

OHIO AUDITOR OF STATE
KEITH FABER



City of Maple Heights
Cuyahoga County

Fiscal Emergency Termination

Local Government Services

City of Maple Heights, Cuyahoga County

Fiscal Emergency Termination

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Appendix A
City of Maple Heights Financial Forecast
For the Years Ending December 31, 2020 through December 31, 2024

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CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission of the City of Maple Heights, the Auditor of State performed an analysis of the City of Maple Heights to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certifies, as required by Section 118.27 of the Revised Code, that the City of Maple Heights no longer meets the fiscal emergency conditions set forth in Section 118.03 of the Revised Code, that the objectives of the financial recovery plan are being met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of the City of Maple Heights and its role in the operation of the City of Maple Heights is terminated as of November 18, 2020.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to Annette Blackwell, Mayor of the City of Maple Heights; Ron Jackson, Council President; Mike DeWine, Governor; Kimberly Murnieks, Director of the Office of Budget and Management; Robert Sprague, Treasurer of State; and Michael Chambers, Cuyahoga County Fiscal Officer.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 18, 2020

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City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Report on the Termination of the Maple Heights Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission (the Commission) of the City of Maple Heights, Cuyahoga County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Revised Code should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A) of the Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality has done all of the following: (1) planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to Section 118.04 of the Revised Code, and no new fiscal emergency conditions have occurred; (3) met the objectives of the financial plan described in Section 118.06 of the Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”.

Results of our work under Section 118.27(A) of the Revised Code are as follows:

Pages six through fifteen of the report indicate that the City has effectively implemented corrections to its financial accounting and reporting system in accordance with Section 118.10(A) of the Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under Section 118.04 of the Revised Code. This analysis can be found beginning on page sixteen.

We have reviewed the objectives of the financial plan and determined that the City has met the objectives in accordance with Section 118.06 of the Revised Code. Specific conclusions can be found on page twenty-one.

We examined and issued a non-adverse report on the five-year forecast prepared by the City. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the City of Maple Heights, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the City of Maple Heights, and others as designated by the Auditor of State and is not to be used for any other purpose. Our procedures and findings follow.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Section 1 - Financial Accounting and Reporting System

When a City is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the City's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A) of the Revised Code assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the City of Maple Heights (the City) and issued a Report on Accounting Methods, dated August 22, 2017. The report identified areas where the City's financial accounting and reporting system were not in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation, and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Report on Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the Report on Accounting Methods. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below:

Budgetary System

Auditor of State Comment from Report on Accounting Methods

Pursuant to Section 5705.10, Revised Code, the City should credit money levied and collected to the proper fund. During 2016 the City had deficit cash balances in the general fund, the FEMA fire grant special revenue fund and the bond retirement fund. The City should no longer use the money from one fund to pay the obligations of another fund.

Implemented

The City no longer uses the money from one fund to pay the obligations of another fund and is reporting positive balances for all funds.

Auditor of State Comment from Report on Accounting Methods

Pursuant to Section 5705.39, Revised Code, the City should not appropriate money in any fund in excess of the total estimated resources available for expenditure from that fund. During 2016, the City had appropriations that exceeded estimated resources in the police services levy and ambulance billing service special revenue funds. The City should only appropriate an amount in each fund equal to or less than the amount of revenue certified by the budget commission as available to spend in each fund.

Implemented

The City no longer has total appropriations of any fund exceeding the total of the estimated resources available for expenditure.

Auditor of State Comment from Report on Accounting Methods

Pursuant to Section 5705.41(B), Revised Code, the City should not make any expenditure of money unless it has been appropriated. During 2016, the City had expenditures plus encumbrances that exceeded the Council adopted appropriations in several funds. The City should only spend and encumber money within the amount of adopted appropriations.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Implemented

The City now only spends and encumbers money within the amount of adopted appropriations.

Auditor of State Comment from Report on Accounting Methods

The Finance Director does not request a new amended certificate for new sources of revenue that they intend to appropriate. The Finance Director should request a new amended certificate from the County Budget Commission for new sources of revenue to appropriate.

Implemented

The Finance Director requests a new amended certificate from the County Budget Commission for new sources of revenue that the City intends to appropriate.

Auditor of State Comment from Report on Accounting Methods

The Finance Director does not compare appropriations to estimated resources. The Finance Director should document the comparison of appropriations to estimated resources. This comparison should be presented to Council upon request for supplemental appropriations demonstrating the effect of supplemental appropriations and compliance with budgetary requirements, if adopted.

Implemented

The Finance Director documents the comparison of appropriations to estimated resources. This comparison is presented to Council upon request for supplemental appropriations demonstrating the effect of supplemental appropriations and compliance with budgetary requirements, if adopted.

Accounting Ledgers

Auditor of State Comment from Report on Accounting Methods

The City does not have a written disaster recovery plan identifying how the City would restore operations including information technology and accounting functions if the City would experience a serious incident (flood, explosion, computer malfunction, accident, grievous act). The plan should address common terminology, preventative measures, a readiness plan, offsite locations and an emergency contact list. The City should develop and implement a disaster recovery plan.

Implemented

City Council passed Ordinance 2019-99 on November 20, 2019. The Ordinance implements a written disaster recovery plan that identifies how the City would restore operations including information technology and accounting functions if the City would experience a serious incident. The plan addresses common terminology, preventative measures, a readiness plan, offsite locations and an emergency contact list.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
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Revenue Activity

Auditor of State Comment from Report on Accounting Methods

According to Revised Code Section 9.38, all monies received must be remitted to the Finance Department by the next business day after receipt. If the amount is less than \$1,000 and a policy is specifically adopted outlining the procedures, the monies can be held up to a maximum of three business days after the day of receipt. Some departments may hold their receipts longer than a day in the instances where they have small deposits to be made. The City should ensure that cash receipts are being remitted daily, or institute a specific policy outlining how many days it may be held, up to a maximum of three, and relevant procedures.

Implemented

City Council passed Ordinance 2019-99 on November 20, 2019. The Ordinance institutes a policy which outlines how many days cash may be held, up to a maximum of three, and relevant procedures, in accordance with Revised Code Section 9.38.

Auditor of State Comment from Report on Accounting Methods

A procedures manual should be created describing the recording of the receipts in the Police Department, Building Department, Finance Department, Mayor's Court and Senior Center. The procedures should include the process of safeguarding of receipts, timely deposits, the segregation of duties and the collection and recording of receipts.

Implemented

City Council passed Ordinance 2019-99 on November 20, 2019. The Ordinance institutes a policies and procedures manual that includes the process of safeguarding of receipts, timely deposits, the segregation of duties and the collection and recording of receipts within the Police Department, Building Department, Finance Department, Mayor's Court and Senior Center.

Auditor of State Comment from Report on Accounting Methods

The Finance Director should have the procedures used throughout the City in the recording of receipts documented and maintained in the finance department.

Implemented

The Finance Director has the procedures used throughout the City in the recording of receipts documented and maintained in the finance department.

Auditor of State Comment from Report on Accounting Methods

In all departments, the same person should not be counting cash, completing daily cash reports and taking the deposit to the bank. In the Finance Department, the Accounts Payable Clerk counts the cash, tracks the deposits and takes the deposits to the bank.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
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Implemented

In the Finance Department, the Administrative Assistant counts the cash to prepare a system report. The Payroll Administrator verifies the cash ties to the system report and prepares the deposit. The Auxiliary Police takes the deposit to the bank and returns the bank receipt to the Payroll Administrator who verifies the deposit amounts.

Purchasing Process

Auditor of State Comment from Report on Accounting Methods

The original purchase order is not sent to the vendor automatically and is only sent upon request by the vendor. The purchase order should always be mailed, faxed or emailed to the vendor.

