



**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Education  
Maplewood Local School District  
2414 Greenville Road NE  
Cortland, Ohio 44410

We have reviewed the *Independent Auditor's Report* of the Maplewood Local School District, Trumbull County, prepared by Canter & Associates, for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**April 05, 2021**

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**MAPLEWOOD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Maplewood Local School District  
Trumbull County  
2414 Greenville Road NE  
Cortland, OH 44410

To the Board of Education:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maplewood Local School District (District), Trumbull County, Ohio, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maplewood Local School District, as of June 30, 2020, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and postemployment benefit liabilities and pension and postemployment benefit contributions listed in the table of contents, be presented to supplement the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2021, on our consideration of the Maplewood Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Maplewood Local School District's internal control over financial reporting and compliance.

CANTER & ASSOCIATES



Poland, Ohio  
January 31, 2021



**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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The management's discussion and analysis of the Maplewood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position decreased \$1,584,867 from fiscal year 2019, due to decreases in capital assets and cash on hand. The effects of GASB 68 and 75 distort the comparative analysis to follow in this MD&A due to the significant change in total expenses on a full accrual basis.
- General revenues accounted for \$8,706,994 in revenue or 89 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,089,816 or 11 percent of total revenues of \$9,796,810.
- The District had \$11,381,677 in expenses related to governmental activities; \$1,089,816 of these expenses were offset by program specific charges for services, grants or contributions.
- The District's major governmental funds are the general fund and permanent improvement capital projects fund. The general fund had \$8,712,075 in revenues and \$9,498,905 in expenditures. During fiscal year 2020, the general fund balance decreased \$786,830, or 39 percent.
- The permanent improvement capital projects fund had \$182,423 in revenues and \$240,146 in expenditures. During fiscal year 2020, the permanent improvement fund balance decreased \$37,723, or 8 percent.
- The District's total net pension liability decreased to \$9,188,129 from \$9,747,524 and the OPEB liability decreased to \$227,228 (including a net OPEB asset of \$551,328), from \$429,328, a combined decrease of \$761,495. For more information on this liability see Notes 12 and 13 to the basic financial statements.

**Using these Basic Financial Statements**

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the permanent improvement fund are by far the most significant funds and are the only governmental funds reported as major.

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins near the end of this management's discussion and analysis. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and permanent improvement capital projects fund.

***Governmental Funds***

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

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

**The District as a Whole**

The table below provides a summary of the District's net position at June 30, 2020 and June 30, 2019.

**Net Position (Table 1)**  
**Governmental Activities**

	2020	2019	Change
<b>Assets</b>			
Current and Other Assets	\$6,836,481	\$7,534,812	(\$698,331)
Capital Assets, Net	14,588,876	15,200,550	(611,674)
<i>Total Assets</i>	<u>21,425,357</u>	<u>22,735,362</u>	<u>(1,310,005)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	20,821	26,916	(6,095)
Pension	1,723,540	2,585,615	(862,075)
OPEB	177,007	137,841	39,166
<i>Total Deferred Outflows of Resources</i>	<u>1,921,368</u>	<u>2,750,372</u>	<u>(829,004)</u>
<b>Liabilities</b>			
Current Liabilities	1,096,561	1,062,731	33,830
Long-Term Liabilities			
Due within One Year	248,135	228,579	19,556
Due in More than One Year:			
Net Pension Liability	9,188,129	9,747,524	(559,395)
Net OPEB Liability	778,556	990,939	(212,383)
Other Amounts	1,281,265	1,431,147	(149,882)
<i>Total Liabilities</i>	<u>12,592,646</u>	<u>13,460,920</u>	<u>(868,274)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,833,015	2,715,056	117,959
Pension	1,058,364	900,423	157,941
OPEB	1,070,512	1,032,280	38,232
<i>Total Deferred Inflows of Resources</i>	<u>4,961,891</u>	<u>4,647,759</u>	<u>314,132</u>
<b>Net Position</b>			
Net Investment in Capital Assets	13,806,425	14,244,455	(438,030)
Restricted	913,947	953,540	(39,593)
Unrestricted (Deficit)	(8,928,184)	(7,820,940)	(1,107,244)
<i>Total Net Position</i>	<u>\$5,792,188</u>	<u>\$7,377,055</u>	<u>(\$1,584,867)</u>

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
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*(Unaudited)*

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School District also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**Maplewood Local School District  
Trumbull County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)*

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

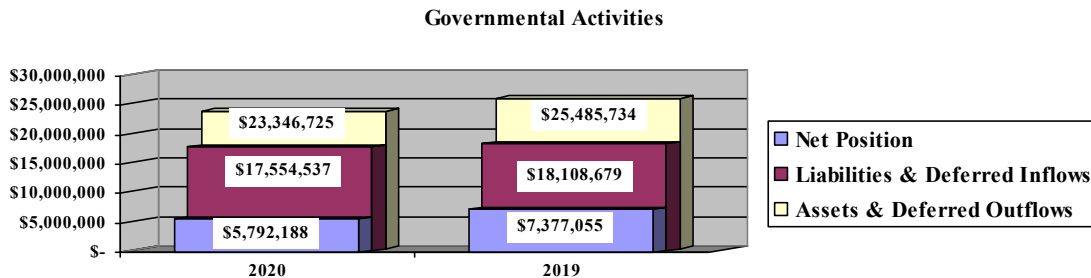
In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's net position was \$5,792,188. Of this total, \$913,947 is restricted in use.

At year-end, capital assets represented 68 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2020, were \$13,806,425. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$913,947 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a negative \$8,928,184.

The graph below shows the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position at June 30, 2020 and 2019:



**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
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*(Unaudited)*

The table below shows the change in Net Position for fiscal year 2020 and 2019.

**Table 2**  
Change in Net Position  
Governmental Activities

	2020	2019	Increase (Decrease)
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$576,210	\$705,698	(\$129,488)
Operating Grants and Contributions	513,606	514,212	(606)
<i>Total Program Revenues</i>	1,089,816	1,219,910	(130,094)
<b>General Revenues</b>			
Property Taxes	2,866,852	2,921,295	(54,443)
Intergovernmental	5,517,002	5,666,334	(149,332)
Investment Earnings	84,574	65,954	18,620
Miscellaneous	233,766	108,569	125,197
Gain on Sale of Capital Assets	4,800	0	4,800
<i>Total General Revenues</i>	8,706,994	8,762,152	(55,158)
<i>Total Revenues</i>	9,796,810	9,982,062	(185,252)
<b>Program Expenses</b>			
Current:			
Instruction	6,744,029	6,290,919	453,110
Support Services	3,860,149	3,707,624	152,525
Operation of Non-Instructional/Food Services	278,608	385,153	(106,545)
Extracurricular Activities	198,796	205,829	(7,033)
Interest and Fiscal Charges	42,508	52,658	(10,150)
Net Pension Expense - GASB 68	250,822	171,041	79,781
Net OPEB Expense - GASB 75	6,765	(1,222,112)	1,228,877
<i>Total Program Expenses</i>	11,381,677	9,591,112	1,790,565
<i>Change in Net Position</i>	(1,584,867)	390,950	(1,975,817)
Net Position Beginning of Year - Restated	7,377,055	6,986,105	390,950
<i>Net Position End of Year</i>	\$5,792,188	\$7,377,055	(\$1,584,867)

**Governmental Activities**

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 86 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,744,029 or an increase of \$453,110 from fiscal year 2019. The effects of GASB 68 and 75 distort the totals in this comparative analysis due to the significant impact changes made to cost of living adjustments enacted by the state pension board had on the District's share of the total pension/OPEB liability.

