,518
ARRA Title I	38,375
Title I	269,447
Drug Free Schools	821
Preschool Grant	9,483
Miscellaneous Federal Grants	10,574
<i>Internal Service Fund:</i>	
Insurance	19,821
	\$690,265

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
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The interfund receivable and payables are due to the general fund covering deficit cash balances in these funds.

***Interfund Transfers***

Transfers made during the fiscal year ended June 30, 2010 were as follows:

<u>Transfers To</u>	<u>Transfer From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	
General Fund	\$0	\$70,290	\$70,290
Nonmajor Special Revenue Funds	276,174	0	276,174
Nonmajor Capital Projects Funds	6,078	0	6,078
<b>Total</b>	<b><u>\$282,252</u></b>	<b><u>\$70,290</u></b>	<b><u>\$352,542</u></b>

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

**Note 12 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/10</u>
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$1,220,608	\$0	\$0	\$1,220,608
Construction in Progress	3,032,376	6,403,483	(31,736)	9,404,123
<b>Total Capital Assets, not being depreciated</b>	<b><u>4,252,984</u></b>	<b><u>6,403,483</u></b>	<b><u>(31,736)</u></b>	<b><u>10,624,731</u></b>
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	17,302,918	2,127,257	0	19,430,175
Furniture and Equipment	1,910,165	31,736	0	1,941,901
Vehicles	1,764,111	0	0	1,764,111
<b>Total Capital Assets, being depreciated</b>	<b><u>20,977,194</u></b>	<b><u>2,158,993</u></b>	<b><u>0</u></b>	<b><u>23,136,187</u></b>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,996,084)	(288,637)	0	(8,284,721)
Furniture and Equipment	(1,424,242)	(41,693)	0	(1,465,935)
Vehicles	(1,122,166)	(137,520)	0	(1,259,686)
<b>Total Accumulated Depreciation</b>	<b><u>(10,542,492)</u></b>	<b><u>(467,850) *</u></b>	<b><u>0</u></b>	<b><u>(11,010,342)</u></b>
<b>Total Capital Assets, being depreciated, net</b>	<b><u>10,434,702</u></b>	<b><u>1,691,143</u></b>	<b><u>0</u></b>	<b><u>12,125,845</u></b>
<b>Governmental Activities Capital Assets, Net</b>	<b><u>\$14,687,686</u></b>	<b><u>\$8,094,626</u></b>	<b><u>(\$31,736)</u></b>	<b><u>\$22,750,576</u></b>

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

Instruction:	
Regular	\$147,467
Support Services:	
Board of Education	2,988
Administration	6,848
Business	35,282
Operation and Maintenance of Plant	42,360
Pupil Transportation	113,942
Central	2,156
Extracurricular Activities	105,476
Food Service Operations	11,331
Total Depreciation Expense	<u>\$467,850</u>

### **Note 13 – Defined Benefit Pension Plans**

#### ***School Employees Retirement System***

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$814,127, \$598,527, and \$593,075, respectively; 44.99 percent has been contributed for fiscal year 2010 and 100 percent has been contributed for fiscal year 2009 and 2008.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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***State Teachers Retirement System***

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

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

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

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligation was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$2,366,122, \$2,274,660, and \$2,149,938, respectively; 80.71 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$89,569 made by the School District and \$63,978 made by the plan members.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**Note 14 – Postemployment Benefits**

***School Employees Retirement System***

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 1.22 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$130,504.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$159,807, \$409,686, and \$366,071, respectively; 44.99 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was .76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were \$48,414, \$49,383, and \$42,732, respectively; 44.99 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

***State Teachers Retirement System***

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$182,009, \$174,974, and \$165,380, respectively; 80.71 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**Note 15 – Employee Benefits**

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

**Note 16 – Capital Lease**

The School District entered into a capital lease for a phone system. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases." Capital lease payments have been reclassified and are reflected as debt service expenditures in the general fund on the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. The capital lease was retired in fiscal year 2010.

Capital assets acquired by lease have been capitalized and depreciated as follows:

Furniture and Equipment	\$568,166
Less: Accumulated Depreciation:	<u>(152,012)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u><u>\$416,154</u></u>

**Note 17 – Short-Term Obligations**

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

	Outstanding 6/30/09	Additions	Deletions	Outstanding 6/30/10
<b>Capital Projects Fund - Building</b>				
2009 Energy Conservation Notes 2.25%	\$2,911,000	\$0	(\$2,911,000)	\$0
2010 Energy Conservation Notes 1.125%	0	2,811,000	0	2,811,000
Total Notes	<u>\$2,911,000</u>	<u>\$2,811,000</u>	<u>(\$2,911,000)</u>	<u>\$2,811,000</u>

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



**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2010

The 2010 energy conservation bond anticipation notes were issued to refinance 2009 energy conservation notes. Originally these notes were issued to replace heating systems at Dunham and Raymond Elementary Schools, lighting systems and steam traps in all School District buildings and exterior windows at Rockside Elementary. Principal and interest payments are made from the general fund on a cash basis and reclassified to the building capital projects fund on a GAAP basis.