Implemented

The City now mails, faxes or emails a copy of the original purchase order to each vendor.

Auditor of State Comment from Report on Accounting Methods

The City does not perform a search of the Auditor of State's Findings for Recovery Database. The City should perform a search of the Auditor of State's Findings for Recovery Database and keep a printed copy of the results of the search on file as proof of verification of vendors.

Implemented

The City now verifies vendors against the State's database of findings for recovery before entering into a contract and saves the documentation on file for future reference.

Auditor of State Comment from Report on Accounting Methods

The City does not have a formal purchasing policy and purchasing procedures for the City are not documented. A purchasing policy for the City should be developed, adopted by ordinance, and distributed to all departments.

Implemented

The City adopted Ordinance 2019-99 on November 20, 2019. The Ordinance documented a formal purchasing policy and purchasing procedures which has been distributed to all departments.

Auditor of State Comment from Report on Accounting Methods

The City does not have a formal bidding policy and bidding procedures for the City and are not documented. A bidding policy for the City should be developed, adopted by ordinance, and distributed to all departments.

Implemented

The City adopted Ordinance 2019-99 on November 20, 2019. The Ordinance documented a formal bidding policy and bidding procedures which has been distributed to all departments.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

The City Council, per Section 5705.41(D), Revised Code, should establish, through resolution or ordinance, the maximum amount for blanket purchase orders to be issued by the Finance Director. Blanket purchase orders used without the City Council having set a limit are not valid because the City does not have the authority to use blanket purchase orders without action by City Council.

Implemented

The City passed Ordinance 2019-99 on November 20, 2019. The Ordinance institutes a written purchasing policy which documents purchasing procedures along with maximum limits on blanket purchase orders.

Auditor of State Comment from Report on Accounting Methods

The City had instances in which purchase orders were dated after the invoice and/or receipt for reimbursed goods. Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditures of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated. Purchase orders should be prepared and approved before items are received or ordered by other means. When purchases are not prepared and approved before items are purchased, there is a possibility the City will not have adequate funds available for the obligations.

Implemented

The City substantially complies with Ohio Revised Code Section 5705.41 (D), and the City prepares and approves purchase orders before items are received or ordered. When purchases are not prepared and approved before items are purchased, the City implemented the use of a “Then and Now Certificate” that states that at the time of the order or contract, there were sufficient resources available for appropriation.

Cash Disbursements

Auditor of State Comment from Report on Accounting Methods

The Finance Director does not review the checks after they are printed and electronically signed. The Finance Director should review the printed checks to ensure that the checks are complete and to ensure that the amounts have not been changed.

Implemented

The Finance Director reviews the printed checks once they have been printed and electronically signed and verifies them against the vendor check register from the system to ensure they are complete and that the amounts have not been changed.

Auditor of State Comment from Report on Accounting Methods

The City should document the procedures for cash disbursements including the staff positions and their functions. This document should also include procedures for invoices exceeding the purchase order and the use of “Then and Now” certifications. The document should be kept on file in the Director of Finance’s office. The document should be reviewed periodically to ensure procedures are followed and it is kept up to date.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Implemented

The City passed Ordinance 2019-99 on November 20, 2019 establishing official cash disbursement policies and procedures which includes staff positions and their functions. The procedure also outlines the use of “Then and Now” certifications and it is kept on file in the City Finance Director’s office.

Auditor of State Comment from Report on Accounting Methods

The Finance Director authorizes the payment of City obligations when there is sufficient cash in the treasury to cover the obligations. In addition to sufficient cash in the treasury, there should be a determination of sufficient cash and appropriation in the fund or funds from which the obligation is paid so that deficit cash balances are avoided.

Implemented

The Finance Director now reviews budgetary information for approved appropriations and the availability of funds to determine there is sufficient cash and appropriation in the fund or funds from which the obligation is paid so that deficit cash balances are avoided.

Auditor of State Comment from Report on Accounting Methods

Various obligations such as utilities, employee benefits and some contracts are paid without the fiscal officer’s certification. Section 5705.41(D), Revised Code, provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer saying that the amount required to meet the obligation has been lawfully appropriated and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. The fiscal officer should provide an appropriate certification for all City obligations.

Implemented

The City now uses purchase orders that require the Finance Director’s certification in order to pay all obligations.

Auditor of State Comment from Report on Accounting Methods

Invoices are mailed to either the originating department or the Finance Department. The Finance Department should require all invoices to be mailed to the Finance Department. Invoices should be copied and sent to the appropriate department for approval and returned along with the packing slip and any other supporting documentation to the Finance Department.

Implemented

The City now requires all invoices to be mailed or emailed to the Finance Department where they are date stamped and distributed to the appropriate department to be reviewed for accuracy and completeness. Once reviewed, the department Director or Supervisor initials the invoice for approval to pay and they are returned along with the packing slip and any other supporting documentation to the Finance Department.

City of Maple Heights, Cuyahoga County
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Payroll Processing

Auditor of State Comment from Report on Accounting Methods

The Authorized Pay Schedule for non-bargaining employees was dated to expire on December 22, 2012. City Council should pass an ordinance updating the non-bargaining employee pay schedule.

Implemented

The City approved Ordinance No. 2018-12 to update the Authorized Pay Schedule for non-bargaining unit employees.

Auditor of State Comment from Report on Accounting Methods

The employee who processes payroll has access to and is responsible for making rate adjustments and changes to the employee master file. An employee who does not process payroll should make rate adjustments and changes to the employee master file or, once entered, have them verified by another person.

Implemented

The City has adopted an “Employee Status Notice Form” that is signed by the employee and submitted to the Human Resources Department who is responsible for making rate adjustments and changes to the employee master file.

Auditor of State Comment from Report on Accounting Methods

The employee who processes payroll also initiates the direct deposits and reconciles the bank accounts. An employee who does not process payroll should initiate the direct deposit and reconcile the bank accounts.

Implemented

The City now has the Payroll Administrator who initiates the direct deposit by reconciling the payroll system and submits the documentation to the Assistant Finance Director. The Assistant Finance Director reviews the payroll reconciliation for accuracy and traces the check numbers and amounts to the system for accuracy. The Finance Director then reconciles the payroll information to the bank accounts.

Auditor of State Comment from Report on Accounting Methods

The City does not have written procedures regarding the payroll process. The Finance Director should document its payroll procedures and maintain them in the Finance Office.

Implemented

The City passed Ordinance 2019-99 on November 20, 2019. The Ordinance outlines the procedures for the payroll process which is maintained on file within the Finance Director’s office.

Auditor of State Comment from Report on Accounting Methods

The City uses individual time cards for each employee in all of its departments but employees are not signing or verifying anything that accounts for time worked. Each employee of the City should sign the time card demonstrating time worked for a pay period.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Implemented

The City now requires each employee of the City to sign the time card demonstrating time worked for a pay period. In the event an employee is unable to sign, the supervisor is authorized to sign in place of the employee and add a note as to why the employee was unable to sign.

Capital Assets and Supplies Inventory

Auditor of State Comment from Report on Accounting Methods

The City should develop a comprehensive Capital Asset Policies and Procedures Manual that is approved by City Council. This policy should include such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location and tag number in accordance with Section 117-2-02(D)(4)(c) of the Ohio Administrative Code.

Implemented

The City approved Ordinance 2019-99 on November 20, 2019 establishing a comprehensive Capital Asset Policies and Procedures Manual that includes such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location and tag number.

Auditor of State Comment from Report on Accounting Methods

The City does not have a written capitalization threshold. A threshold should be established and documented in the City's Capital Asset Policy.

Implemented

The City has established a written capitalization threshold and has documented this in the City's Capital Asset Policy.