**Maplewood Local School District  
Trumbull County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)*

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

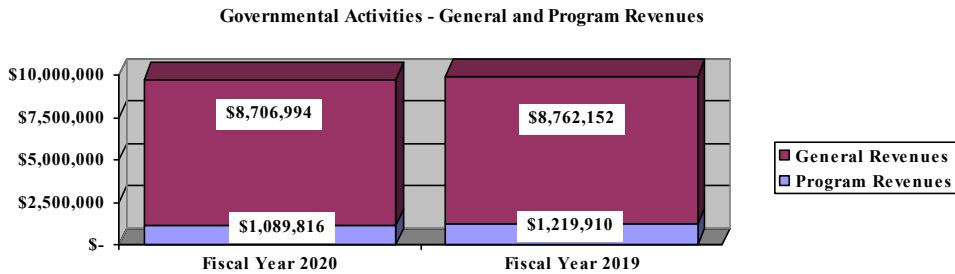
**Table 3**  
Total and Net Cost of Program Services

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$6,744,029	\$5,976,968	\$6,290,919	\$5,454,910
Support Services	3,860,149	3,805,538	3,707,624	3,697,208
Operation of Non-Instructional/Food Services	278,608	59,897	385,153	131,217
Extracurricular Activities	198,796	149,363	205,829	86,280
Interest and Fiscal Charges	42,508	42,508	52,658	52,658
Net Pension Expense	250,822	250,822	171,041	171,041
Net OPEB Expense	6,765	6,765	(1,222,112)	(1,222,112)
<i>Total Expenditures</i>	<u>\$11,381,677</u>	<u>\$10,291,861</u>	<u>\$9,591,112</u>	<u>\$8,371,202</u>

The table above reflects how the District funds its programs through program revenues. Instructional services, support services, co-curricular activities, and interest charges rely heavily on general revenues, while non-instructional and food services were completely funded by program revenues during the fiscal year. The large increase in total expenditures is the byproduct of GASB 68 and 75 as previously discussed. To gain a better understanding of operations, please refer to the fund analysis on the next following pages.

The dependence upon tax and other general revenues for governmental activities is apparent; 43 percent of instruction activities were supported through property taxes this year. For all governmental activities, general revenue support is crucial. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2020 and 2019.



**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$2,062,259, which is less than last year's total of \$2,882,541. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019.

	Fund Balance June 30, 2020	Fund Balance June 30, 2019	Increase (Decrease)
General	\$1,215,695	\$2,002,525	(\$786,830)
Permanent Improvement	448,542	486,265	(37,723)
Other Governmental	398,022	393,751	4,271
<b>Total</b>	<b>\$2,062,259</b>	<b>\$2,882,541</b>	<b>(\$820,282)</b>

**General Fund**

The District's general fund balance decreased \$786,830 during the fiscal year due to expenditures exceeding revenues by this amount. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2020 Amount	2019 Amount	Percentage Change
<b>Revenues</b>			
Taxes	\$2,486,150	\$2,512,594	(1.1) %
Tuition and Fees	464,532	486,270	(4.5) %
Earnings on investments	84,222	64,075	31.4 %
Intergovernmental	5,423,847	5,555,633	(2.4) %
Other revenues	253,324	190,345	33.1 %
<b>Total</b>	<b>\$8,712,075</b>	<b>\$8,808,917</b>	<b>(1.1) %</b>
<b>Expenditures</b>			
Instruction	5,942,171	5,442,184	9.2 %
Support services	3,385,873	3,369,640	0.5 %
Operation of non-instructional services	2,137	71,858	(97.0) %
Extracurricular activities	168,724	167,450	0.8 %
<b>Total</b>	<b>\$9,498,905</b>	<b>\$9,051,132</b>	<b>4.9 %</b>

Interest and other revenue increased slightly from the previous fiscal year while property taxes, tuition and fees and intergovernmental revenues decreased slightly. Overall, revenues decreased by \$96,842 from the previous fiscal year, or less than 1 percent. Earnings on investments increased due to a market value adjustment upward, when compared to the previous fiscal year. Overall, expenses increased from the prior fiscal year by \$447,773 or almost 5 percent.

**Permanent Improvement Fund**

The permanent improvement fund balance decreased \$37,723, or 8 percent.



**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2020, the District amended its general fund as needed. For the general fund, original and final budgeted revenues were \$8,722,245, which was more than the actual revenues of \$8,673,022 by \$49,223. The actual amount was slightly less than the original and final budget amount due to a decrease in anticipated property tax revenues.

General fund original and final appropriations were \$8,887,586 and actual expenditures were \$9,410,005. The original and final appropriations were \$522,419 less than the actual expenditures of \$9,410,005.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2020, the District had \$14,588,876 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2020 balances compared to June 30, 2019:

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

	2020	2019
Land	\$258,497	\$273,697
Land Improvements	142,587	149,781
Buildings and Improvements	13,814,122	14,402,444
Furniture, Fixtures and Equipment	149,834	71,886
Vehicles	223,836	302,742
<i>Total</i>	\$14,588,876	\$15,200,550

The overall decrease in capital assets of \$611,674 is due to depreciation expense of \$702,384 and net deletions of \$15,200 exceeding capital outlays of \$105,910 in the fiscal year.

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

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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**Long-Term Obligations**

At June 30, 2020, the District had the following long-term obligation balances outstanding. Of this total, \$248,135 is due within one year.

**Table 5**  
Outstanding Long-Term Obligations at Year End

	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$770,000	\$940,000
Unamortized Premium	33,272	43,011
Compensated Absences	726,128	676,715
Net Pension Liability	9,188,129	9,747,524
Net OPEB Liability	<u>778,556</u>	<u>990,939</u>
<i>Total</i>	<u>\$11,496,085</u>	<u>\$12,398,189</u>

See Note 10 to the basic financial statements for additional information.

**Current Financial Related Activities**

The Maplewood Local School District has continued to improve academically as shown by the State's report card rating Maplewood an excellent district. Enrollment has steadily declined over the last ten years.

The District is currently in the second year of a three-year contract with both certified and non-certified staff. Percentage increases were given in all three years. With insurance benefits as major contributor to the financial restraints of the District, all employees are contributing a percentage to their healthcare coverage.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Merri Smith, Treasurer, Maplewood Local School District, 2414 Greenville Road NE, Cortland, Ohio 44410.