**Note 18 – Long-Term Obligations**

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

	Amount Outstanding 6/30/09	Additions	Reductions	Amount Outstanding 6/30/10	Amount Due in One Year
<b><i>Certificates of Participation:</i></b>					
2008 Certificates of Participation	\$3,300,000	\$0	(\$35,000)	\$3,265,000	\$100,000
Premium	92,068	0	(4,603)	87,465	0
<i>Total Certificates of Participation</i>	<u>3,392,068</u>	<u>0</u>	<u>(39,603)</u>	<u>3,352,465</u>	<u>100,000</u>
<b><i>General Obligation Bonds:</i></b>					
2010 School Facilities Improvement					
Serial Bonds	0	53,690,000	0	53,690,000	680,000
Premium	0	4,309,858	0	4,309,858	0
Capital Appreciation Bonds	0	2,044,932	0	2,044,932	0
Accretion	0	291,932	0	291,932	0
<i>Total General Obligation Bonds</i>	<u>0</u>	<u>60,336,722</u>	<u>0</u>	<u>60,336,722</u>	<u>680,000</u>
<b><i>Other Long-term Obligations:</i></b>					
School Facilities Improvement Notes					
\$55,736,771 2009 3.5%	55,736,771	0	(55,736,771)	0	0
Premium	114,104	0	(114,104)	0	0
<i>Total School Facilities Improvement Notes</i>	<u>55,850,875</u>	<u>0</u>	<u>(55,850,875)</u>	<u>0</u>	<u>0</u>
Capital Lease	54,735	0	(54,735)	0	0
Compensated Absences	1,944,881	439,087	(233,160)	2,150,808	99,490
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$61,242,559</u>	<u>\$60,775,809</u>	<u>(\$56,178,373)</u>	<u>\$65,839,995</u>	<u>\$879,490</u>

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
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The 2010 school facilities improvement general obligation bonds were issued to retire the school facilities improvement notes, which were originally issued for the construction of new elementary, middle, and high school buildings in the School District. These bonds include serial and capital appreciation bonds in the amount of \$53,690,000 and \$2,044,932, respectively. The bonds will be paid from the classroom facilities capital projects fund. The bonds will mature on July 15, 2037.

Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds, which is 2013 through 2020. The final maturity amount of outstanding capital appreciation bonds at June 30, 2010, is \$8,640,000. The accretion recorded for 2010 was \$291,932, for a total outstanding bond liability of \$2,336,864.

Compensated absences will be paid from the general fund and the food service, Title VI-B, and miscellaneous federal grants special revenue funds. The capital lease was paid from the general fund.

The School District's overall debt margin was \$35,739,855 with an unvoted debt margin of \$397,110 at June 30, 2010. Principal and interest requirements to retire the debt outstanding at June 30, 2010 are as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Accretion
2011	\$680,000	\$3,147,660	\$0	\$0
2012	695,000	2,579,438	0	0
2013	0	2,565,538	589,957	215,043
2014	0	2,557,538	311,296	528,704
2015	0	2,557,538	256,209	618,791
2016-2020	0	12,787,690	887,470	5,232,530
2021-2025	9,095,000	12,099,263	0	0
2026-2030	13,550,000	9,554,000	0	0
2031-2035	19,695,000	5,585,500	0	0
2036-2037	9,975,000	758,250	0	0
<b>Totals</b>	<b>\$53,690,000</b>	<b>\$54,192,415</b>	<b>\$2,044,932</b>	<b>\$6,595,068</b>

Fiscal Year Ending	Certificates of Participation	
	Principal	Interest
2011	\$100,000	\$177,875
2012	100,000	173,500
2013	105,000	168,888
2014	110,000	164,187
2015	115,000	159,406
2016-2020	655,000	712,093
2021-2025	850,000	502,500
2026-2030	1,230,000	181,800
<b>Totals</b>	<b>\$3,265,000</b>	<b>\$2,240,249</b>

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**Note 19 – 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. 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. The School District made no contributions to NEONET in fiscal year 2010. 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 126 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 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 2010, the School District paid \$92,326 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director at the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Energy USA served as the natural gas supplier and program manager from October 1, 2008 to September 30, 2010. Compass Energy has been selected as the new supplier and program manager for the period from October 1, 2010 through March 31, 2013. There are currently 143 participants in the program including the Maple Heights City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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The School District also participates in the Council’s electric purchase program. The Council provides 238 school districts and 11 MR/DD boards in the First Energy territory (Cleveland Electric Illuminating, Ohio Edison, Toledo Edison) the ability to purchase electricity at the reduced rates. Each month, the Council invoices participants based on estimated payments which are compared to their usage for the year (July to June). Refund checks are issued to districts that consumed less than their projected usage of electrical energy and districts that over-consumed are invoiced. With the end of the program on December 31, 2008, the School District purchased its electricity from the local area utility, Cleveland Electric Illuminating. In late October 2009, the School District joined a new Ohio Schools Council consortium electricity purchasing program, Duke Energy, which provides for additional discounts above what the School District would receive otherwise.