Auditor of State Comment from Report on Accounting Methods

The City uses Excel spreadsheets to account for and track its capital assets. The use of spreadsheets does not ensure the integrity of the data and increases the risk that a capital asset record may be deleted and not detected in a reasonable period of time. The City should purchase a capital asset accounting system that meets the accounting and reporting requirement of the City.

Implemented

The City purchased a capital asset accounting system that meets the accounting and reporting requirement of the City.

Auditor of State Comment from Report on Accounting Methods

The City does not assign salvage value to depreciable capital assets. In accordance with GASB Statement No. 34, depreciation expense should be calculated by allocating the net cost of depreciable assets over their estimated useful lives. The net cost of depreciable assets is defined as historical cost less estimated salvage value. The City should assign salvage values to depreciable assets and recalculate annual and accumulated depreciation.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
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Implemented

The Capital Asset Policies and Procedures Manual approved by City Council assigns salvage values to depreciable assets based on the estimated resale value of an asset at the end of its useful life. The salvage value is estimated and assigned to each individual asset once acquired. The City recalculated annual and accumulated depreciation.

Auditor of State Comment from Report on Accounting Methods

This City is not using a formal capital asset addition or disposal form. In order to better track asset additions and dispositions, the City should enact a policy that documents these transactions.

Implemented

The City now has formal capital asset addition and disposal forms to document these transactions.

Auditor of State Comment from Report on Accounting Methods

The City needs to develop a method of tagging capital assets, with each asset having a unique number. The City should assign tags and asset numbers to assets at the time they are delivered to ensure that all assets are accounted for.

Implemented

The City has tagged all City owned property and documented the tag numbers in the capital asset reporting system. They also assign tags and asset numbers to assets at the time they are delivered to ensure that all assets are accounted for.

Auditor of State Comment from Report on Accounting Methods

The City does not have written policies and procedures to account for consumable inventory. The City should prepare a policy for consumable inventory. The policy should include an annual year-end physical inventory. Procedures for performing the inventory should also be developed, documented and maintained in the office of the Director of Finance.

Implemented

The City has developed written policies and procedures to account for consumable inventory. The policy includes an annual year-end physical inventory. These policies and procedures were developed and are documented and maintained in the office of the Director of Finance.

Cash Management and Investing

Auditor of State Comment from Report on Accounting Methods

The investment policy filed with the Clerk of the Bureau was received on October 2, 1996 and does not address the allocation of interest. It should be updated to include the allocation of interest with the newly appointed Finance Director's signature and filed with the Clerk of the Bureau.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Implemented

City Council passed Ordinance 2019-99 on November 20, 2019. The Ordinance updated the investment and depository policy to include the allocation of interest. This policy has been signed by the current Finance Director and filed with the Clerk of the Bureau.

Auditor of State Comment from Report on Accounting Methods

The City does not have written procedures for petty cash and the replenishment of it. Written procedures should be developed for the petty cash which includes the individual designated as the custodian, and the custodian's duties and responsibilities.

Implemented

The City now has written procedures for petty cash and the replenishment of it which include the designation of the custodian of the cash and their duties and responsibilities.

Auditor of State Comment from Report on Accounting Methods

The City does not post interest to Street Construction, Maintenance, and Repair or the State Highway special revenue funds as required by Article XII, Section 5a, Ohio Constitution. The City should allocate interest to the required funds.

Implemented

The City posts interest to the General Fund, Street Construction, Maintenance and Repair and State Highway special revenue funds, in accordance with the investment policy as signed by the Finance Director and filed with the Clerk of the Bureau.

Auditor of State Comment from Report on Accounting Methods

The Finance Director should review and sign the monthly bank reconciliation.

Implemented

The Finance Director signs the monthly bank reconciliation each month when she reviews it.

Auditor of State Comment from Report on Accounting Methods

Some voided checks do not have "void" written on them. The word "void" should be written on all voided checks to prevent them from being cashed.

Implemented

When a check is voided, the word "void" is written on the check along with a description of why the check is being voided to prevent the check from being cashed.

Auditor of State Comment from Report on Accounting Methods

The City should post STAR Ohio interest in the month it is earned.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Implemented

The City posts STAR Ohio interest in the month that it is earned.

Financial Reporting

Auditor of State Comment from Report on Accounting Methods

The City does not have five years of financial reports published on the City web site in accordance with chapter 240.02(b) of the City Administrative Code.

Implemented

The City has the last five years of financial reports published on it's website under the Finance Department.

Audit Report and Management Letters

The City Council and Officials receive a compliance and management letter at the conclusion of each annual audit. The letter that accompanied the December 31, 2019 audit identified three two recommendations.

The management letter made recommendations for the following: implement controls to monitor and update leave balances accurately, adopt procedures to record all Ohio Public Works Commission on-behalf payments as they occur to ensure that activity is properly recorded on the City books in a timely manner and review capital asset additions before they are recorded to ensure that they are City owned assets and should be included on the City capital asset listing.

The City has addressed and corrected these issues as part of their work to correct the Report on Accounting Methods comments. These are not issues that would prevent termination of the Financial Planning and Supervision Commission.

Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions

Under Section 118.27(A)(2) of the Ohio Revised Code, the City shall have corrected or eliminated or have planned and be in the process of good faith implementation of actions to correct and eliminate all of the fiscal emergency conditions that existed when declared in fiscal emergency and no new fiscal emergency conditions have occurred in order to be terminated from fiscal emergency. Our analysis of the six fiscal emergency conditions described in Section 118 of the Revised Code is presented below:

City of Maple Heights, Cuyahoga County
 Report on the Termination of the City of Maple Heights
 Financial Planning and Supervision Commission

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the City’s outstanding debt as of August 31, 2020, is as follows:

Debt Issue	Year of Issuance	Year of Maturity	Interest Rate	Issue Amount
Governmental Activities				
General Obligation Various Purpose Bonds	2010	2030	.88-4.87%	\$11,275,000
Capital Appreciation Bonds	2010	2024	7.25-7.5	1,647,911
OPWC Loan - Industrial Avenue/E. 141st Improvement	2004	2023	0.00	556,403
OPWC Loan - Northfield Road Improvements	2010	2030	0.00	360,000
OPWC Loan - East 141st Street and Maple Heights Improvements	2014	2034	0.00	333,013
OPWC Loan - Broadway Sanitary Inteceptor Extension	2014	2043	0.00	91,860
OPWC Loan - Broadway Avenue Reconstruction	2014	2039	0.00	381,774
OPWC Loan - Sanitary Sewer Repair	2018	2047	0.00	196,560
OPWC Loan - Libby Road Reconstruction	2018	2037	0.00	298,792
OPWC Loan - Lee Road Pavement Repairs	2018	2042	0.00	246,502

We reviewed the outstanding indebtedness as of August 31, 2020. The City had \$11,231,396 in outstanding debt at August 31, 2020, and had made all debt payments due as of that date.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(1) of the Revised Code. No default on any debt obligation for more than thirty days existed at August 31, 2020.

Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We reviewed the payroll records of the City as of August 31, 2020. We reviewed Council minutes, ordinances, resolutions, and had discussions with the City Finance Director to determine the employees of the City, pay rates, frequency of payroll, and whether any extensions for the payment of payroll existed. We reviewed the payroll reports and the payroll bank statement to determine whether City employees had been paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Revised Code. We determined that adequate cash was in the bank account and there were sufficient fund balances to cover payroll.

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Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Revised Code as of August 31, 2020. All employees had been paid in amounts and at the times required by ordinance.

Condition Three - Increase in Minimum Tax Levy

Section 118.03(A)(3) of the Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Cuyahoga County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the City for 2020, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Cuyahoga County Budget Commission indicated that the Budget Commission had not taken any action for tax year 2020 to increase the inside millage of the City.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Revised Code as of August 31, 2020.