# Maplewood Local School District

Trumbull County, Ohio

Statement of Net Position  
June 30, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,146,245
Accrued Interest Receivable	2,450
Property Taxes Receivable	3,136,458
Other Postemployment Benefits Asset	551,328
Nondepreciable Capital Assets	258,497
Depreciable Capital Assets, Net	14,330,379
<i>Total Assets</i>	<u>21,425,357</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	20,821
Pension	1,723,540
Other Postemployment Benefits	177,007
<i>Total Deferred Outflows of Resources</i>	<u>1,921,368</u>
<b>Liabilities</b>	
Accounts Payable	134,977
Accrued Wages and Benefits Payable	666,012
Intergovernmental Payable	250,823
Matured Compensated Absences Payable	41,736
Accrued Interest Payable	3,013
Long-Term Liabilities:	
Due Within One Year	248,135
Due In More Than One Year:	
Net Pension Liability	9,188,129
Other Postemployment Benefits Liability	778,556
Other Amounts Due in More than One Year	1,281,265
<i>Total Liabilities</i>	<u>12,592,646</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	2,833,015
Pension	1,058,364
Other Postemployment Benefits	1,070,512
<i>Total Deferred Inflows of Resources</i>	<u>4,961,891</u>
<b>Net Position</b>	
Net Investment in Capital Assets	13,806,425
Restricted for:	
Capital Projects	672,762
Debt Service	181,612
Other Purposes	59,573
Unrestricted	(8,928,184)
<i>Total Net Position</i>	<u>\$5,792,188</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2020*

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$5,586,480	\$443,694	\$21,679	(\$5,121,107)
Special	1,154,492	17,781	280,850	(855,861)
Vocational	3,057	3,057	0	0
Support Services:				
Pupils	509,262	0	31,097	(478,165)
Instructional Staff	201,531	0	0	(201,531)
Board of Education	366,919	0	0	(366,919)
Administration	754,547	0	0	(754,547)
Fiscal	323,787	0	12,924	(310,863)
Business	132	0	0	(132)
Operation and Maintenance of Plant	953,718	6,990	0	(946,728)
Pupil Transportation	666,760	0	0	(666,760)
Central	83,493	0	3,600	(79,893)
Operation of Non-Instructional Services	278,608	66,603	152,108	(59,897)
Extracurricular Activities	198,796	38,085	11,348	(149,363)
Interest and Fiscal Charges	42,508	0	0	(42,508)
Net Pension Expense - GASB 68	250,822	0	0	(250,822)
Net OPEB Expense - GASB 75	6,765	0	0	(6,765)
<i>Total Governmental Activities</i>	<u>\$11,381,677</u>	<u>\$576,210</u>	<u>\$513,606</u>	<u>(10,291,861)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
				2,475,985
				197,387
				158,192
				35,288
Grants and Entitlements not				
				5,517,002
				84,574
				233,766
				4,800
<i>Total General Revenues</i>				<u>8,706,994</u>
				(1,584,867)
<i>Net Position Beginning of Year</i>				7,377,055
<i>Net Position End of Year</i>				<u>\$5,792,188</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**  
Trumbull County, Ohio

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2020*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,239,741	\$451,626	\$454,878	\$3,146,245
Accrued Interest Receivable	2,450	0	0	2,450
Property Taxes Receivable	2,697,172	173,037	266,249	3,136,458
<i>Total Assets</i>	<u>\$4,939,363</u>	<u>\$624,663</u>	<u>\$721,127</u>	<u>\$6,285,153</u>
<b>Liabilities</b>				
Accounts Payable	\$112,886	\$3,473	\$18,618	\$134,977
Accrued Wages and Benefits Payable	650,726	0	15,286	666,012
Intergovernmental Payable	227,291	0	23,532	250,823
Matured Compensated Absences Payable	41,736	0	0	41,736
<i>Total Liabilities</i>	<u>1,032,639</u>	<u>3,473</u>	<u>57,436</u>	<u>1,093,548</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	2,435,057	156,437	241,521	2,833,015
Unavailable Revenue - Property Taxes	255,972	16,211	24,148	296,331
<i>Total Deferred Inflows of Resources</i>	<u>2,691,029</u>	<u>172,648</u>	<u>265,669</u>	<u>3,129,346</u>
<b>Fund Balances</b>				
Nonspendable	2,526	0	0	2,526
Restricted	0	448,542	403,935	852,477
Committed	0	0	24,163	24,163
Assigned	15,428	0	0	15,428
Unassigned (Deficit)	1,197,741	0	(30,076)	1,167,665
<i>Total Fund Balances</i>	<u>1,215,695</u>	<u>448,542</u>	<u>398,022</u>	<u>2,062,259</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,939,363</u>	<u>\$624,663</u>	<u>\$721,127</u>	<u>\$6,285,153</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**  
Trumbull County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
For the Fiscal Year Ended June 30, 2020*

<b>Total Governmental Fund Balances</b>	<b>\$2,062,259</b>
 <b><i>Amounts reported for governmental activities in the statement of net position are different because</i></b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,588,876
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Property Taxes	296,331
The net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Deferred Outflows - Pension	1,723,540
Deferred Inflows - Pension	(1,058,364)
Net Pension Liability	(9,188,129)
Deferred Outflows - OPEB	177,007
Deferred Inflows - OPEB	(1,070,512)
OPEB Liability	(778,556)
OPEB Asset	551,328
Total	(9,643,686)
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(3,013)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(770,000)
Unamortized Premium	(33,272)
Deferred Outflow on Refunding	20,821
Compensated Absences	(726,128)
Total	(1,508,579)
 <i>Net Position of Governmental Activities</i>	 <b>\$5,792,188</b>

See accompanying notes to the basic financial statements

**Maplewood Local School District**  
Trumbull County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2020*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$2,486,150	\$157,972	\$233,103	\$2,877,225
Tuition and Fees	464,532	0	0	464,532
Interest	84,222	0	352	84,574
Charges for Services	0	0	73,593	73,593
Extracurricular Activities	9,689	0	28,396	38,085
Contributions and Donations	11,348	0	251	11,599
Intergovernmental	5,423,847	24,451	580,660	6,028,958
Miscellaneous	232,287	0	1,479	233,766
<i>Total Revenues</i>	<u>8,712,075</u>	<u>182,423</u>	<u>917,834</u>	<u>9,812,332</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,081,214	350	12,631	5,094,195
Special	860,827	0	272,301	1,133,128
Vocational	130	0	0	130
Support Services:				
Pupils	472,510	0	31,097	503,607
Instructional Staff	205,191	0	0	205,191
Board of Education	366,919	0	0	366,919
Administration	590,318	86,167	0	676,485
Fiscal	296,989	6,379	10,737	314,105
Business	132	0	0	132
Operation and Maintenance of Plant	818,191	12,542	122,606	953,339
Pupil Transportation	554,364	28,798	0	583,162
Central	81,259	0	1,405	82,664
Operation of Non-Instructional Services	2,137	0	220,171	222,308
Extracurricular Activities	168,724	0	25,696	194,420
Capital Outlay	0	105,910	0	105,910
Debt Service:				
Principal Retirement	0	0	170,000	170,000
Interest and Fiscal Charges	0	0	46,919	46,919
<i>Total Expenditures</i>	<u>9,498,905</u>	<u>240,146</u>	<u>913,563</u>	<u>10,652,614</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(786,830)	(57,723)	4,271	(840,282)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	20,000	0	20,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
<i>Net Change in Fund Balances</i>	(786,830)	(37,723)	4,271	(820,282)
<i>Fund Balances Beginning of Year</i>	2,002,525	486,265	393,751	2,882,541
<i>Fund Balances End of Year</i>	<u>\$1,215,695</u>	<u>\$448,542</u>	<u>\$398,022</u>	<u>\$2,062,259</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**  
Trumbull County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020*