**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 purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future years.

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

	Capital Improvements	Textbooks and Instructional Material
Set-Aside Reserve Balance as of June 30, 2009	\$0	(\$3,075,590)
Current Year Set-Aside Requirement	625,969	625,969
Offsets During the Fiscal Year	(445,574)	0
Qualifying Disbursements	(515,471)	(627,593)
Totals	(\$335,076)	(\$3,077,214)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0	(\$3,077,214)
Set-Aside Reserve Balance as of June 30, 2010	\$0	\$0

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

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**Note 21 – Subsequent Events**

The Federal Bureau of Investigation and the Internal Revenue Service are conducting an ongoing public corruption investigation of the District. The District has been cooperating with the investigation.

Based on the investigation, multiple criminal charges have been filed in the United States District Court for the Northern District of Ohio charging former and current District employees and other individuals with soliciting, receiving bribes and the theft of programs receiving federal funds. Those current employees indicted have resigned from their positions with the District. All employees indicted in the investigation have pleaded guilty to such charges and have been sentenced or are awaiting sentencing on such charges.

These matters are still under investigation, however, the District believes the likelihood of the investigation resulting in any material potential loss or liability, including the possibility of significant disallowance findings related to Federal and State assisted grant programs, is remote; and that any adverse outcome from these charges would pertain to the former employees and former District officials that have been charged during the Federal investigation.

**Maple Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	\$108,676	\$108,676
School Breakfast Program	10.553	6,044	6,044
Non-Cash Assistance Subtotal		<u>114,720</u>	<u>114,720</u>
Cash Assistance:			
National School Lunch Program	10.555	989,965	989,965
School Breakfast Program	10.553	370,550	370,550
Cash Assistance Subtotal		<u>1,360,515</u>	<u>1,360,515</u>
Total Child Nutrition Cluster		<u>1,475,235</u>	<u>1,475,235</u>
Fresh Fruit and Vegetable Program	10.582	110,872	110,872
Total U.S. Department of Agriculture		<u>1,586,107</u>	<u>1,586,107</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Assistance:</i>			
Smaller Learning Communities	84.215L	98,936	136,681
<i>Passed Through Ohio Department of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	933,704	3,130,621
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	165,800	134,359
Total Title I, Part A Cluster		<u>1,099,504</u>	<u>3,264,980</u>
Special Education Cluster:			
Special Education Grants to States	84.027	548,153	716,738
ARRA - Special Education Grants to States, Recovery Act	84.391	345,927	461,203
Special Education Preschool Grants	84.173	13,596	18,753
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	6,557	11,879
Total Special Education Cluster		<u>914,233</u>	<u>1,208,573</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	15,898	16,719
21st Century Community Learning Centers	84.287	271,000	325,567
Educational Technology State Grants	84.318	6,034	6,096
Improving Teacher Quality State Grants	84.367	89,965	59,254

**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR</b>	Federal		
<i>Pass Through Grantor</i>	CFDA		
Program Title	Number	Receipts	Disbursements
<b>U. S. DEPARTMENT OF EDUCATION (continued)</b>			
<i>Passed Through Ohio Department of Education (continued):</i>			
English Language Acquisition Grants	84.365	0	5,945
State Grants for Innovative Programs	84.298	0	944
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	1,139,671	971,237
Total Pass Through Ohio Department of Education		<u>3,536,305</u>	<u>5,859,315</u>
<i>Passed Through Bedford City School District:</i>			
Career and Technical Education - Basic Grants to States	84.048	<u>71,236</u>	<u>75,175</u>
Total U.S. Department of Education		<u>3,706,477</u>	<u>6,071,171</u>
Total Federal Assistance		<u>\$5,292,584</u>	<u>\$7,657,278</u>

See the notes to the Schedule of Federal Awards Receipts and Expenditures



**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

**NOTE E - MATCHING REQUIREMENTS**

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

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# Dave Yost • Auditor of State

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

Maple Heights City School District  
Cuyahoga County  
14605 Granger Road  
Maple Heights, Ohio 44137

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maple Heights City School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 7, 2011, wherein we qualified our report because we were unable to determine the effect, if any, of an ongoing federal investigation on the financial statement amounts or disclosures. Except for the limitation on evidence relating to the federal investigation, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-01 and 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 7, 2011.