Condition Four - Past Due Accounts Payable from the General Fund and all Funds

Section 118.03(A)(4) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeded one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year end balance in the general fund and in the respective special funds lawfully available to pay such accounts, excluded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

We prepared a schedule of accounts payable (as defined above) as of December 31, 2019, for all funds that were due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2019, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2019, excluding non-recurring receipts of all special funds from which such accounts are lawfully payable. No funds of the City had a payable over 30 days past due in excess of available balance at December 31, 2019.

City of Maple Heights, Cuyahoga County
 Report on the Termination of the City of Maple Heights
 Financial Planning and Supervision Commission

Schedule I

Accounts Payable from All Funds Over 30 Days Past Due
 Ohio Revised Code Section 118.03(A)(4)
 As of December 31, 2019

Fund	Payable Over 30 Days Past Due	Fund Balance Available	Balance Available in Excess of Payables
General Fund	\$9,939	\$2,128,077	\$2,118,138
Senior Program	46	121,364	121,318
Ambulance Billing	4,170	77,581	73,411

Conclusion: Schedule I indicates that a fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code as of December 31, 2019. There are no accounts payable in excess of the available fund balance.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2019, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. No further calculations were necessary because there were no deficit fund balances at December 31, 2019.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(5) of the Revised Code, as there were no deficit fund balances at December 31, 2019.

Condition Six - Treasury Balances

Section 118.03(A)(6) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the City's reconciled bank balance to its cash summary by fund for all funds as of December 31, 2019, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because the treasury balance equaled the sum of all fund cash balances.

City of Maple Heights, Cuyahoga County
 Report on the Termination of the City of Maple Heights
 Financial Planning and Supervision Commission

Schedule I

Treasury Balances
 Ohio Revised Code Section 118.03(A)(6)
 As of December 31, 2019

	Amounts at <u>December 31, 2019</u>
Bank Cash Balance	
Key Bank General Checking Account	\$6,799,271
Key Bank Mayor's Court Account	101,128
Key Bank Payroll Account	5,454
STAR Ohio	1,044,776
Citizens Bank Account	3,821
Petty Cash	<u>2,800</u>
<i>Total Bank Cash</i>	<u>7,957,250</u>
<i>Adjustments for:</i>	
January Expense - Payroll Transfer	174,960
Deposits in Transit	102
Outstanding Checks	(403,696)
OPERS Outstanding	(22,090)
Ohio Police and Fire Outstanding	<u>(22,012)</u>
<i>Total Adjustments</i>	<u>(272,736)</u>
<i>Total Treasury Balance</i>	<u>7,684,514</u>
Less: Positive Cash Fund Balances	
General	2,155,527
Computer Fee	57,648
Special Assessment Street Lighting	27,767
Police Pension	953
Fire Pension	771
Water Use Charge	340,474
Inmate Commissary	30,027
Police Services Levy	158,811
Fire Services Levy	164,209
Senior Program	124,188
Solid Waste Collection	1,375,146
Ambulance Billing Service	184,267
FEMA Fire Grant	83,710
Recreation Donation	1,157
Small Business Grant	150,000
Emergency Medical Services Grant	479
Stret Construction Maintenance and Repair	1,289,813
State Highway	196,043
Municipal Motor Vehicle License	19,822
Drug Law Enforcement	168,884

(continued)

City of Maple Heights, Cuyahoga County
 Report on the Termination of the City of Maple Heights
 Financial Planning and Supervision Commission

Schedule I

Treasury Balances
 Ohio Revised Code Section 118.03(A)(6)
 As of December 31, 2019 (continued)

	Amounts at December 31, 2019
Housing Foreclosure	\$324,105
Housing Revitalization	2,638
SAFER Grant	75,306
Bond Retirement	80
Capital Improvement	27,205
Street Improvement	31,963
Home Exterior Maintenance	1
Recreation Banners	2,151
D.A.R.E. Program	9,708
Mayors Court	323,079
Arch. - Engineer Plan	4,367
Trust and Agency	335,968
Unclaimed Money Fund	10,480
Enterprise Park	590
3% OBBS Fees	7,177
Total Positive Balances	7,684,514
Treasury Deficiency	\$0

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(6) of the Revised Code as of December 31, 2019. The treasury balance less the positive fund cash balances as of December 31, 2019, did not exceed one-sixth of the treasury receipts for the year.

Section 3 - Financial Plan Objectives

We obtained a copy of the financial plan of the City and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to Section 118.04 of the Revised Code;
- 2) Balance the budgets, avoid future deficits in any fund, and maintain current payments of all accounts;
- 3) Develop an effective financial accounting and reporting system; and
- 4) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

City of Maple Heights, Cuyahoga County
Report on the Termination of the City of Maple Heights
Financial Planning and Supervision Commission

Section 4 - Financial Forecast

Financial forecasting is an important management tool to assist the City in making sound financial decisions for avoiding a fiscal crisis in the future. A five-year forecast is required under Section 118.27 (A) (3) (d) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

DISCLAIMER

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

APPENDIX A

**City of Maple Heights
Cuyahoga County**

Financial Forecast

For the Years Ending December 31, 2020 through December 31, 2024

City of Maple Heights, Ohio

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City Council
City of Maple Heights
5353 Lee Road
Maple Heights, Ohio 44137

Based upon the requirement set forth in section 118.27(A)(3)(d) of the Ohio Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the accompanying forecasted statements of revenues, expenditures, and changes in fund balance of the various funds of the City of Maple Heights, for the five years ending December 31, 2024. These statements are presented on the budget basis of accounting used by the City of Maple Heights rather than on generally accepted accounting principles. The City of Maple Heights's management is responsible for the forecast. Our responsibility is to determine whether the City has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast and the variations may be material.

This report is intended solely for the use of the City of Maple Heights and the Financial Planning and Supervision Commission of Maple Heights and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2020

City of Maple Heights - Cuyahoga County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2017, Through 2019, Actual
and Ending December 31, 2020, Through 2024, Forecasted
General Fund

	2017 Actual	2018 Actual	2019 Actual	2020 Forecasted
Revenues				
Property and Other Local Taxes	\$1,487,000	\$2,299,000	\$2,621,000	\$2,553,000
Municipal Income Taxes	7,218,000	7,005,000	7,427,000	7,427,000
Intergovernmental	1,023,000	1,149,000	1,533,000	1,643,000
Interest	0	14,000	35,000	11,000
Licenses and Permits	943,000	952,000	932,000	875,000
Fines and Forfeitures	236,000	167,000	169,000	160,000
Charges for Services	264,000	310,000	340,000	361,000
Other	439,000	480,000	473,000	412,000
Total Revenues	11,610,000	12,376,000	13,530,000	13,442,000
Expenditures				
Police				
Personal Services	1,879,000	1,926,000	2,009,000	1,769,000
Fringe Benefits	802,000	822,000	748,000	990,000
Total Police	2,681,000	2,748,000	2,757,000	2,759,000
Auxiliary Police				
Personal Services	52,000	73,000	62,000	62,000
Fringe Benefits	9,000	13,000	11,000	11,000
Capital Outlay	0	0	0	18,000
Total Auxiliary Police	61,000	86,000	73,000	91,000
Fire				
Personal Services	1,892,000	2,071,000	2,110,000	1,686,000
Fringe Benefits	954,000	1,270,000	912,000	1,159,000
Total Fire	2,846,000	3,341,000	3,022,000	2,845,000
Dispatch and Secretaries				
Personal Services	107,000	79,000	76,000	80,000
Fringe Benefits	40,000	38,000	34,000	36,000
Other Expenditures	579,000	726,000	694,000	769,000
Total Dispatch and Secretaries	726,000	843,000	804,000	885,000
School Guards				
Personal Services	30,000	32,000	45,000	45,000
Fringe Benefits	5,000	6,000	8,000	8,000
Total School Guards	35,000	38,000	53,000	53,000
Jail Administrators Operations				
Personal Services	284,000	242,000	242,000	268,000
Fringe Benefits	134,000	144,000	131,000	177,000
Other Expenditures	33,000	32,000	28,000	38,000
Total Jail Administrators Operations	\$451,000	\$418,000	\$401,000	\$483,000