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**Net Change in Fund Balances - Total Governmental Funds** (\$820,282)

***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 are allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	105,910	
Current Year Depreciation	(702,384)	
<b>Total</b>		<b>(596,474)</b>

The net effect of various transactions involving capital assets (i.e.; disposals, sales and donations) is no change in net position.

Assets Disposed	(15,200)	
Accumulated Depreciation on Disposals	0	
<b>Total</b>		<b>(15,200)</b>

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

Property Taxes	(10,373)	
Intergovernmental	(9,949)	
<b>Total</b>		<b>(20,322)</b>

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

170,000

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 on Bonds	767	
Amortization of Premium	9,739	
Amortization of Deferred Outflow on Advance Refunding	(6,095)	
<b>Total</b>		<b>4,411</b>

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

Pension	676,325	
OPEB	18,155	
<b>Total</b>		<b>694,480</b>

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability(asset) are reported as pension/OPEB expense in the statement of activities.

Pension	(1,136,944)	
OPEB	184,877	
<b>Total</b>		<b>(952,067)</b>

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.

(49,413)

*Change in Net Position of Governmental Activities*

(\$1,584,867)

See accompanying notes to the basic financial statements



**Maplewood Local School District**  
Trumbull County, Ohio

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$2,590,647	\$2,590,647	\$2,503,184	(\$87,463)
Tuition and Fees	461,653	461,653	464,532	2,879
Interest	49,618	49,618	49,927	309
Extracurricular Activities	8,839	8,839	8,894	55
Intergovernmental	5,390,230	5,390,230	5,423,847	33,617
Miscellaneous	221,258	221,258	222,638	1,380
<i>Total Revenues</i>	<u>8,722,245</u>	<u>8,722,245</u>	<u>8,673,022</u>	<u>(49,223)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,814,434	4,814,434	5,049,892	(235,458)
Special	781,694	781,694	836,766	(55,072)
Vocational	100	100	106	(6)
Support Services:				
Pupils	440,485	440,485	471,518	(31,033)
Instructional Staff	191,232	191,232	204,705	(13,473)
Board of Education	344,161	344,161	368,408	(24,247)
Administration	550,439	550,439	589,218	(38,779)
Fiscal	276,869	276,869	296,375	(19,506)
Operation and Maintenance of Plant	766,092	766,092	820,064	(53,972)
Pupil Transportation	516,797	516,797	553,206	(36,409)
Central	75,666	75,666	80,997	(5,331)
Operation of Non-Instructional Services	2,101	2,101	2,249	(148)
Extracurricular Activities	127,516	127,516	136,501	(8,985)
<i>Total Expenditures</i>	<u>8,887,586</u>	<u>8,887,586</u>	<u>9,410,005</u>	<u>(522,419)</u>
<i>Net Change in Fund Balance</i>	(165,341)	(165,341)	(736,983)	(571,642)
<i>Fund Balance Beginning of Year</i>	2,913,547	2,913,547	2,913,547	0
Prior Year Encumbrances Appropriated	12,350	12,350	12,350	0
<i>Fund Balance End of Year</i>	<u>\$2,760,556</u>	<u>\$2,760,556</u>	<u>\$2,188,914</u>	<u>(\$571,642)</u>

See accompanying notes to the basic financial statements

**Maplewood Local School District**

Trumbull County, Ohio

*Statement of Net Position*

*Fiduciary Fund*

*June 30, 2020*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$53,967</u></u>
<b>Liabilities</b>	
Due to Students	<u><u>\$53,967</u></u>
See accompanying notes to the basic financial statements	

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 1 - Description of the District**

The Maplewood Local School District (the "District") is located in Trumbull County and encompasses all of the Johnston, Greene and Mecca Townships and a portion of the City of Cortland.

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

The District is the 501<sup>st</sup> largest by enrollment among the 905 public school districts and community schools in the State of Ohio. It currently operates one elementary school, one middle school and one high school. The District is staffed by 42 non-certified and 61 certified personnel to provide services to approximately 750 students and other community members.

**Note 2 - Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 ad No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

**Jointly Governed Organizations**

**Northeast Ohio Management Information Network (NEOMIN)**

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts and a treasurer from each county. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information for NEOMIN may be obtained by contacting the Treasurer of the Trumbull County Educational Service Center, 6000 Youngstown-Warren Rd., Niles, Ohio 44446.

**Trumbull Career and Technical Center**

The Trumbull Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 15 participating school districts' elected boards, which possesses its own budgeting and taxing authority. Financial information may be obtained by contacting the Treasurer of the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

**Northeast Ohio Instructional Media Center (NEOIMC)**

NEOIMC is a jointly governed organization among 45 school districts. The organization was formed for the purpose of providing quality films and/or other media to support the curricula of the Districts. Each member pays a monthly premium based on use of the media materials. NEOIMC is governed by an advisory committee made up of a member from a parochial school, a joint vocational school, one county superintendent from each participating county, one city superintendent and two local superintendents rotating every two years. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained by contacting the Treasurer for the Trumbull County Educational Service Center, 6000 Youngstown Warren Rd., Niles, Ohio 44446.

**State Support Team Region 5 (the "Team")**

The Team is a jointly governed organization among the school districts located in Trumbull, Mahoning, Ashtabula and Columbiana counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improving instructional programs.

The Team is governed by a Board made up of nineteen representatives of the participating school districts, the business community, and Youngstown State University whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 220, Youngstown, Ohio 44512.

**Maplewood Local School District**  
**Trumbull County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Insurance Purchasing Pools**

**Ohio School Boards Association Workers' Compensation Group Rating Program**

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three-member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Trumbull County Schools Employee Insurance Benefit Consortium**

The District participates in the Trumbull County Schools Employee Insurance Benefit Consortium. This is a shared risk pool comprised of sixteen Trumbull County school districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

**B. Fund Accounting**

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

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

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

**Permanent Improvement Fund** The permanent improvement fund accounts for all transactions relating to the acquiring, constructing or improving of permanent improvements.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) grants and other resources whose use is restricted, committed or assigned to a particular purpose; and (c) food service operations.