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

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



**Dave Yost**  
Auditor of State

March 7, 2011



# Dave Yost • Auditor of State

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

Maple Heights City School District  
Cuyahoga County  
14605 Granger Road  
Maple Heights, Ohio 44137

To the Board of Education:

### Compliance

We have audited the compliance of Maple Heights City School District, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Maple Heights City School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Maple Heights City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

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

**Internal Control Over Compliance (Continued)**

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

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 7, 2011.

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



**Dave Yost**  
Auditor of State

March 7, 2011

**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS  
 OMB CIRCULAR A -133 § .505  
 FOR THE YEAR ENDED JUNE 30, 2010**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Qualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA# 84.394 – ARRA State Fiscal Stabilization Fund – Education State Grant, Recovery Act Title I, Part A Cluster: CFDA# 84.010 – Title I Grants to Local Educational Agencies CFDA# 84.389 – ARRA Title I Grants to Local Educational Agencies, Recovery Act Special Education Cluster: CFDA# 84.027 – Special Education Grants to States CFDA# 84.391 – ARRA Special Education Grants to States, Recovery Act CFDA# 84.173 – Special Education Preschool Grants CFDA# 84.392 – ARRA Special Education Preschool Grants, Recovery Act
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS  
 OMB CIRCULAR A -133 § .505  
 FOR THE YEAR ENDED JUNE 30, 2010  
 (Continued)**

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

**FINDING NUMBER 2010-01**

**Material Noncompliance – Expenditures Plus Encumbrances Exceeding Appropriations**

Ohio Revised Code Section 5705.41 (B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. Budgetary expenditures as enacted by the District may not exceed appropriations at the legal level of control for all funds.

During our testing, we noted the following funds had expenditures plus encumbrances exceeding appropriations as of June 30, 2010:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Expenditures Plus Encumbrances</u>	<u>Variance</u>
Classroom Facilities	\$95,302,998	\$103,957,090	(\$8,654,092)
Management Information Systems	25,000	44,964	(19,964)
School Net Professional Development	20,540	40,558	(20,018)
Ohio Reads Grant	0	645	(645)
Title I School Improvement ARRA	0	259,300	(259,300)
Miscellaneous Federal Grants	532,450	631,618	(99,168)

Expending monies in excess of appropriations can lead to deficit spending.

We recommend the District expend only those monies which have been properly appropriated or modify the appropriation as necessary.

**Official’s Response:**

On a regular basis, we compare total appropriations with total expenditures plus encumbrances in order to ensure the appropriation measure adopted by the Board is not exceeded. We also compare appropriations with estimated and actual resources to ensure sufficient funds are available. For the Classroom Facilities Fund identified above, the reason appropriations were exceeded was due to the fact that at year end the District encumbered funds totaling \$39,835,386 for a two year construction period. All of these obligations were not intended to be financed with current year revenues so the certificate of estimated resources could not be increased to cover this amount. However, the District could have increased the appropriation amount to cover these obligations and would not have been cited for noncompliance pursuant to Auditor of State Audit Bulletin 1997-12.



**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2010  
(Continued)**

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

(Continued)

**FINDING NUMBER 2010-02**

**Material Noncompliance - Finding for Adjustment – Transfers**

Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 set the requirements for transfers of funds.

During fiscal year 2010, the District transferred a total of \$19,361 from various federal grant funds into the General Fund in an attempt to liquidate balances of unobligated cost centers within these grant funds.

These transfers did not meet any of the allowable transfer guidelines established within Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16. That is, these transfers were between unallowable funds.

By transferring these monies to the General Fund, the monies could be used for unallowable purposes.

The financial statements have been adjusted to remove these transfers and place the monies back in the federal grant funds. We recommend the District contact the Ohio Department of Education to discuss the disposition of federal grant revenue when not used in the respective period.

**Official's Response:**

We have asked the Ohio Department of Education (ODE) for guidance on this matter. We will work with ODE in order to come to a satisfactory conclusion regarding the treatment of these unspent federal monies.

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

None.

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-01	No property tax revenues were recorded in the Classroom Facilities Maintenance Fund as required by Board Resolution	Yes	
2009-02	Ohio Rev. Code § 3315.20, several funds had negative cash fund balances	No	Not Corrected – Repeated in Management Letter
2009-03	Unallowable expenditures were charged to Improving Teacher Quality federal grant resulting in a questioned cost	Yes	

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# Dave Yost • Auditor of State

MAPLE HEIGHTS CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
APRIL 12, 2011