2021 Forecasted	2022 Forecasted	2023 Forecasted	2024 Forecasted
\$2,553,000	\$2,727,000	\$2,727,000	\$2,727,000
7,470,000	7,513,000	7,556,000	7,556,000
1,476,000	1,633,000	1,633,000	1,633,000
25,000	25,000	25,000	25,000
875,000	875,000	875,000	875,000
160,000	160,000	160,000	160,000
361,000	361,000	361,000	361,000
412,000	412,000	412,000	412,000
<u>13,332,000</u>	<u>13,706,000</u>	<u>13,749,000</u>	<u>13,749,000</u>
2,161,000	2,220,000	2,281,000	2,343,000
<u>1,020,000</u>	<u>1,050,000</u>	<u>1,080,000</u>	<u>1,112,000</u>
<u>3,181,000</u>	<u>3,270,000</u>	<u>3,361,000</u>	<u>3,455,000</u>
63,000	64,000	65,000	66,000
11,000	11,000	12,000	12,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>74,000</u>	<u>75,000</u>	<u>77,000</u>	<u>78,000</u>
2,087,000	2,146,000	2,208,000	2,271,000
<u>1,195,000</u>	<u>1,230,000</u>	<u>1,266,000</u>	<u>1,303,000</u>
<u>3,282,000</u>	<u>3,376,000</u>	<u>3,474,000</u>	<u>3,574,000</u>
82,000	85,000	87,000	90,000
37,000	38,000	39,000	40,000
<u>769,000</u>	<u>769,000</u>	<u>769,000</u>	<u>698,000</u>
<u>888,000</u>	<u>892,000</u>	<u>895,000</u>	<u>828,000</u>
46,000	47,000	48,000	49,000
<u>8,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>
<u>54,000</u>	<u>56,000</u>	<u>57,000</u>	<u>58,000</u>
274,000	282,000	290,000	297,000
182,000	186,000	190,000	195,000
<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>
<u>\$494,000</u>	<u>\$506,000</u>	<u>\$518,000</u>	<u>\$530,000</u>

(continued)

City of Maple Heights - Cuyahoga County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2017, Through 2019, Actual
and Ending December 31, 2020, Through 2024, Forecasted
General Fund (continued)

	2017 Actual	2018 Actual	2019 Actual	2020 Forecasted
Public Health				
Other Expenditures	\$91,000	\$100,000	\$110,000	\$126,000
Recreation				
Other Expenditures	5,000	10,000	14,000	14,000
Senior Services, Nutrition, Transportation, and Home Delivered Meals				
Personal Services	4,000	7,000	0	0
Fringe Benefits	1,000	1,000	0	0
Total Senior Services, Nutrition, Transportation, and Home Delivered Meals	5,000	8,000	0	0
Building Commissioner				
Personal Services	109,000	157,000	175,000	179,000
Fringe Benefits	50,000	71,000	72,000	95,000
Other Expenditures	383,000	386,000	333,000	322,000
Total Building Commissioner	542,000	614,000	580,000	596,000
Community Planning and Zoning Board				
Personal Services	4,000	3,000	4,000	4,000
Fringe Benefits	1,000	1,000	1,000	1,000
Other Expenditures	2,000	1,000	2,000	2,000
Total Community Planning and Zoning Board	7,000	5,000	7,000	7,000
Service Director				
Personal Services	33,000	83,000	69,000	59,000
Fringe Benefits	9,000	41,000	41,000	37,000
Other Expenditures	1,000	0	0	0
Total Service Director	43,000	124,000	110,000	96,000
Mechanics				
Personal Services	41,000	46,000	45,000	44,000
Fringe Benefits	28,000	30,000	29,000	31,000
Other Expenditures	12,000	12,000	12,000	14,000
Total Mechanics	81,000	88,000	86,000	89,000
Mayor's Office				
Personal Services	136,000	135,000	144,000	134,000
Fringe Benefits	59,000	74,000	75,000	79,000
Other Expenditures	12,000	9,000	9,000	11,000
Total Mayor's Office	\$207,000	\$218,000	\$228,000	\$224,000

2021 Forecasted	2022 Forecasted	2023 Forecasted	2024 Forecasted
\$126,000	\$126,000	\$126,000	\$126,000
14,000	14,000	14,000	14,000
0	0	0	0
0	0	0	0
0	0	0	0
184,000	189,000	195,000	201,000
98,000	101,000	104,000	107,000
322,000	322,000	322,000	322,000
604,000	612,000	621,000	630,000
5,000	5,000	5,000	5,000
1,000	1,000	1,000	1,000
2,000	2,000	2,000	2,000
8,000	8,000	8,000	8,000
61,000	63,000	65,000	67,000
38,000	39,000	40,000	41,000
0	0	0	0
99,000	102,000	105,000	108,000
46,000	47,000	48,000	49,000
32,000	33,000	34,000	35,000
14,000	14,000	14,000	14,000
92,000	94,000	96,000	98,000
138,000	142,000	147,000	151,000
82,000	84,000	86,000	89,000
11,000	11,000	11,000	11,000
\$231,000	\$237,000	\$244,000	\$251,000

(continued)

City of Maple Heights - Cuyahoga County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2017, Through 2019, Actual
and Ending December 31, 2020, Through 2024, Forecasted
General Fund (continued)

	2017 Actual	2018 Actual	2019 Actual	2020 Forecasted
Finance				
Personal Services	\$180,000	\$131,000	\$164,000	\$236,000
Fringe Benefits	79,000	74,000	104,000	149,000
Other Expenditures	7,000	10,000	7,000	10,000
Total Finance	266,000	215,000	275,000	395,000
Legal				
Personal Services	125,000	122,000	145,000	147,000
Fringe Benefits	24,000	23,000	36,000	39,000
Other Expenditures	41,000	46,000	47,000	47,000
Total Legal	190,000	191,000	228,000	233,000
Election Expense				
Other Expenditures	3,000	51,000	0	55,000
Lands and Buildings				
Personal Services	32,000	31,000	42,000	51,000
Fringe Benefits	15,000	16,000	17,000	20,000
Other Expenditures	548,000	637,000	654,000	1,013,000
Total Lands and Buildings	595,000	684,000	713,000	1,084,000
Civil Service				
Personal Services	2,000	1,000	0	3,000
Fringe Benefits	0	0	0	0
Total Civil Service	2,000	1,000	0	3,000
Human Resources				
Personal Services	64,000	50,000	25,000	25,000
Fringe Benefits	30,000	36,000	19,000	19,000
Other Expenditures	13,000	14,000	10,000	10,000
Total Human Resources	107,000	100,000	54,000	54,000
Council				
Personal Services	99,000	99,000	99,000	99,000
Fringe Benefits	16,000	9,000	18,000	17,000
Other Expenditures	9,000	7,000	24,000	23,000
Total Council	124,000	115,000	141,000	139,000
Clerk of Council				
Personal Services	45,000	45,000	45,000	45,000
Fringe Benefits	17,000	19,000	18,000	19,000
Other Expenditures	0	1,000	0	1,000
Total Clerk of Council	\$62,000	\$65,000	\$63,000	\$65,000