**Proprietary Funds**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

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**Fiduciary Funds**

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

**C. Basis of Presentation and Measurement Focus**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding, pension and OPEB reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide of statement of net position (see Notes 12 and 13).

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

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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.

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2020 is as follows:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2020.

By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparison for the general fund at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2020; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.



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Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund type level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For the general fund, encumbrances outstanding at year end appear as a component of assigned fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting.

**F. Cash and Investments**

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

During fiscal year 2020, investments were limited to U.S. government money market mutual funds, federal home loan mortgage corporation bonds, federal national mortgage association bonds and federal farm credit bureau bonds. Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$84,222, of which \$23,389 was assigned from other District funds.

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

An analysis of the District's investment account at year end is provided in Note 5.

**G. Inventory**

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

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

**H. Capital Assets**

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

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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2020, the District maintained a capitalization threshold of \$1,500. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5 - 20 years
Buildings and Improvements	20 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans between governmental funds are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net positions. The District had no interfund loans at June 30, 2020.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. The District records a liability for accumulated unused vacation time when earned for all employees with more than 1 year of service. The liability for compensated absences is calculated using the vesting method. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least five years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2020 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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**K. Bond Premium/Deferred Outflow on Refunding**

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

For bond refunds resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

**L. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, pensions and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and loans are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**M. Fund Balance**

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

#### **N. Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The net position held in trust for scholarships signify the legal restrictions on the use of principal.

#### **O. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

#### **P. Estimates**

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

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**Q. Interfund Activity**

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

**P. Pensions/Other Postemployment Benefits (OPEB)**

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

**Note 3 – Change in Accounting Principles**

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the District implemented the Governmental Accounting Standards Board's (GASB) Statement No. 90, "Majority Equity Interest—an amendment of GASB Statement No. 14 and No. 61" and *Implementation Guide No. 2018-1*. These changes were incorporated in the School District's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 90, Majority Equity Interest - an amendment of GASB Statement No. 14 and No. 61, aims to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

**Note 4 - Budgetary Basis of Accounting**

While 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 and disbursements.

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

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

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- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) \*Certain funds have legally separate adopted budgets (budget basis) but are included in the general fund (GAAP basis).

\*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes the public school support special revenue fund.

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

**Net Change in Fund Balance**

<b>General Fund</b>	
GAAP Basis	(\$786,830)
Net Adjustment for Revenue Accruals	(39,053)
Net Adjustment for Expenditure Accruals	99,289
Net Adjustment for Funds Budgeted as Special Revenue	(10,289)
Adjustment for Encumbrances	(100)
Budget Basis	(\$736,983)

**Note 5 – Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

**A Deposits with Financial Institutions**

At June 30, 2020, the carrying amount of all District deposits was \$2,770,276. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2020, \$105,325 of the District's bank balance of \$2,870,345 was exposed to custodial risk as discussed below, while \$2,765,020 was covered by the FDIC.

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Custodial credit risk 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 possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, one of the School District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although 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 FDIC.

**B. Investments**

As of June 30, 2020, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>
Money Market Mutual Funds	\$3,399	Less than One Year
United States Treasury Bills	110,796	Less than One Year
Federal Home Loan Bank Bonds/Notes	129,846	Less than One Year
Federal Home Loan Bank Bonds/Notes	50,410	One to Three Years
Federal Home Loan Mortgage Corporation Bonds/Notes	70,210	One to Three Years
Federal Farm Credit Bureau Bonds/Notes	65,275	Three to Five Years
Total Portfolio	<u>\$429,936</u>	

The weighted average maturity of investments is 1.63 years.

The School District's investments in federal agency securities (FHLB, FHLMC, and FFCB) are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

*Credit Risk:* The U.S. Government money market fund carries a rating of AAAM by Standard & Poor's. The Federal Bonds were rated at least AA+ by Standard and Poors and Aaa by Moody's.

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment held by the District at June 30, 2020:



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Investment	Percent of Total
Money Market Mutual Funds	0.79%
United States Treasury Bills	25.77%
Federal Home Loan Bank	41.93%
Federal Farm Credit Bureau	15.18%
Federal Home Loan Mortgage Corporation	16.33%
Total	<u>100.00%</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net positions as of June 30, 2020:

<u>Cash and investments per note:</u>		<u>Cash and investments per statement of net position:</u>	
Carrying amount of deposits	\$ 2,770,276	Governmental activities	\$ 3,146,245
Investments	429,936	Agency fund	53,967
Total	<u>\$ 3,200,212</u>	Total	<u>\$ 3,200,212</u>

**Note 6 – Fund Balances**

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

Fund Balances	General	Permanent Improvement	Nonmajor Governmental	Total
<b><i>Nonspendable</i></b>				
Unclaimed Funds	\$2,526	\$0	\$0	\$2,526
<b><i>Restricted for</i></b>				
Classroom Maintenance	0	0	4,854	4,854
Athletics & Music	0	0	4,154	4,154
Other Purposes	0	0	22,967	22,967
Debt Service Payments	0	0	163,951	163,951
Capital Improvements	0	448,542	208,009	656,551
<i>Total Restricted</i>	<u>0</u>	<u>448,542</u>	<u>403,935</u>	<u>852,477</u>
<b><i>Committed to</i></b>				
College Scholarships	0	0	24,163	24,163
<b><i>Assigned to</i></b>				
Other Purposes	15,428	0	0	15,428
<b><i>Unassigned (Deficit)</i></b>				
	1,197,741	0	(30,076)	1,167,665
<i>Total Fund Balances</i>	<u>\$1,215,695</u>	<u>\$448,542</u>	<u>\$398,022</u>	<u>\$2,062,259</u>

**Note 7 – Property Taxes**

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

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Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar 2020 represent collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2020 represents collections of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2020 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$6,143 in the general fund, \$496 in the bond retirement fund, \$389 in the permanent improvement fund and \$84 in the classroom facilities maintenance fund. This amount is recorded as revenue. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue. The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 97,277,910	96.24%	\$ 97,718,090	96.00%
Public utility personal	<u>3,804,360</u>	3.76%	<u>4,070,250</u>	4.00%
<b>Total</b>	<b><u>\$ 101,082,270</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 101,788,340</u></b>	<b><u>100.00%</u></b>
Tax rate per \$1,000 of assessed valuation for:				
General	\$40.05		\$39.85	
Bond	2.30		2.30	
Permanent improvement	5.00		5.00	
Classroom facilities maintenance	0.50		0.50	

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**Note 8 – Receivables**

Receivables at June 30, 2020 consisted of taxes, accrued interest and accounts (billings for user charged services and student fees). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

<b>Governmental Activities:</b>	
Property Taxes	\$3,136,458
Accrued Interest	2,450
Intergovernmental	<u>0</u>
<b>Total Receivables</b>	<b><u><u>\$3,138,908</u></u></b>

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

**Note 9 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance			Balance
	<u>06/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/20</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 273,697	\$ -	\$ (15,200)	\$ 258,497
<i>Capital assets, being depreciated:</i>				
Land improvements	203,397	-	-	203,397
Buildings and improvements	23,494,876	-	-	23,494,876
Furniture and equipment	1,845,958	105,910	-	1,951,868
Vehicles	<u>1,004,169</u>	<u>-</u>	<u>-</u>	<u>1,004,169</u>
<b>Total capital assets, being depreciated</b>	<u>26,548,400</u>	<u>105,910</u>	<u>-</u>	<u>26,654,310</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(53,616)	(7,194)	-	(60,810)
Buildings and improvements	(9,092,432)	(588,322)	-	(9,680,754)
Furniture and equipment	(1,774,072)	(27,962)	-	(1,802,034)
Vehicles	<u>(701,427)</u>	<u>(78,906)</u>	<u>-</u>	<u>(780,333)</u>
<b>Total accumulated depreciation</b>	<u>(11,621,547)</u>	<u>(702,384)</u>	<u>-</u>	<u>(12,323,931)</u>
<b>Total capital assets, being depreciated, net</b>	<u>14,926,853</u>	<u>(596,474)</u>	<u>-</u>	<u>14,330,379</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 15,200,550</u></u>	<u><u>\$ (596,474)</u></u>	<u><u>\$ (15,200)</u></u>	<u><u>\$ 14,588,876</u></u>

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$441,579
Special	47,831
Support Services:	
Instructional Staff	318
Administration	71,160
Pupil Transportation	78,906
Operation of Food Services	58,214
Extracurricular	4,376
Total Depreciation Expense	\$702,384

**Note 10 – Long-Term Obligations**

During the fiscal year 2020, the following changes occurred in long-term obligations:

	Balance 06/30/19	Additions	Reductions	Balance 06/30/20	Amounts Due in One Year
<b>Governmental activities:</b>					
<i>General obligation bonds:</i>					
<i>Series 2006 refunding bonds:</i>					
Current interest bonds	\$ 940,000	\$ -	\$ (170,000)	\$ 770,000	\$ 180,000
Total general obligation bonds	940,000	-	(170,000)	770,000	180,000
<i>Other long-term obligations:</i>					
Compensated absences	676,715	107,992	(58,579)	726,128	68,135
Total other long-term obligations	676,715	107,992	(58,579)	726,128	68,135
Total before net pension/OPEB liability	1,616,715	107,992	(228,579)	1,496,128	248,135
<i>Net pension liability:</i>					
STRS	7,684,718	-	(323,288)	7,361,430	-
SERS	2,062,806	-	(236,107)	1,826,699	-
Total net pension liability	9,747,524	-	(559,395)	9,188,129	-
<i>Net OPEB liability (asset):</i>					
STRS	(561,611)	-	10,283	(551,328)	-
SERS	990,939	-	(212,383)	778,556	-
Total net OPEB liability	429,328	-	(202,100)	227,228	-
Total long-term obligations	\$ 11,793,567	\$ 107,992	\$ (990,074)	\$ 10,911,485	\$ 248,135
Add: Unamortized premium on bond issuance				33,272	
Total on statement of net position				\$ 10,944,757	

Compensated absences: Compensated absences will be paid from the fund from which the employee is paid which, for the District is the general fund and the following nonmajor governmental funds: food service, Title VI-B and Title I.

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On July 11, 2000, the District issued \$2,793,935 in general obligation bonds (series 2000, school facilities improvement bonds), which represent the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC). These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for as a governmental activities long-term obligation. Payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. The source of payment is derived from a current 4.398 (average) mil bonded debt tax levy.

On June 6, 2006, the District issued series 2006 general obligation refunding bonds to advance refund the callable portion of the series 2000 current interest term bonds (principal \$1,550,000). Issuance proceeds totaling \$1,656,658 were deposited with an escrow agent and were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of current interest term bonds, par value \$1,545,000. These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for as a governmental activities long-term obligation. Payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$106,658. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Note 12 and 13.

The following is a summary of the future debt service requirements to maturity for the series 2006 refunding bonds:

Fiscal Year Ending <u>June 30,</u>	Current Interest Bonds		
	Principal	Interest	Total
2021	\$180,000	\$37,400	\$217,400
2022	185,000	27,363	212,363
2023	195,000	16,913	211,913
2024	210,000	5,775	215,775
Total	\$ 770,000	\$ 87,451	\$ 857,451

The District pays obligations related to employee compensation from the fund benefitting from their service.

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006.

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In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$8,554,902 (including available funds of \$163,951) and an unvoted debt margin of \$101,788.

**Note 11 – Risk Management**

**A. Comprehensive**

The 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. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles and general liability.

Vehicle policies include liability coverage for bodily injury and property damage. The liability limits are \$1,000,000 for each accident, with a collision deductible of \$250.

Real property and contents are fully insured. Real property is 90% co-insured. Limits of insurance on real property and equipment are \$34,467,061 with a deductible of \$500.

Limits of insurance on business blanket personal property is \$3,875,000 with a deductible of \$500 and is 90% co-insured.

The District liability policy has a limit of \$1,000,000 for each occurrence and \$3,000,000 aggregate.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2020.

**B. Employee Health, Dental, Vision and Life Insurance**

The District has joined together with other school districts in the State to form the Trumbull County School Employee Insurance Benefit Consortium (the "Consortium"), a public entity risk pool currently operating as a common risk management and insurance program for 16 member school districts in Trumbull County. The District pays a monthly premium to the Consortium for its insurance coverage. It is intended that the Consortium will be self-supporting through member premiums. The monthly premium includes a specific and aggregate stoploss premium paid to General American Insurance. The specific individual stoploss is \$100,000 per year. The aggregate stoploss is 105 percent of yearly anticipated claims.

The District provides health, dental, vision and life insurance coverage for employees. The health insurance coverage is administered by Medical Mutual of Ohio, a third party administrator. Core Source administers the dental and vision coverage. Medical Life Insurance Company provides the life insurance coverage. The District pays the insurance premiums, as a fringe benefit for most employees. Classified employees hired after July 1, 2002 are required to pay 20 percent of the monthly premiums.

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

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**C. Workers' Compensation Group Rating**

For fiscal year 2020, the District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate.

Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniserve provides administrative, cost control and actuarial services to the GRP.

**Note 12 – Defined Benefit Pension Plans**

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

**A. Net Pension Liability/Net OPEB Liability**

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. Pensions/OPEB are provided to an employee-on a deferred-payment basis-as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

**B. School Employees Retirement System**

Plan Description - District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District’s contractually required contribution to SERS was \$139,200 for fiscal year 2020. Of this amount \$113,388 is reported as an intergovernmental payable.



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**C. State Teachers Retirement System**

Plan Description - District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307.

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

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$537,125 for fiscal year 2020. Of this amount \$90,848 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.03601780%	0.03494999%	
Proportion of the Net Pension Liability Current Measurement Date	0.03053060%	0.03328795%	
Change in Proportionate Share	-0.00548720%	-0.00166204%	
Proportionate Share of the Net Pension Liability	\$1,826,699	\$7,361,430	\$9,188,129
Pension Expense	\$167,592	\$969,352	\$1,136,944

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$46,321	\$59,932	\$106,253
Change of Assumptions	0	864,742	864,742
Change in Proportionate Share	23,210	53,010	76,220
District contributions subsequent to the measurement date	139,200	537,125	676,325
<b>Total Deferred Outflows of Resources</b>	<b>\$208,731</b>	<b>\$1,514,809</b>	<b>\$1,723,540</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$31,866	\$31,866
Net difference between projected and actual earnings on pension plan investments	23,449	359,789	383,238
Change in Proportionate Share	192,810	450,450	643,260
<b>Total Deferred Inflows of Resources</b>	<b>\$216,259</b>	<b>\$842,105</b>	<b>\$1,058,364</b>

\$676,325 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2021	(\$60,329)	\$348,056	\$287,727
2022	(98,135)	(14,189)	(112,324)
2023	(1,561)	(178,838)	(180,399)
2024	13,297	(19,450)	(6,153)
<b>Total</b>	<b>(\$146,728)</b>	<b>\$135,579</b>	<b>(\$11,149)</b>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	7.50 Percent Net of Investment Expense, Including Inflation
COLA or Ad hoc COLA	2.50 Percent
Future Salary Increases, Including Inflation	3.50 Percent to 18.20 Percent
Wage Inflation	3.00 Percent

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

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

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability	\$2,559,859	\$1,826,699	\$1,211,853

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Investment Expenses, Including Inflation
Discount Rate of Return	7.45 Percent
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation*</u>		<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	28.00	%	7.35
International Equity	23.00		7.55
Fixed Income	21.00		3.00
Alternatives	17.00		7.09
Real Estate	10.00		6.00
Liquidity Reserves	1.00		2.25
Total	100.00	%	7.45

\*Target weights will be phased in over a 24-month period concluding July 1, 2019.

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's Proportionate Share of the Net Pension Liability	\$10,757,910	\$7,361,430	\$4,486,136

**E. Social Security System**

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2020, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**Note 13 – Defined Benefit Other Postemployment Benefit (OPEB) Plans**

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

**Plan Description - School Employees Retirement System (SERS)**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population.

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For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$18,155.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$18,155 for fiscal year 2020, all of which was reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.03571890%	0.03494999%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.03095910%</u>	<u>0.03328795%</u>	
Change in Proportionate Share	<u>-0.00475980%</u>	<u>-0.00166204%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$778,556	(\$551,328)	\$227,228
OPEB Expense	(\$3,477)	(\$181,400)	(\$184,877)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$11,428	\$49,981	\$61,409
Net difference between projected and actual earnings on OPEB plan investments	1,870	0	1,870
Change of Assumptions	56,864	11,589	68,453
Change in Proportionate Share	27,120	0	27,120
District contributions subsequent to the measurement date	<u>18,155</u>	<u>0</u>	<u>18,155</u>
Total Deferred Outflows of Resources	<u>\$115,437</u>	<u>\$61,570</u>	<u>\$177,007</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$171,044	\$28,050	\$199,094
Net difference between projected and actual earnings on pension plan investments	0	34,629	34,629
Change of Assumptions	43,627	604,467	648,094
Change in Proportionate Share	<u>127,544</u>	<u>61,151</u>	<u>188,695</u>
Total Deferred Inflows of Resources	<u>\$342,215</u>	<u>\$728,297</u>	<u>\$1,070,512</u>

\$18,155 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



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	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2021	(\$68,102)	(\$144,217)	(\$212,319)
2022	(38,722)	(144,217)	(182,939)
2023	(92,425)	(130,341)	(222,766)
2024	(16,391)	(125,475)	(141,866)
2025	(19,288)	(122,467)	(141,755)
Thereafter	(10,005)	(10)	(10,015)
Total	<u>(\$244,933)</u>	<u>(\$666,727)</u>	<u>(\$911,660)</u>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.0% decreasing to 3.75%) and higher (8.0% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of the net OPEB liability (asset)	\$945,020	\$778,556	\$646,198

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	1% Decrease (6.0 % decreasing to 3.75 %)	Current Trend Rate (7.0% decreasing to 4.75 %)	1% Increase (8.0 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability (asset)	\$623,781	\$778,556	\$983,905

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.45 percent
Health Care Cost Trends:	
<i>Medical</i>	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
<i>Prescription Drug</i>	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 percent initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	(\$470,449)	(\$551,328)	(\$619,329)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	(\$625,181)	(\$551,328)	(\$460,877)

**Note 14 - Contingencies**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2020, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not currently party to any legal proceedings.

**C. School District Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

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**Note 15 – Statutory Reserves**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at 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 year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2019	\$ -
Current year set-aside requirement	129,438
Offsets	-
Qualifying disbursements	<u>(252,416)</u>
Total	<u>\$ (122,978)</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>

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

**Note 16 – Accountability**

Fund balances at June 30, 2020 included the following individual fund deficit:

Nonmajor Governmental Funds:	Deficit
Food Service Fund	\$30,076

The general fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. This deficit fund balance is the result of adjustments for accrued liabilities.

**Note 17 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID- 19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District’s investment portfolio and the investments of the pension and other employee benefit plans in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either Federal or State, cannot be estimated.

**Maplewood Local School District**  
Trumbull County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio (SERS)*  
*Last Seven Fiscal Years (1)*

	2019	2018	2017	2016	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.03053060%	0.03601780%	0.03367770%	0.03502790%	0.03662370%	0.03650900%	0.03650900%
School District's Proportionate Share of the Net Pension Liability	\$1,826,699	\$2,062,806	\$2,012,168	\$2,563,719	\$2,089,784	\$1,847,700	\$2,171,073
School District's Employee Payroll	\$1,088,311	\$1,000,343	\$1,104,682	\$1,024,114	\$1,098,607	\$1,066,898	\$1,056,854
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	167.85%	206.21%	182.15%	232.08%	192.11%	173.18%	205.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**Maplewood Local School District**  
Trumbull County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio (STRS)*  
*Last Seven Fiscal Years (1)*

	2019	2018	2017	2016	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.033287950%	0.034949990%	0.036686770%	0.036265180%	0.036388620%	0.035603410%	0.035603410%
School District's Proportionate Share of the Net Pension Liability	\$7,361,430	\$7,684,718	\$8,715,021	\$12,139,049	\$10,056,750	\$8,659,981	\$10,315,713
School District's Employee Payroll	\$3,918,171	\$3,981,414	\$4,096,274	\$3,893,850	\$3,834,726	\$4,131,208	\$3,876,734
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	187.88%	193.01%	212.75%	296.34%	258.27%	209.62%	266.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**Maplewood Local School District**

Trumbull County, Ohio

*Required Supplementary Information  
Schedule of School District Pension Contributions  
School Employees Retirement System of Ohio (SERS)  
Last Ten Fiscal Years*

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Pension Contribution	\$139,200	\$146,922	\$140,048	\$154,655
Pension Contributions in Relation to the Contractually Required Contribution	(\$139,200)	(\$146,922)	(\$140,048)	(\$154,655)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$994,286	\$1,088,311	\$1,000,343	\$1,104,682
Contributions as a Percentage of Employee Payroll	14.00%	13.50%	14.00%	14.00%

See accompanying notes to the required supplementary information.



2016	2015	2014	2013	2012	2011
\$143,376	\$144,796	\$147,872	\$146,269	\$152,249	\$140,630
(\$143,376)	(\$144,796)	(\$147,872)	(\$146,269)	(\$152,249)	(\$140,630)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,024,114	\$1,098,607	\$1,066,898	\$1,056,854	\$1,131,963	\$1,118,775
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**Maplewood Local School District**  
Trumbull County, Ohio

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Pension Contribution	\$537,125	\$548,544	\$557,398	\$573,478
Pension Contributions in Relation to the Contractually Required Contribution	(\$537,125)	(\$548,544)	(\$557,398)	(\$573,478)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$3,836,607	\$3,918,171	\$3,981,414	\$4,096,274
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011
\$545,139	\$536,862	\$537,057	\$503,975	\$542,215	\$531,580
(\$545,139)	(\$536,862)	(\$537,057)	(\$503,975)	(\$542,215)	(\$531,580)
\$0	\$0	\$0	\$0	\$0	\$0
\$3,893,850	\$3,834,726	\$4,131,208	\$3,876,734	\$4,170,885	\$4,089,077
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**Maplewood Local School District**  
Trumbull County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio (SERS)*  
*Last Four Fiscal Years (1)*

	2019	2018	2017	2016
School District's Proportion of the Net OPEB Liability	0.03095910%	0.03571890%	0.03423710%	0.03423710%
School District's Proportionate Share of the Net OPEB Liability	\$778,556	\$990,939	\$918,834	\$975,884
School District's Employee Payroll	\$1,088,311	\$1,000,343	\$1,104,682	\$1,024,114
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	71.54%	99.06%	83.18%	232.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**Maplewood Local School District**  
Trumbull County, Ohio

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

	2019	2018	2017	2016
School District's Proportion of the Net Pension Liability (Asset)	0.033287950%	0.034949990%	0.036686770%	0.036686770%
School District's Proportionate Share of the Net Pension Liability (Asset)	(\$551,328)	(\$561,611)	\$1,431,382	\$1,962,018
School District's Employee Payroll	\$3,918,171	\$3,981,414	\$4,096,274	\$3,893,850
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Employee Payroll	-14.07%	-14.11%	34.94%	296.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**Maplewood Local School District**  
Trumbull County, Ohio

*Required Supplementary Information*  
*Schedule of School District OPEB Contributions*  
*School Employees Retirement System of Ohio (SERS)*  
*Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required OPEB Contributions	\$18,155	\$22,798	\$15,651	\$18,947
OPEB Contributions in Relation to the Contractually Required Contributions	(\$18,155)	(\$22,798)	(\$15,651)	(\$18,947)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$994,286	\$1,088,311	\$1,000,343	\$1,104,682
Contributions as a Percentage of Employee Payroll	1.83%	2.09%	1.56%	1.72%

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011
\$16,317	\$25,707	\$19,388	\$28,173	\$30,945	\$32,808
(\$16,317)	(\$25,707)	(\$19,388)	(\$28,173)	(\$30,945)	(\$32,808)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,024,114	\$1,098,607	\$1,066,898	\$1,056,854	\$1,131,963	\$1,118,775
1.59%	2.34%	1.82%	2.67%	2.73%	2.93%

**Maplewood Local School District**  
Trumbull County, Ohio

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

	2020	2019	2018	2017
Contractually Required OPEB Contributions	\$0	\$0	\$0	\$0
OPEB Contributions in Relation to the Contractually Required Contributions	\$0	\$0	\$0	\$0
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$3,836,607	\$3,918,171	\$3,981,414	\$4,096,274
Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.



2016	2015	2014	2013	2012	2011
\$0	\$0	\$41,302	\$38,767	\$41,709	\$40,891
\$0	\$0	(\$41,302)	(\$38,767)	(\$41,709)	(\$40,891)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,893,850	\$3,834,726	\$4,131,208	\$3,876,734	\$4,170,885	\$4,089,077
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**Maplewood Local School District**  
Trumbull County, Ohio

*Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2020*

**Net Pension Liability**

**Changes in Assumptions – SERS**

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

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

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 &amp; Prior</u>
Wage Inflation	3.00 Percent	3.25 Percent
Future Salary Increases, Including Inflation	3.50 Percent to 18.20 Percent	4.00 Percent to 22.00 Percent
Investment Rate of Return	7.50 Percent Net of Investment Expense, Including Inflation	7.75 Percent Net of Investment Expense, Including Inflation

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

**Changes in Assumptions - STRS**

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

	<u>Fiscal Year 2018</u>
Inflation	2.50 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Expenses, Including Inflation
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

	<u>Fiscal Year 2017 &amp; Prior</u>
Inflation	2.75 Percent
Projected Salary Increases	12.25 Percent at Age 20 to 2.75 Percent at Age 70
Investment Rate of Return	7.75 Percent, Net of Expenses, Including Inflation
Payroll Increases	3.50 Percent
Cost of Living Adjustments (COLA)	2 Percent Simple applied as follows: For Members Retiring Before August 1, 2013 3 percent per year. For Members retiring August 1, 2013 or later, 2 percent COLA commences on 5th anniversary date

**Maplewood Local School District**  
Trumbull County, Ohio

*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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

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

**Net OPEB Liability**

**Changes in Assumptions – SERS**

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Changes in Assumptions – STRS**

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

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

**Maplewood Local School District**  
Trumbull County, Ohio

*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**Changes in Benefit Terms – STRS OPEB**

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

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

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



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

Maplewood Local School District  
Trumbull County  
2414 Greenville Rd.  
Cortland, OH 44410

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Maplewood Local School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Maplewood Local School District's basic financial statements and have issued our report thereon dated January 31, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Maplewood Local School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Maplewood Local School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Maplewood Local School District's internal control.

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

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

**Compliance and Other Matters**

As part of reasonably assuring whether the Maplewood Local School 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

**Purpose of this Report**

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



**CANTER & ASSOCIATES**

Poland, Ohio

January 31, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**MAPLEWOOD LOCAL SCHOOL DISTRICT**

**TRUMBULL COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/15/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)