2021 Forecasted	2022 Forecasted	2023 Forecasted	2024 Forecasted
\$243,000	\$251,000	\$258,000	\$265,000
153,000	157,000	162,000	167,000
10,000	10,000	10,000	10,000
406,000	418,000	430,000	442,000
151,000	156,000	161,000	166,000
40,000	41,000	42,000	43,000
47,000	47,000	47,000	47,000
238,000	244,000	250,000	256,000
5,000	55,000	5,000	55,000
52,000	53,000	54,000	56,000
20,000	21,000	22,000	22,000
1,014,000	1,014,000	1,014,000	1,014,000
1,086,000	1,088,000	1,090,000	1,092,000
3,000	3,000	3,000	3,000
0	1,000	1,000	1,000
3,000	4,000	4,000	4,000
26,000	27,000	28,000	29,000
20,000	20,000	21,000	21,000
10,000	10,000	10,000	10,000
56,000	57,000	59,000	60,000
99,000	99,000	99,000	99,000
17,000	17,000	17,000	17,000
23,000	23,000	23,000	23,000
139,000	139,000	139,000	139,000
46,000	47,000	49,000	50,000
19,000	20,000	20,000	21,000
2,000	2,000	2,000	2,000
\$67,000	\$69,000	\$71,000	\$73,000

(continued)

City of Maple Heights - Cuyahoga County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2017, Through 2019, Actual
and Ending December 31, 2020, Through 2024, Forecasted
General Fund (continued)

	2017 Actual	2018 Actual	2019 Actual	2020 Forecasted
Mayor's Court				
Personal Services	\$32,000	\$32,000	\$33,000	\$32,000
Fringe Benefits	10,000	10,000	10,000	19,000
Other Expenditures	1,000	3,000	2,000	2,000
Total Mayor's Court	<u>43,000</u>	<u>45,000</u>	<u>45,000</u>	<u>53,000</u>
Non-Departmental				
Personal Services	41,000	30,000	1,000	24,000
Other Expenditures	533,000	575,000	688,000	640,000
Total Non-Departmental	<u>574,000</u>	<u>605,000</u>	<u>689,000</u>	<u>664,000</u>
<i>Total Expenditures</i>	<u>9,747,000</u>	<u>10,713,000</u>	<u>10,453,000</u>	<u>11,013,000</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,863,000</u>	<u>1,663,000</u>	<u>3,077,000</u>	<u>2,429,000</u>
Other Financing Sources (Uses)				
Advances In	0	0	0	80,000
Advances Out	0	0	(252,000)	0
Transfers In	0	115,000	0	0
Transfers Out	(836,000)	(991,000)	(717,000)	(800,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(836,000)</u>	<u>(876,000)</u>	<u>(969,000)</u>	<u>(720,000)</u>
<i>Changes in Fund Balance</i>	1,027,000	787,000	2,108,000	1,709,000
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(1,766,000)</u>	<u>(739,000)</u>	<u>48,000</u>	<u>2,156,000</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$739,000)</u></u>	<u><u>\$48,000</u></u>	<u><u>\$2,156,000</u></u>	<u><u>\$3,865,000</u></u>

2021 Forecasted	2022 Forecasted	2023 Forecasted	2024 Forecasted
\$33,000	\$34,000	\$35,000	\$36,000
20,000	20,000	21,000	22,000
2,000	2,000	2,000	2,000
<u>55,000</u>	<u>56,000</u>	<u>58,000</u>	<u>60,000</u>
24,000	24,000	24,000	24,000
<u>640,000</u>	<u>640,000</u>	<u>640,000</u>	<u>640,000</u>
<u>664,000</u>	<u>664,000</u>	<u>664,000</u>	<u>664,000</u>
<u>11,866,000</u>	<u>12,162,000</u>	<u>12,366,000</u>	<u>12,603,000</u>
<u>1,466,000</u>	<u>1,544,000</u>	<u>1,383,000</u>	<u>1,146,000</u>
0	0	0	0
0	0	0	0
0	0	0	0
<u>(744,000)</u>	<u>(761,000)</u>	<u>(761,000)</u>	<u>(761,000)</u>
<u>(744,000)</u>	<u>(761,000)</u>	<u>(761,000)</u>	<u>(761,000)</u>
722,000	783,000	622,000	385,000
<u>3,865,000</u>	<u>4,587,000</u>	<u>5,370,000</u>	<u>5,992,000</u>
<u>\$4,587,000</u>	<u>\$5,370,000</u>	<u>\$5,992,000</u>	<u>\$6,377,000</u>

City of Maple Heights - Cuyahoga County
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2017, Through 2019, Actual
and Ending December 31, 2020, Through 2024, Forecasted
Bond Retirement Fund

	2017 <u>Actual</u>	2018 <u>Actual</u>	2019 <u>Actual</u>	2020 <u>Forecasted</u>
Revenues				
Property and Other Local Taxes	\$563,000	\$567,000	\$641,000	\$625,000
Intergovernmental	<u>173,000</u>	<u>85,000</u>	<u>88,000</u>	<u>88,000</u>
Total Revenues	<u>736,000</u>	<u>652,000</u>	<u>729,000</u>	<u>713,000</u>
Expenditures				
Debt Service				
Principal Retirement	790,000	795,000	830,000	865,000
Interest and Fiscal Charges	424,000	389,000	353,000	320,000
Capital Appreciation Bonds Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>1,214,000</u>	<u>1,184,000</u>	<u>1,183,000</u>	<u>1,185,000</u>
Excess of Revenues Over (Under) Expenditures	(478,000)	(532,000)	(454,000)	(472,000)
Other Financing Sources				
Transfers In	<u>483,000</u>	<u>532,000</u>	<u>454,000</u>	<u>520,000</u>
Changes in Fund Balance	5,000	0	0	48,000
Fund Balance Beginning of Year	<u>(5,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$48,000</u></u>

<u>2021</u> <u>Forecasted</u>	<u>2022</u> <u>Forecasted</u>	<u>2023</u> <u>Forecasted</u>	<u>2024</u> <u>Forecasted</u>
\$625,000	\$654,000	\$654,000	\$654,000
<u>88,000</u>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
<u>713,000</u>	<u>744,000</u>	<u>744,000</u>	<u>744,000</u>
460,000	429,000	399,000	359,000
285,000	285,000	285,000	285,000
<u>580,000</u>	<u>611,000</u>	<u>641,000</u>	<u>681,000</u>
<u>1,325,000</u>	<u>1,325,000</u>	<u>1,325,000</u>	<u>1,325,000</u>
(612,000)	(581,000)	(581,000)	(581,000)
<u>564,000</u>	<u>581,000</u>	<u>581,000</u>	<u>581,000</u>
(48,000)	0	0	0
<u>48,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

Note 1 – The City

The City of Maple Heights (the “City”) is located in Cuyahoga County. The City is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The Charter, which provides for a mayor-council form of government, was adopted on June 2, 1931. Legislative authority is vested in an eight member council. Council members are elected by districts for two year staggered terms. A council president, who presides at all meetings of the legislative authority, but has no vote except in case of a tie, is elected at large for a two year term. The Mayor is the chief executive and administrative officer who is elected for a four-year term.

On February 13, 2015, the Auditor of State’s office declared the City of Maple Heights to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is composed of the Mayor of the City, Council President, three individuals whose residency or principal place of business is within the City, and a designee from both the State Treasurer’s office and the Office of Budget and Management. The City had 120 days after the first meeting of the Commission to approve a financial recovery plan. Once the plan was adopted, the City’s discretion was limited in that all financial activity of the City must be in accordance with the plan.

The City of Maple Heights provides general governmental services including police and fire protection, street maintenance and repairs, building inspection and senior program assistance. The operation of each of these activities is directly controlled by the City Council through the budgetary process. The administration includes the Mayor, City Finance Director, Police Chief, Fire Chief, Building Commissioner, Director of Law and City Engineer.

Note 2 – Nature of Presentation

This financial forecast presents, to the best of the City’s knowledge and belief, the expected revenues, expenditures, and changes in fund balances for the forecast period. Accordingly, the forecast reflects the City’s judgment, as of September 25, 2020, the date of the forecast, the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents the funds that are significant to the operations of the City. These funds include the general fund and the bond retirement fund.

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

Note 3 – Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP) used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the City is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

B. Fund Accounting

The City maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

General Fund – The General Fund is the operating fund of the City and is used to account for and report all financial resources, except those required to be accounted for and reported in another fund. The General Fund balance is available to the City for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specified purposes, other than for debt service or capital projects.

Debt Service Funds – Debt service funds are used to account for and report resources that are restricted, committed, or assigned to disbursement for principal, interest, and related costs.

Capital Projects Funds – Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds).

Permanent Funds – Permanent funds account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the City or its residents.

Proprietary Funds

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Internal Service Funds – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

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 custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated.

Estimated Resources – On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the City, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations – A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriation for the full year is not ready for approval by City Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the City Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances – The City uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

Note 4 – General Revenue Assumptions – All Funds

A. Property Taxes

Property tax revenues consist of real property, public utility real and personal property. The City may request advances from the Cuyahoga County Fiscal Officer as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the City are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues. The City’s Charter has a provision whereby City Council can impose millage to cover the costs of police and fire pensions, as well as debt issued by the City. Council voted to impose the maximum of 10.5 mills in 2017 to be collected in 2018. Prior to this, the millage was levied at 7.3 mills. Collection on this additional millage began in 2018 and is anticipated to continue throughout the forecast period.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for residential real estate taxes. The State reimburses the City for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account “intergovernmental revenue”.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2018 for taxes collected in 2019. The next triennial update will take place in 2021 for taxes collected in 2022 with the next reappraisal scheduled for 2024. The City’s assessed values upon which property tax receipts were based for the last four years are as follows:

Class of Property	2016	2017	2018	2019
Real Property:				
Residential and Agriculture	\$173,523,250	\$172,081,070	\$170,917,630	\$182,459,530
Commercial and Industrial	77,384,910	75,174,000	74,903,400	82,463,830
Public Utility:				
Tangible Personal Property	10,561,300	11,163,270	11,907,320	12,357,330
Total Assessed Value	<u>\$261,469,460</u>	<u>\$258,418,340</u>	<u>\$257,728,350</u>	<u>\$277,280,690</u>

The property tax revenues are generated from inside and voted millage receipted into the general fund, street lighting fund, police pension fund, fire pension fund, police levy fund, fire levy fund, senior program fund and bond retirement fund.

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

The levies being collected by fund, the year approved, and the full tax rate are as follows:

Fund	Tax Levies	Year Approved/ Renewed	First Calendar Year of Collection	Last Calendar Year of Collection	Full Tax Rate (Per \$1,000 of Assessed Valuation)
General Fund	Current Expense (Continuing)	1958	n/a	n/a	\$10.50
Street Lighting	Current Expense (Continuing)	1958	1976	n/a	1.00
Police Pension Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	0.30
Fire Pension Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	0.30
Police Levy Fund	Current Expense	2017	2019	2023	2.00
Fire Levy Fund	Current Expense	2017	2019	2023	2.00
Senior Center Fund	Current Expense	2015	2016	2020	1.30
Bond Retirement Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	2.60
Total Tax Rate					\$20.00

Public utility real taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes. The Senior Center levy was renewed by voters in August 2020. This levy was renewed for 1.3 mills and the collections will be from 2021 through 2025. The City plans to place any levies up for renewal on the ballot.

B. Municipal Income Taxes

Effective January 1, 2007, the City levied and collected an income tax of 2.5 percent on substantially all income earned within the City as well as on incomes of residents earned outside the City, allowing a credit of 100 percent of the tax paid to another municipality, not to exceed the City's current tax rate. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and file a final return annually. Any income tax ordinance must be approved by a majority vote at a City election prior to the ordinance becoming effective.

C. Intergovernmental Revenues

For certain qualifying levies, State law grants tax relief in the form of a credits and/or deductions. Qualifying real property tax bills are reduced by 10 percent non-business credit, and in addition, a 2.5 percent owner occupancy credit. Tax relief is also granted to owner-occupants who meet certain age and disability requirements in the form of an additional homestead exemption. The State reimburses the City for the loss of real property taxes caused by these credits and/or deductions. These credits and deduction receipts have been forecasted to be consistent with the forecasted property tax revenues.

Note 5 – Specific Fund Revenue Assumptions

A. General Fund

Property And Other Local Taxes – Real property taxes are forecasted to decrease in 2020 and 2021 due to the financial impact of the coronavirus on the City which caused an increase in delinquencies. Property taxes are then forecast to increase due to the effect of the triennial update taking place in 2021 with collections in 2022. This increased level is anticipated to remain the same throughout the rest of the forecast period.

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

Municipal Income Taxes – Income taxes have been forecasted based on information provided by the City Finance Director in conjunction with the Regional Income Tax Agency (RITA). Income tax revenue is anticipated to remain consistent with collections received in 2019. An established company has committed to move to the City in stages throughout the forecast period. The effect of the withholding taxes from these additional employees is phased in beginning in 2021 and levels off in 2023.

Intergovernmental Revenue – Intergovernmental revenues include local government monies, property tax allocations for rollback, homestead and tangible property tax loss reimbursements and grant reimbursements. The local government funds are distributed monthly by the State to the County and by the County Fiscal Officer to the City. The property tax allocations for rollback, homestead, and tangible personal property are received from the State and are based on information provided by the County Fiscal Officer. Property tax allocation revenues have been forecasted to increase marginally beginning in 2022 due to the triennial update taking place in 2021 and remaining consistent throughout the forecast period for the remaining years. Local government monies are forecasted to decrease in 2021 due to a drop in projections from the State due to the effect of the coronavirus pandemic. Local government monies are forecast to return to prior levels in 2022 and remain throughout the rest of the forecast period.

The City was awarded grant reimbursements for various project improvements throughout the City. These grants are offset by corresponding expenditures. The City is expecting to continue making improvements to the City and has therefore forecasted grant levels to remain consistent the remainder of the forecast.

Interest – In 2018, the City made a large deposit into their STAR Ohio bank account. As a result, interest revenue increased over the last two years. Interest rates have dropped during 2020 due to the effect of the coronavirus pandemic. The City is conservatively forecasting interest revenue to increase again in 2021 and remain throughout the rest of the forecast period.

Licenses and Permits – Licenses and permits receipts represent liquor and beer permits, building permits and inspections, amusement permits, solicitation permits, fire inspection fees and cable franchise fees. Amounts collected for the various permits, inspections and fees remain approximately the same annually. Cable franchise fees are 3 percent of gross receipts collected by the cable provider. The City is forecasting a decrease in 2020 for a conservative estimate in anticipated building and zoning permits. No increase is anticipated in these revenues.

Fines and Forfeitures - Fines and forfeitures represent revenues received from the Mayor's court fines. The City is anticipating fewer collections in 2020 with no increase anticipated in this revenue item throughout the forecast period.

Charges for Services – Charges for services represent revenues received from grass cutting and a fuel charge agreement with the Maple Heights City School District. Grass cutting charges received is expected to remain consistent throughout the forecast. In 2019, the City signed an agreement with the School District to provide fuel to their buses. Through this agreement, the City received additional monies in charges for services revenue in 2019. The City is forecasting additional fees from the School District in 2020 and is expecting this amount to remain consistent through the remainder of the forecast.

Other – Other revenues consist mainly of various refunds and reimbursements which are projected to remain consistent throughout the forecast period.

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

Other Financing Sources – Other financing sources revenues consist of advances in during 2020. \$252,000 in advances out were made to various funds during 2019 but the City only anticipates receiving a return of \$80,000 of this advance. The remaining \$172,000 is currently outstanding and not forecasted to be repaid to the General Fund, although formal action has not yet been taken by Council to convert the amount to a transfer.

B. Bond Retirement Fund

Property And Other Local Taxes – Real property taxes are forecasted to decrease in 2020 and 2021 due to the financial impact of the coronavirus on the City. Property taxes are then forecast to increase due to the effect of the triennial update taking place in 2021 with collections in 2022. This increased level is anticipated to remain the same throughout the rest of the forecast period.

Intergovernmental Revenue – Intergovernmental revenues include property tax allocations for rollback, homestead and tangible property tax loss reimbursements and grants. The property tax allocations for rollback, homestead, and tangible personal property are received from the State and are based on information provided by the County Fiscal Officer. Homestead and Rollback revenues have been forecasted to increase marginally beginning in 2022 due to the triennial update taking place in 2021 and remaining consistent throughout the forecast period for the remaining years.

Transfers In – Transfers in represent monies transferred from the general fund to cover bond payments.

Note 6 – Expenditure Assumptions – All Funds

A. Personal Services

Personal services include the salaries paid to the employees and elected officials of the City. The City’s employees are paid on a bi-weekly basis. The City Council is paid monthly. City Council, by ordinance, sets the salary or hourly rates and other forms of compensation, such as paid leave.

The City has labor agreements with the International Brotherhood of Teamsters Local Union No. 507, International Association of Machinists and Aerospace Workers Auto Mechanics Local 1363 – AFL-CIO; the Fraternal Order of Police George Murray Lodge Maple Heights Division, the Ohio Patrolmen’s Benevolent Association, and the Maple Heights Firefighters Association, Local No. 1184, AFL-CIO. All of the agreements, with the exception of the Firefighters Association, run through 2020. The City is currently negotiating with the firefighters. All bargaining unit employees are paid longevity based on years of service.

No increases are forecasted for elected officials. Staffing is anticipated to remain the same throughout the forecast period. Each 1 percent increase in salaries for union and non-union employees would cost the City approximately \$57,000 in salaries and \$11,000 in benefits for the general fund.

The City is currently operating the Fire Department with 4 firemen hired under the SAFER grant award, in addition to the normal staffing levels. This grant is set to expire in February of 2022. The City is planning on reapplying for the SAFER grant. Should the City not be re-awarded the grant, the City is not expecting major changes to occur to staffing levels or additional expenses to be incurred. The City has a high turnover rate and are anticipating these 4 firemen to absorb into the general fund with 4 firemen leaving the City.

The City received monies from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a one-time source of federal funding. A portion of those monies were used to pay for police and fire salaries. As a result, salaries in those departments decreased slightly during 2020.

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

The City passed a senior levy in 2015 and any costs related to the Senior Community Center are now paid out of the senior levy fund. This levy was renewed in August 2020 and will have collections through the forecast period.

In the event of unexpected retirements, the City anticipates replacing the positions with new hires to keep staffing levels consistent. No additional employees are expected to retire within the remaining forecast period.

B. Fringe Benefits

Fringe benefits include employer contributions to the State pension system, workers' compensation, Medicare, vacation, sick leave, personal days and medical, prescription, life, vision and dental health coverage.

All employees and/or elected officials, except police and fire, participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent (the maximum) of their annual salary and the City is required to contribute 14 percent (the maximum) of their annual salary. In accordance with negotiated agreements, the City picks up 50 percent of the employee's current 10 percent share of the OPERS pension for the Ohio Patrolmen's Benevolent Association union only.

Police and fire employees participate in the Ohio Police and Fire Retirement System (OP&F). OP&F provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. Employees are required to contribute 12.25 percent (the maximum) of their annual salary and the City is required to contribute 19.5 percent for police and 24 percent for fire (the maximum) of their annual salary. The City agrees to pick-up 100 percent of the statutorily required contribution to the OP&F Pension Fund.

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. Also affecting the premium classification are the specific job classifications and the City's claim experience. For 2020, the City is paying a premium that is approximately 3 percent less than 2019. The City has forecasted a slight increase in future years of the forecast.

All employees, except elected officials, are entitled to between one to eight weeks of vacation leave depending on hire date and length of service. Employees earn sick leave at a rate of 4.6 hours for every eighty hours worked.

The City provides vision, dental, prescription drug and hospital/medical benefits to its employees through Medical Mutual of Ohio, serving as the third party administrator. The City anticipates the premiums for benefits to increase approximately 3 percent each year. The City charges premiums for benefits to the same fund and department as the individual's compensation.

C. Other Expenditures

Other expenditures include property and liability insurance, utility charges (telephone, internet, natural gas, and garbage), postage, advertising, legal fees, auditor and treasurer fees, accounting and auditing services, RITA collection fees, bank service charges and improvement projects throughout the City. The City has worked to constrain spending in as many areas as possible over the last several years and plans to continue to do so in the future. RITA collects a 3 percent fee on all gross income taxes collected and distributed. The City is forecasting to remain consistent in all departments through the remainder of the forecast. The City has

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

applied for and received a number of minor State land and building grants to offset costs for improvements. The City is hopeful to continue these projects through the remainder of the forecast. In years past, the City has paid a contractor to cut grass throughout the City. Beginning in 2020, the City has begun utilizing its workforce to cut this grass. As a result, the City is forecasting a decrease in non-departmental expenditures offset by a conservative increase in other charges to prepare for fluctuations in costs.

D. Debt Service

The City has several debt issuances. The general obligation bonds and capital appreciation bonds are paid from the bond retirement fund. Principal and interest requirements to retire the City’s debt included in the forecast are as follows:

	General Obligation Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2020	\$865,000	\$320,094	\$0	\$0
2021	0	285,494	460,502	579,498
2022	0	285,494	428,844	611,156
2023	0	285,494	399,371	640,629
2024	0	285,494	359,195	680,805
2025-2029	5,640,000	989,794	0	0
2030-2034	1,270,000	53,975	0	0
Total	\$7,775,000	\$2,505,839	\$1,647,912	\$2,512,088

Note 7 – Transfers and Advances – General Fund

The City expects to transfer the following amounts from the general fund during the forecast period:

Transfer to:	Year				
	2020	2021	2022	2023	2024
Bond Retirement Fund	\$520,000	\$564,000	\$581,000	\$581,000	\$581,000
Street Lighting Fund	180,000	180,000	180,000	180,000	180,000
Ambulance Billing Fund	100,000	0	0	0	0
	\$800,000	\$744,000	\$761,000	\$761,000	\$761,000

The transfers to the street lighting and ambulance billing funds are for subsidizing operations over and above the revenue generated by those funds. The transfer to the bond retirement fund is to make bond payments exceeding the anticipated revenue generated in the fund. During 2019, the City increased their ambulance billing fees. With this increase, the City is expecting the fund to be able to sustain its own operations by year 2021.

\$252,000 in advances out were made to various funds during 2019 but the City only anticipates receiving a return of \$80,000 of this advance. The remaining \$172,000 is currently outstanding and not forecasted to be repaid to the General Fund, although formal action has not yet been taken by Council to convert the amount to a transfer.

City of Maple Heights, Cuyahoga County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2020, through 2024

Note 8 – Other Funds

The City has numerous other funds that account for resources that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

Note 9 – Contingencies

A. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position during the forecast period.

Note 10 – 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 may impact subsequent periods of the City. The actual impact of COVID-19 on operating costs, revenues (including property taxes, municipal income taxes, and interest), and additional recovery from emergency funding, either federal or state, could be different from the forecasted amounts and those differences could be material.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF MAPLE HEIGHTS

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/18/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov