



OHIO AUDITOR OF STATE
KEITH FABER



**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2023**

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CUYAHOGA COUNTY
JUNE 30, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maple Heights City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maple Heights City School District, Cuyahoga County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Elementary and Secondary School Emergency Relief Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 10, 2024

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

The management's discussion and analysis of the Maple Heights City School District (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position of governmental activities increased \$7,352,988, which represents a 39.65% increase from the net position at June 30, 2022.
- General revenues accounted for \$44,306,158 in revenue or 65.66% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$23,171,421 or 34.34% of total revenues of \$67,477,579.
- The District had \$60,124,591 in expenses related to governmental activities; only \$23,171,421 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$44,306,158 were adequate to provide these programs.
- The District's major governmental funds are the general fund, the elementary and secondary school emergency relief fund, and the bond retirement fund and. The general fund had \$46,557,031 in revenues and \$42,643,755 in expenditures and other financing uses. During fiscal year 2023, the general fund's balance increased \$3,913,276, from a beginning fund balance of \$10,476,539 to \$14,389,815.
- The elementary and secondary school emergency relief fund (ESSER) had \$5,713,095 in revenues and \$7,841,214 in expenditures. During fiscal year 2023, the elementary and secondary school emergency relief fund's balance decreased \$2,128,119, from a beginning deficit fund balance of (\$1,042,471) to (\$3,170,590).
- The bond retirement fund had \$5,418,157 in revenues and \$4,189,631 in expenditures. During fiscal year 2023, the bond retirement fund's balance increased \$1,228,526, from a beginning fund balance of \$6,685,132 to \$7,913,658.

Using these Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

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

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

The School District's statement of net position and statement of activities can be found on pages 17 - 18 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the ESSER fund, and the bond retirement fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19 - 24 of this report.

Proprietary Funds

The School District maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for medical benefits of School District employees. The proprietary fund uses the accrual basis of accounting. The basic proprietary fund financial statements can be found on pages 25 - 27 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29 - 74 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 76 through 96 of this report.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

The School District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the School District's net position at June 30, 2023 and June 30, 2022.

	Net Position	
	Governmental Activities	Governmental Activities
	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current and other assets	\$ 62,634,913	\$ 54,146,494
Capital assets, net	<u>90,654,420</u>	<u>91,313,327</u>
Total assets	<u>153,289,333</u>	<u>145,459,821</u>
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	974,918	1,061,605
Pension	11,055,248	10,249,162
OPEB	<u>1,064,210</u>	<u>1,337,600</u>
Total deferred outflows of resources	<u>13,094,376</u>	<u>12,648,367</u>
<u>Liabilities</u>		
Current liabilities	8,689,961	6,750,720
Long-term liabilities:		
Due within one year	3,291,043	2,926,098
Due in more than one year:		
Net pension liability	44,649,537	26,027,463
Net OPEB liability	2,442,749	3,224,078
Other amounts	<u>54,839,263</u>	<u>57,847,174</u>
Total liabilities	<u>113,912,553</u>	<u>96,775,533</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	15,653,871	14,952,495
Unamortized gain on refunding	117,243	129,530
Pensions	4,159,425	21,465,184
OPEB	<u>6,643,057</u>	<u>6,240,874</u>
Total deferred inflows of resources	<u>26,573,596</u>	<u>42,788,083</u>
<u>Net Position</u>		
Net investment in capital assets	37,988,922	38,664,465
Restricted	11,540,860	6,797,306
Unrestricted	<u>(23,632,222)</u>	<u>(26,917,199)</u>
Total net position	<u>\$ 25,897,560</u>	<u>\$ 18,544,572</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2023, the School District’s assets and deferred outflows exceeded liabilities and deferred inflows by \$25,637,268. Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See note 10 for more detail.

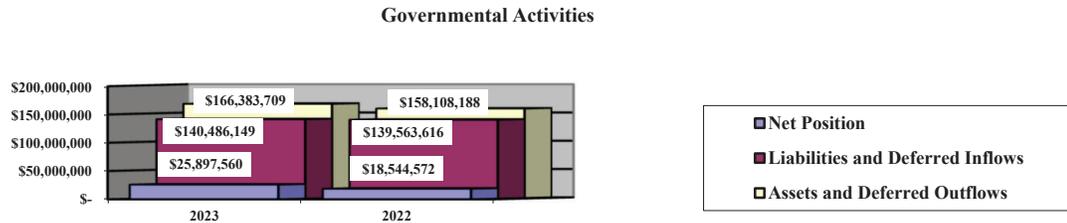
Total assets include a net OPEB asset reported by STRS. See note 11 for more detail.

At year-end, capital assets represented 59.14% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right-to-use assets. The School District’s net investment in capital assets at June 30, 2023, was \$37,988,922. These capital assets are used to provide services to the students and are not available for future spending.

The net pension liability increased \$18,622,074 or 71.55% and deferred inflows of resources related to pension decreased \$17,305,759 or 80.62%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year’s large positive investment returns.

A portion of the School District’s net position, \$11,540,860, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$23,632,222.

The table below illustrates the School District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023 and June 30, 2022.



**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

The table below shows the change in net position for fiscal years 2023 and 2022.

	Change in Net Position	
	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,316,535	\$ 1,082,462
Operating grants and contributions	21,854,886	17,426,562
General revenues:		
Property taxes	19,040,166	21,472,555
Grants and entitlements	23,683,748	21,913,720
Investment earnings	907,232	(213,993)
Other	<u>675,012</u>	<u>235,336</u>
 Total revenues	 <u>67,477,579</u>	 <u>61,916,642</u>
<u>Expenses</u>		
Program expenses:		
Instruction:	33,154,215	28,173,355
Support services:		
Pupil and Instructional Staff	5,060,619	6,046,462
Board of Education, Administration		
Fiscal and Business	7,936,197	7,567,814
Operation and Maintenance	4,744,171	4,845,122
Pupil Transportation	2,870,538	2,552,930
Central	379,393	99,537
Food Service Operations	2,434,884	1,995,493
Other Non-Instructional Services	302,030	229,903
Extracurricular Activities	1,093,261	1,159,358
Interest and Fiscal Charges	<u>2,149,283</u>	<u>2,662,701</u>
 Total expenses	 <u>60,124,591</u>	 <u>55,332,675</u>
 Change in net position	 7,352,988	 6,583,967
Net position at beginning of year	<u>18,544,572</u>	<u>11,960,605</u>
Net position at end of year	<u>\$ 25,897,560</u>	<u>\$ 18,544,572</u>

Governmental Activities

Net position of the School District's governmental activities increased \$7,352,988. Total governmental expenses of \$60,124,591 were offset by program revenues of \$23,171,421 and general revenues of \$44,306,158. Program revenues supported 38.53% of the total governmental expenses.

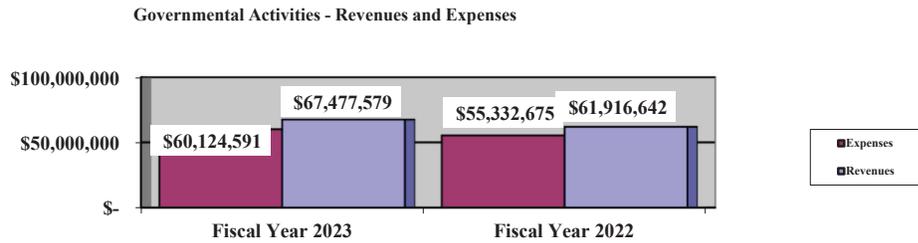
**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

Overall, expenses of the governmental activities increased \$4,791,916 or 8.66%. This increase is primarily the result of an increase in pension expense. Pension expense increased \$4,916,368. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 63.32% of total governmental revenue.

The graph below presents the School District's governmental activities revenue and expenses for fiscal year 2023 and 2022.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The table on the next page shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2023 and 2022. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

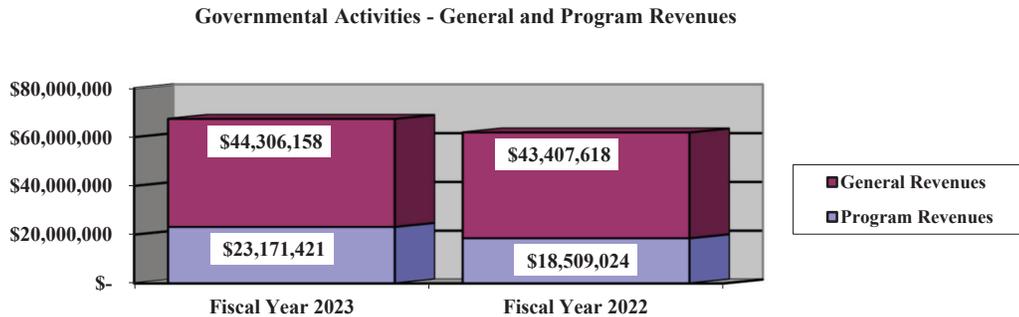
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Governmental Activities

	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>
Program expenses				
Instruction	\$ 33,154,215	\$ 19,284,958	\$ 28,173,355	\$ 18,231,367
Support services:				
Pupil and Instructional Staff	5,060,619	3,232,294	6,046,462	2,978,376
Board of Education, Administration				
Fiscal and Business	7,936,197	7,170,998	7,567,814	6,971,701
Operations and Maintenance of Plant	4,744,171	2,448,779	4,845,122	4,052,851
Pupil Transportation	2,870,538	1,407,278	2,552,930	1,567,848
Central	379,393	374,361	99,537	93,119
Food Service Operations	2,434,884	31,139	1,995,493	(757,192)
Other Non-Instructional Services	302,030	6,935	229,903	70,969
Extracurricular Activities	1,093,261	847,145	1,159,358	951,911
Interest and Fiscal Charges	<u>2,149,283</u>	<u>2,149,283</u>	<u>2,662,701</u>	<u>2,662,701</u>
Total expenses	<u>\$ 60,124,591</u>	<u>\$ 36,953,170</u>	<u>\$ 55,332,675</u>	<u>\$ 36,823,651</u>

The dependence upon tax and other general revenues for governmental activities is apparent, as 54.90% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 65.66%. The School District's taxpayers and State funding are the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal year 2023 and 2022.



The School District's Funds

The School District's governmental funds reported a combined fund balance of \$20,650,814 which is more than last year's total of \$17,416,906. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance (Deficit) <u>June 30, 2023</u>	Fund Balance (Deficit) <u>June 30, 2022</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 14,389,815	\$ 10,476,539	\$ 3,913,276	37.35 %
ESSER	(3,170,590)	(1,042,471)	(2,128,119)	(204.14) %
Bond retirement	7,913,658	6,685,132	1,228,526	18.38 %
Other Governmental	<u>1,517,931</u>	<u>1,297,706</u>	<u>220,225</u>	16.97 %
Total	<u>\$ 20,650,814</u>	<u>\$ 17,416,906</u>	<u>\$ 3,233,908</u>	18.57 %

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

General Fund

The School District's general fund balance increased \$3,913,276 in fiscal year 2023.

The table that follows assists in illustrating the financial activities and change in fund balance of the general fund.

	2023 <u>Amount</u>	2022 <u>Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 15,838,104	\$ 16,337,311	\$ (499,207)	(3.06) %
Tuition and fees	1,109,662	871,231	238,431	27.37 %
Earnings on investments	430,370	(268,110)	698,480	(260.52) %
Intergovernmental	28,428,632	26,367,791	2,060,841	7.82 %
Other revenues	<u>750,263</u>	<u>455,739</u>	<u>294,524</u>	64.63 %
Total	<u>\$ 46,557,031</u>	<u>\$ 43,763,962</u>	<u>\$ 2,793,069</u>	6.38 %
<u>Expenditures</u>				
Instruction	\$ 23,915,999	\$ 23,678,639	\$ 237,360	1.00 %
Support services	17,761,284	16,122,509	1,638,775	10.16 %
Other non-instructional services	17,563	24,401	(6,838)	(28.02) %
Extracurricular activities	650,632	636,035	14,597	2.29 %
Facilities acquisition and construction	25,838	215,861	(190,023)	(88.03) %
Debt service	<u>175,061</u>	<u>171,793</u>	<u>3,268</u>	1.90 %
Total	<u>\$ 42,546,377</u>	<u>\$ 40,849,238</u>	<u>\$ 1,697,139</u>	4.15 %

Total revenues of the general fund increased \$2,793,069 or 6.38%. The increase in earnings on investments was due to more favorable interest rates on investments the District has. The increase in intergovernmental revenues is due to more funds received regarding state settlements and grants for the District.

Total expenditures of the general fund increased \$1,697,139 or 4.15%. The increase in expenditures was primarily due to the increase in instruction expenditures and an increase in support services expenditures. All other revenues and district expenditures remained relatively consistent with the prior year.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$45,628,842 which was \$3,855,545 less than the final budgeted revenues and other financing sources of \$49,484,387. Actual revenues and other financing sources for fiscal year 2023 were \$49,048,208. This represents a \$436,179 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures) were \$47,583,973 which was \$3,726,963 less than the final appropriations of \$51,310,936. The actual budget basis expenditures for fiscal year 2023 totaled \$48,743,516, which was \$2,567,420 less than the final budget appropriations, due to controls on spending.

ESSER Fund

The elementary and secondary school emergency relief fund (ESSER) had \$5,713,095 in revenues and \$7,841,214 in expenditures. During fiscal year 2023, the elementary and secondary school emergency relief fund's balance decreased \$2,128,119, from a beginning deficit fund balance of (\$1,042,471) to (\$3,170,590).

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Bond Retirement Fund

The bond retirement fund had \$5,418,157 in revenues and \$4,189,631 in expenditures. During fiscal year 2023, the bond retirement fund's balance increased \$1,228,526, from a beginning fund balance of \$6,685,132 to \$7,913,658.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had \$90,654,420 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right-to-use assets. This entire amount is reported in governmental activities. The following table shows June 30, 2023 balances compared to June 30, 2022:

**Capital Assets at June 30
(Net of Depreciation/Amortization)**

	Governmental Activities	
	2023	2022
Land	\$ 5,460,268	\$ 5,460,268
Construction in progress	1,922,389	-
Land improvements	2,450,745	2,786,799
Building and improvements	78,441,297	81,227,071
Furniture and equipment	959,682	923,100
Vehicles	1,383,621	897,663
Intangible right-to-use assets	36,418	18,426
Total	\$ 90,654,420	\$ 91,313,327

The overall decrease in capital assets of \$658,907 is due to depreciation/amortization expense exceeding current year additions.

See Note 8 to the basic financial statements for additional information on the School District's capital assets.

Debt Administration

At June 30, 2023, the School District had \$54,102,476 in general obligation bonds, certificates of participation, leases payable, and notes payable - finance purchases. Of this total, \$2,877,823 is due within one year. Principal payments amounted to \$2,801,964.

The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Year End

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
	General obligation bonds	\$ 50,800,714
Certificates of participation	3,169,910	3,461,782
Leases payable	15,068	17,652
Notes payable - finance purchase	116,784	151,164
Total	\$ 54,102,476	\$ 56,536,433

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

See Note 12 to the basic financial statements for additional information on the School District's long-term obligations.

Current Financial Related Activities

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

The School District is maintaining its programs and using its resources wisely. As the preceding information shows, the School District heavily depends on its property taxpayers and support from unrestricted State entitlements, and continued stability in the Federal grant area; however, financially the future is not without challenges.

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

The School District has committed itself to financial excellence for many years. The School District's system of budgeting internal controls is critical to the integrity of the use of public funds. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Taylor Friedrich, Treasurer/CFO at Maple Heights City School District, 5740 Lawn Avenue, Maple Heights, Ohio 44137; or by e-mail at taylor.friedrich@mapleschool.com.

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 28,865,853
Receivables:	
Property taxes	24,166,142
Accounts	107,643
Accrued interest	324,871
Intergovernmental	4,988,623
Prepayments	71,871
Inventory held for resale	27,128
Net OPEB asset	4,082,782
Capital assets:	
Nondepreciable capital assets	7,382,567
Depreciable capital assets, net	83,271,853
Capital assets, net	90,654,420
Total assets	153,289,333
Deferred outflows of resources:	
Unamortized deferred loss on debt refunding	974,918
Pension	11,055,248
OPEB	1,064,210
Total deferred outflows of resources	13,094,376
Liabilities:	
Accounts payable	1,574,602
Contracts payable	662,880
Accrued wages and benefits payable	3,755,353
Intergovernmental payable	406,135
Pension and postemployment benefits payable	685,377
Accrued interest payable	738,343
Unearned revenue	70,671
Claims payable	796,600
Long-term liabilities:	
Due within one year	3,291,043
Due in more than one year:	
Net pension liability	44,649,537
Net OPEB liability	2,442,749
Other amounts due in more than one year	54,839,263
Total liabilities	113,912,553
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	15,653,871
Unamortized gain on debt refunding	117,243
Pension	4,159,425
OPEB	6,643,057
Total deferred inflows of resources	26,573,596
Net position:	
Net investment in capital assets	37,988,922
Restricted for:	
Capital projects	431,903
OPEB	923,987
Classroom facilities maintenance	725,454
Debt service	6,951,901
State funded programs	260,644
Federally funded programs	968,954
Food service operations	1,136,077
Student activities	82,524
Other purposes	59,416
Unrestricted (deficit)	(23,632,222)
Total net position	\$ 25,897,560

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction:				
Regular	\$ 23,447,076	\$ 232,084	\$ 7,007,840	\$ (16,207,152)
Special	7,541,872	880,143	5,154,074	(1,507,655)
Vocational	1,374,812	7,627	279,068	(1,088,117)
Adult/continuing	7	-	-	(7)
Other	790,448	-	308,421	(482,027)
Support services:				
Pupil	3,866,851	-	1,643,299	(2,223,552)
Instructional staff	1,193,768	-	185,026	(1,008,742)
Board of education	107,199	-	8,373	(98,826)
Administration	4,757,216	-	756,826	(4,000,390)
Fiscal	2,112,154	-	-	(2,112,154)
Business	959,628	-	-	(959,628)
Operations and maintenance	4,744,171	-	2,295,392	(2,448,779)
Pupil transportation	2,870,538	1,770	1,461,490	(1,407,278)
Central	379,393	-	5,032	(374,361)
Operation of non-instructional services:				
Food service operations	2,434,884	9,953	2,393,792	(31,139)
Other non-instructional services	302,030	-	295,095	(6,935)
Extracurricular activities	1,093,261	184,958	61,158	(847,145)
Interest and fiscal charges	2,149,283	-	-	(2,149,283)
Totals	<u>\$ 60,124,591</u>	<u>\$ 1,316,535</u>	<u>\$ 21,854,886</u>	<u>(36,953,170)</u>

General revenues:

Property taxes levied for:	
General purposes	14,246,863
Debt service	4,306,449
Capital projects	336,854
Classroom facilities maintenance	150,000
Grants and entitlements not restricted to specific programs	23,683,748
Investment earnings	907,232
Miscellaneous	675,012
Total general revenues	<u>44,306,158</u>
Change in net position	7,352,988
Net position at beginning of year	<u>18,544,572</u>
Net position at end of year	<u>\$ 25,897,560</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Elementary and Secondary School Emergency	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 10,705,371	\$ 3,581,340	\$ 7,351,460	\$ 3,232,623	\$ 24,870,794
Receivables:					
Property taxes	18,512,701	-	5,232,599	420,842	24,166,142
Accounts	85,544	-	-	22,099	107,643
Accrued interest	324,871	-	-	-	324,871
Interfund loans	5,957,246	-	-	-	5,957,246
Intergovernmental	252,376	3,477,377	-	1,258,870	4,988,623
Prepayments	71,871	-	-	-	71,871
Inventory held for resale	-	-	-	27,128	27,128
Total assets	<u>\$ 35,909,980</u>	<u>\$ 7,058,717</u>	<u>\$ 12,584,059</u>	<u>\$ 4,961,562</u>	<u>\$ 60,514,318</u>
Liabilities:					
Accounts payable	\$ 590,274	\$ 360,771	\$ -	\$ 605,695	\$ 1,556,740
Contracts payable	-	662,880	-	-	662,880
Accrued wages and benefits payable	2,944,751	282,897	-	527,705	3,755,353
Compensated absences payable	220,133	-	-	-	220,133
Intergovernmental payable	398,695	4,052	-	3,388	406,135
Pension and postemployment benefits payable	508,477	47,118	-	129,782	685,377
Interfund loans payable	-	5,323,541	-	633,705	5,957,246
Unearned revenue	-	70,671	-	-	70,671
Total liabilities	<u>4,662,330</u>	<u>6,751,930</u>	<u>-</u>	<u>1,900,275</u>	<u>13,314,535</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	11,970,538	-	3,412,237	271,096	15,653,871
Delinquent property tax revenue not available	4,451,328	-	1,258,164	101,190	5,810,682
Intergovernmental revenue not available	-	3,477,377	-	1,171,070	4,648,447
Accrued interest not available	302,996	-	-	-	302,996
Miscellaneous revenue not available	132,973	-	-	-	132,973
Total deferred inflows of resources	<u>16,857,835</u>	<u>3,477,377</u>	<u>4,670,401</u>	<u>1,543,356</u>	<u>26,548,969</u>
Fund balances:					
Nonspendable:					
Prepays	71,871	-	-	-	71,871
Restricted:					
Debt service	-	-	7,913,658	-	7,913,658
Capital projects	-	-	-	330,713	330,713
Classroom facilities maintenance	-	-	-	725,454	725,454
Food service operations	-	-	-	1,189,793	1,189,793
Non-public schools	-	-	-	49,374	49,374
State funded programs	-	-	-	211,270	211,270
Federally funded programs	-	-	-	132	132
Extracurricular	-	-	-	82,524	82,524
Other purposes	-	-	-	59,416	59,416
Assigned:					
Student and staff support	59,361	-	-	-	59,361
Facilities acquisition and construction	221	-	-	-	221
Operation of non-instructional	1,260	-	-	-	1,260
Other purposes	13,597	-	-	-	13,597
Unassigned (deficit)	14,243,505	(3,170,590)	-	(1,130,745)	9,942,170
Total fund balances	<u>14,389,815</u>	<u>(3,170,590)</u>	<u>7,913,658</u>	<u>1,517,931</u>	<u>20,650,814</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 35,909,980</u>	<u>\$ 7,058,717</u>	<u>\$ 12,584,059</u>	<u>\$ 4,961,562</u>	<u>\$ 60,514,318</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances		\$	20,650,814
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			90,654,420
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	5,810,682	
Accounts receivable		132,973	
Accrued interest receivable		302,996	
Intergovernmental receivable		4,648,447	
Total		10,895,098	10,895,098
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			3,180,597
Unamortized amounts on bonds issued are not recognized in the funds.			
Premiums		(4,174,841)	
Discounts		756,366	
Total		(3,418,475)	(3,418,475)
Unamortized amounts on refundings are not recognized in the funds.			
Gain		(117,243)	
Loss		974,918	
Total		857,675	857,675
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(738,343)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		11,055,248	
Deferred inflows - pension		(4,159,425)	
Net pension liability		(44,649,537)	
Deferred outflows - OPEB		1,064,210	
Deferred inflows - OPEB		(6,643,057)	
Net OPEB asset		4,082,782	
Net OPEB liability		(2,442,749)	
Total		(41,692,528)	(41,692,528)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(47,337,149)	
Certificates of participation		(3,215,000)	
Notes payable - finance purchase		(116,784)	
Leases payable		(15,068)	
Compensated absences payable		(3,807,697)	
Total		(54,491,698)	(54,491,698)
Net position of governmental activities		\$	25,897,560

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Elementary and Secondary School Emergency	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 15,838,104	\$ -	\$ 4,661,278	\$ 528,360	\$ 21,027,742
Intergovernmental	28,428,632	5,706,494	574,455	8,043,911	42,753,492
Investment earnings	430,370	-	182,424	-	612,794
Tuition and fees	1,109,662	-	-	-	1,109,662
Extracurricular	18,185	-	-	153,276	171,461
Rental income	6,258	-	-	-	6,258
Charges for services	7,627	-	-	23,450	31,077
Contributions and donations	43,181	-	-	1,123	44,304
Miscellaneous	675,012	6,601	-	55,201	736,814
Total revenues	<u>46,557,031</u>	<u>5,713,095</u>	<u>5,418,157</u>	<u>8,805,321</u>	<u>66,493,604</u>
Expenditures:					
Current:					
Instruction:					
Regular	16,015,382	4,219,333	-	2,703,100	22,937,815
Special	6,105,824	219,014	-	999,326	7,324,164
Vocational	1,337,613	-	-	8,856	1,346,469
Adult/continuing	-	-	-	7	7
Other	457,180	306,661	-	-	763,841
Support services:					
Pupil	2,773,712	835,193	-	326,796	3,935,701
Instructional staff	1,003,228	-	-	190,882	1,194,110
Board of education	94,142	8,325	-	-	102,467
Administration	3,969,220	385,981	-	387,406	4,742,607
Fiscal	1,688,575	-	132,534	14,877	1,835,986
Business	899,153	-	-	-	899,153
Operations and maintenance	4,356,694	1,599,320	-	413,318	6,369,332
Pupil transportation	2,616,627	228,362	-	416,809	3,261,798
Central	359,933	-	-	4,847	364,780
Operation of non-instructional services:					
Food service operations	-	-	-	2,343,263	2,343,263
Other non-instructional services	17,563	39,025	-	231,299	287,887
Extracurricular activities	650,632	-	-	346,688	997,320
Facilities acquisition and construction	25,838	-	-	-	25,838
Debt service:					
Principal retirement	36,964	-	363,715	295,000	695,679
Interest and fiscal charges	138,097	-	1,587,097	-	1,725,194
Accretion on CABs	-	-	2,106,285	-	2,106,285
Total expenditures	<u>42,546,377</u>	<u>7,841,214</u>	<u>4,189,631</u>	<u>8,682,474</u>	<u>63,259,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,010,654</u>	<u>(2,128,119)</u>	<u>1,228,526</u>	<u>122,847</u>	<u>3,233,908</u>
Other financing sources (uses):					
Transfers in	-	-	-	97,378	97,378
Transfers (out)	(97,378)	-	-	-	(97,378)
Total other financing sources (uses)	<u>(97,378)</u>	<u>-</u>	<u>-</u>	<u>97,378</u>	<u>-</u>
Net change in fund balances	3,913,276	(2,128,119)	1,228,526	220,225	3,233,908
Fund balances (deficits) at beginning of year	10,476,539	(1,042,471)	6,685,132	1,297,706	17,416,906
Fund balances (deficits) at end of year	<u>\$ 14,389,815</u>	<u>\$ (3,170,590)</u>	<u>\$ 7,913,658</u>	<u>\$ 1,517,931</u>	<u>\$ 20,650,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$	3,233,908
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	\$ 2,727,706	
Current year depreciation/amortization	<u>(3,386,613)</u>	
Total		(658,907)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(1,987,576)	
Tuition	(1,923)	
Earnings on investments	294,438	
Other local revenue	(133,495)	
Intergovernmental	<u>2,679,036</u>	
Total		850,480
Repayment of bond, COPs, leases and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		2,801,964
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	18,318	
Accreted interest on capital appreciation bonds	(653,264)	
Amortization of bond discounts	(58,728)	
Amortization of bond premiums	343,985	
Amortization of deferred loss on refunding	(86,687)	
Amortization of deferred gain on refunding	<u>12,287</u>	
Total		(424,089)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,901,634	
OPEB	<u>86,184</u>	
Total		3,987,818
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(4,411,863)	
OPEB	<u>874,193</u>	
Total		(3,537,670)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		381,285
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>718,199</u>
Change in net position of governmental activities	\$	<u>7,352,988</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 14,770,674	\$ 16,021,538	\$ 15,862,943	\$ (158,595)
Intergovernmental	29,677,056	32,190,279	28,507,126	(3,683,153)
Investment earnings	57,032	61,861	439,670	377,809
Tuition and fees	351,279	381,027	1,107,650	726,623
Rental income	297	322	6,258	5,936
Contributions and donations	307	333	-	(333)
Miscellaneous	671,074	727,904	585,428	(142,476)
Total revenues	<u>45,527,719</u>	<u>49,383,264</u>	<u>46,509,075</u>	<u>(2,874,189)</u>
Expenditures:				
Current:				
Instruction:				
Regular	18,105,231	18,656,126	16,048,689	2,607,437
Special	7,069,446	7,589,375	6,041,328	1,548,047
Vocational	1,079,793	1,139,151	1,300,206	(161,055)
Other	429,807	473,376	422,732	50,644
Support services:				
Pupil	2,737,489	3,276,043	2,598,807	677,236
Instructional staff	1,149,374	1,365,620	979,728	385,892
Board of education	68,908	73,533	103,627	(30,094)
Administration	4,635,732	5,025,904	3,909,192	1,116,712
Fiscal	1,793,509	1,960,489	1,607,487	353,002
Business	812,365	872,847	931,877	(59,030)
Operations and maintenance	4,571,741	6,231,389	4,612,507	1,618,882
Pupil transportation	2,221,322	2,675,828	2,787,076	(111,248)
Central	99,122	259,217	293,327	(34,110)
Operation of non-instructional services				
Other non-instructional services	10,008	25,526	29,258	(3,732)
Extracurricular activities	624,345	637,251	596,152	41,099
Facilities acquisition and construction	22,380	23,897	26,814	(2,917)
Debt service:				
Interest and fiscal charges	150,700	153,815	131,138	22,677
Total expenditures	<u>45,581,272</u>	<u>50,439,387</u>	<u>42,419,945</u>	<u>8,019,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,553)</u>	<u>(1,056,123)</u>	<u>4,089,130</u>	<u>5,145,253</u>
Other financing sources (uses):				
Refund of prior year's expenditures	4,146	4,146	105,633	101,487
Refund of prior year's receipts	-	(118,947)	(118,947)	-
Transfers (out)	(1,905,724)	(655,625)	(247,378)	408,247
Advances in	96,977	96,977	2,433,500	2,336,523
Advances (out)	(96,977)	(96,977)	(5,957,246)	(5,860,269)
Total other financing sources (uses)	<u>(1,901,578)</u>	<u>(770,426)</u>	<u>(3,784,438)</u>	<u>(3,014,012)</u>
Net change in fund balance	(1,955,131)	(1,826,549)	304,692	2,131,241
Fund balance at beginning of year (restated)	7,061,271	7,061,271	7,061,271	-
Prior year encumbrances appropriated	2,495,858	2,495,858	2,495,858	-
Fund balance at end of year	<u>\$ 7,601,998</u>	<u>\$ 7,730,580</u>	<u>\$ 9,861,821</u>	<u>\$ 2,131,241</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 25,686,550	\$ 11,836,509	\$ 5,777,165	\$ (6,059,344)
Total revenue	<u>25,686,550</u>	<u>11,836,509</u>	<u>5,777,165</u>	<u>(6,059,344)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,977,211	4,728,751	4,553,505	175,246
Special	678,280	416,208	192,344	223,864
Other	657,690	294,755	306,661	(11,906)
Support services:				
Pupil	1,727,489	916,632	799,262	117,370
Instructional staff	6,104,121	742,584	(21,249)	763,833
Board of education	21,735	4,828	8,325	(3,497)
Administration	769,567	146,833	356,922	(210,089)
Operations and maintenance	1,776,447	5,040,454	3,828,048	1,212,406
Pupil transportation	1,105,866	313,420	227,948	85,472
Operation of non-instructional services				
Other non-instructional services	-	22,130	39,025	(16,895)
Total expenditures	<u>16,818,406</u>	<u>12,626,595</u>	<u>10,290,791</u>	<u>2,335,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,868,144</u>	<u>(790,086)</u>	<u>(4,513,626)</u>	<u>(3,723,540)</u>
Other financing sources (uses):				
Advances in	-	-	5,323,540	5,323,540
Advances (out)	(2,472,794)	-	(1,600,000)	(1,600,000)
Total other financing sources (uses)	<u>(2,472,794)</u>	<u>-</u>	<u>3,723,540</u>	<u>3,723,540</u>
Net change in fund balance	6,395,350	(790,086)	(790,086)	-
Fund balance at beginning of year	54,283	54,283	54,283	-
Prior year encumbrances appropriated	735,803	735,803	735,803	-
Fund balance at end of year	<u>\$ 7,185,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2023

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and cash equivalents	\$ 3,995,059
Total assets	<u>3,995,059</u>
Liabilities:	
Accounts payable	17,862
Claims payable	<u>796,600</u>
Total liabilities	<u>814,462</u>
Net position:	
Unrestricted	<u><u>3,180,597</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 5,737,806
Total operating revenues	5,737,806
 Operating expenses:	
Purchased services	12,606
Other	6,500
Claims	5,000,501
Total operating expenses	5,019,607
 Change in net position	718,199
Net position at beginning of year	2,462,398
Net position at end of year	\$ 3,180,597

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	5,737,806
Cash payments for purchased services	(12,606)
Cash payments for claims	(5,001,926)
Cash payments for other expenses	(6,500)
	716,774
Net change in cash and cash cash equivalents	716,774
Cash and cash equivalents at beginning of year	3,278,285
Cash and cash equivalents at end of year	\$ 3,995,059
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 718,199
Changes in assets and liabilities:	
Accounts payable	17,275
Claims payable	(18,700)
	716,774
Net cash provided by operating activities	\$ 716,774

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Maple Heights City School District (the School District) operates under a locally elected five-member Board form of government and provides educational services as authorized by state and federal agencies. The Board controls a staff of 180 non-certificated employees, 239 certificated full-time teaching personnel, and 54 administrative employees to provide services to 3,183 students and other community members. The School District operates 3 elementary schools (K-5), 1 middle school (6-8), and 1 high school (9-12).

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Information Technology Center (ITC) used by the School District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs NEOnet. NEOnet's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. Payments to NEOnet are made from the general fund. In fiscal year 2023, the School District paid \$808,228 to NEOnet. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center, who serves as the fiscal agent, at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 249 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Council's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2023, the School District paid \$107,132 to the Council. Financial information can be obtained by contacting the Executive Director at the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy (formerly Compass Energy) has been selected as the supplier and program manager for the period from July 1, 2019 through June 30, 2022. There are currently 161 participants in the program including the Maple Heights City School District. The participants make monthly payments based on estimated usage. Each August, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

The School District also participates in the Council's current electric purchase program. The Power 4 Schools Program provides a fixed price rate for electricity supplied by ENGIE Resources of \$0.0518 per kwh for the generation of electricity. There are currently 251 participants in the program, including the Maple Heights City School District. School districts are not charged a fee by OSC to participate in this program. School districts pay the utility (Ohio Edison, Toledo Edison or Cleveland Electric Illuminating Company) directly and receive a discount for the fixed price of generation.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Elementary and Secondary School Emergency Relief (ESSER) - The elementary and secondary school emergency relief fund is used to account for grants received from the federal government to provide emergency relief to school districts related to the COVID-19 pandemic.

Bond Retirement Fund - The bond retirement fund is used to account for and report the accumulation of property tax revenues restricted for the payment of certificates of participation and general obligation bonds issued for building improvements and the construction of a new school building.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds reporting focuses on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District only has an internal service fund.

Internal Service Fund - The internal service fund accounts for and reports the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self insurance fund that accounts for medical benefits of School District employees.

C. Basis of Presentation and Measurement Focus

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Government-wide financial statements and the statement presented for proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 10 and 11 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

E. Budgetary Accounting

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

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

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

F. Cash and Cash Equivalents

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

During fiscal year 2023, investments were limited to U.S. Treasury bonds, U.S. Treasury notes, Federal Agriculture Mortgage Corporation (FAMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Agriculture Mortgage Corporation (SMC) securities, Farmer Mac (FMCC) securities, Federal National Mortgage Organization (FNMA) securities, Olentangy Local School District, Ohio municipal bonds, negotiable certificates of deposit, a U.S. government money market, and State Treasury Asset Reserve of Ohio (STAR Ohio).

The School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$430,370, which includes \$266,974 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are reported as cash equivalents.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated food, purchased food and school supplies held for resale.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	5 -20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	4 - 5 years
Intangible right-to-use assets	5 years
SBITA assets	5 years

The School District is reporting intangible right-to-use assets related to lease equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Interfund Balances

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave after ten years of current service with the School District.

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have resigned or retired will be paid. The non-current portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements.

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

L. Pensions/Other Postemployment Benefits (OPEB)

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

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The School District Board of Education has also assigned fund balance to cover a gap between fiscal year 2023’s estimated revenue and appropriated budget and for public school support.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

N. Net Position

Net position represents the difference between all other elements in the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include instruction, athletics, community activities, information systems, and telecommunications.

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

P. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Q. Premiums on Debt Issuances

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

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

R. Discounts on Debt Issuances

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

S. Deferred Charges on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

T. Estimates

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the School District has implemented GASB Statement No. 91, “Conduit Debt Obligations”, GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Elementary and Secondary School Emergency Relief (ESSER)	\$ 3,430,882
 <u>Nonmajor funds</u>	
Public School Preschool	34,842
21st Century	14,625
IDEA Part B	90,445
Vocational Education	8,521
School Improvement Stimulus A	2,791
Title I	901,338
Title IV-A	61,229
IDEA Part B Preschool	309
Improving Teacher Quality	16,645

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 – DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits

The carrying amount of the School District's deposits was \$5,459,503. Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2023, \$1,188,019 of the School District's total bank balance of \$5,468,414 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 62.55 percent of the deposits being secured or a rate set by the Treasurer of State.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 – DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2023, the School District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement value	Investment maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
AMC	\$ 190,953	\$ -	\$ -	\$ -	\$ 69,388	\$ 121,565
FAMC	196,337	-	-	-	-	196,337
FFCB	809,660	-	148,857	94,143	-	566,660
FHLB	2,164,176	-	524,353	316,954	368,135	954,734
FMCC	105,866	-	-	-	-	105,866
FNMA	115,566	-	-	-	115,566	-
Municipal Bonds	244,705	244,705	-	-	-	-
Negotiable CDs	2,108,056	1,199,591	458,260	327,174	-	123,031
US Treasury Bond	1,913,002	-	311,215	288,144	310,613	1,003,030
US Treasury Note	3,285,817	173,152	490,979	379,678	713,001	1,529,007
US Government money market	195,193	195,193	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	12,077,019	12,077,019	-	-	-	-
	<u>\$ 23,406,350</u>	<u>\$ 13,889,660</u>	<u>\$ 1,933,664</u>	<u>\$ 1,406,093</u>	<u>\$ 1,576,703</u>	<u>\$ 4,600,230</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurement as of June 30, 2023. The commercial paper and money market account are measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk: The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 – DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The School District places no limit on the amount it may invest in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
AMC	\$ 190,953	0.82
FAMC	196,337	0.84
FFCB	809,660	3.48
FHLB	2,164,176	9.31
FMCC	105,866	0.46
FNMA	115,566	0.50
Municipal Bonds	244,705	1.05
Negotiable CDs	2,108,056	9.07
U.S. Treasury Bond	1,913,002	8.23
U.S. Treasury Note	3,285,817	13.51
U.S. Government money market	195,193	0.80
<i>Amortized Cost:</i>		
STAR Ohio	<u>12,077,019</u>	<u>51.93</u>
Total	<u>\$ 23,406,350</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,459,503
Investments	<u>23,406,350</u>
Total	<u>\$ 28,865,853</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 28,865,853</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the fiscal year ended June 30, 2023, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	<u>\$ 97,378</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund loans receivable/payable consisted of the following at June 30, 2023, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	ESSER	\$5,323,541
General	Nonmajor governmental funds	<u>633,705</u>
Total		<u>\$5,957,246</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds are eliminated on the statement of net position thus there are no internal balances.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2021, were levied after April 1, 2022, and are collected in calendar year 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes, which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2023, was \$2,090,835 in the general fund, \$562,198 in the bond retirement fund, and \$48,556 in the permanent improvement capital projects fund (a nonmajor governmental fund). The amount available as an advance at June 30, 2022, was \$1,965,674 in the general fund, \$528,544 in the bond retirement fund, and \$45,650 in the permanent improvement capital projects fund (a nonmajor governmental fund). The difference is in the timing and collection by the County Fiscal Officer.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 - PROPERTY TAXES - (Continued)

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 323,209,190	95.33	\$ 322,810,960	94.68
Public utility personal	<u>15,848,410</u>	<u>4.67</u>	<u>18,139,930</u>	<u>5.32</u>
Total	<u>\$ 339,057,600</u>	<u>100.00</u>	<u>\$ 340,950,890</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$90.20		\$81.30	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023, consisted of taxes, accounts (miscellaneous), intergovernmental grants, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected in one year.

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

Governmental activities:

Property taxes	\$ 24,166,142
Accounts	107,643
Accrued interest	324,871
Intergovernmental	<u>4,988,623</u>
Total	<u>\$ 29,587,279</u>

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

Governmental activities:	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 5,460,268	\$ -	\$ -	\$ 5,460,268
Construction in progress	-	1,922,389	-	1,922,389
Total capital assets, not being depreciated/amortized	<u>5,460,268</u>	<u>1,922,389</u>	<u>-</u>	<u>7,382,657</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	6,370,607	-	-	6,370,607
Buildings and improvements	138,187,481	-	-	138,187,481
Furniture and equipment	7,753,781	167,514	-	7,921,295
Vehicles	2,698,536	613,684	-	3,312,220
Intangible right to use:				
Equipment	19,061	-	-	19,061
SBITAs	-	24,119	-	24,119
Total capital assets, being depreciated/amortized	<u>155,029,466</u>	<u>805,317</u>	<u>-</u>	<u>155,834,783</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(3,583,808)	(336,054)	-	(3,919,862)
Buildings and improvements	(56,960,410)	(2,785,774)	-	(59,746,184)
Furniture and equipment	(6,830,681)	(130,932)	-	(6,961,613)
Vehicles	(1,800,873)	(127,726)	-	(1,928,599)
Intangible right to use:				
Equipment	(635)	(3,812)	-	(4,447)
SBITAs	-	(2,315)	-	(2,315)
Total accumulated depreciation/amortization	<u>(69,176,407)</u>	<u>(3,386,613)</u>	<u>-</u>	<u>(72,563,020)</u>
Governmental activities capital assets, net	<u>\$ 91,313,327</u>	<u>\$ (658,907)</u>	<u>\$ -</u>	<u>\$ 90,654,420</u>

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,313,171
Special	334,383
Vocational	64,748
Other	33,673
<u>Support services:</u>	
Pupil	179,809
Instructional staff	61,905
Board of Education	5,083
Administration	217,645
Fiscal	284,936
Business	78,971
Operations and maintenance	260,965
Pupil transportation	267,752
Central	13,728
Operation of non-instructional services:	
Other non-instructional services	14,156
Food service operations	143,700
Extracurricular activities	111,988
Total depreciation/amortization expense	<u>\$ 3,386,613</u>

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

The School District pays the State Workers' Compensation System a premium based on a rate of \$1 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Self Insurance

Medical insurance is offered to employees through a self insurance internal service fund. The School District's monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$150,000 per employee, per year. The claims liability of \$796,600 reported in the internal service fund at June 30, 2023, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - RISK MANAGEMENT - (Continued)

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2023	\$ 815,300	\$ 5,000,501	\$ (5,019,201)	\$ 796,600
2022	1,228,700	5,517,275	(5,930,675)	815,300

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

The School District's contractually required contribution to SERS was \$984,164 for fiscal year 2023. Of this amount, \$73,174 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$2,917,470 for fiscal year 2023. Of this amount, \$500,004 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.174843100%	0.153108206%	
Proportion of the net pension liability current measurement date	<u>0.177447400%</u>	<u>0.157677020%</u>	
Change in proportionate share	<u>0.002604300%</u>	<u>0.004568814%</u>	
Proportionate share of the net pension liability	\$ 9,597,736	\$ 35,051,801	\$ 44,649,537
Pension expense	\$ 161,072	\$ 4,250,791	\$ 4,411,863

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 388,716	\$ 448,709	\$ 837,425
Net difference between projected and actual earnings on pension plan investments	-	1,219,725	1,219,725
Changes of assumptions	94,701	4,194,647	4,289,348
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	115,494	691,622	807,116
Contributions subsequent to the measurement date	<u>984,164</u>	<u>2,917,470</u>	<u>3,901,634</u>
Total deferred outflows of resources	<u>\$ 1,583,075</u>	<u>\$ 9,472,173</u>	<u>\$ 11,055,248</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 63,007	\$ 134,083	\$ 197,090
Net difference between projected and actual earnings on pension plan investments	334,918	-	334,918
Changes of assumptions	-	3,157,363	3,157,363
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>240,571</u>	<u>229,483</u>	<u>470,054</u>
Total deferred inflows of resources	<u>\$ 638,496</u>	<u>\$ 3,520,929</u>	<u>\$ 4,159,425</u>

\$3,901,634 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$ (142,259)	\$ 217,619	\$ 75,360
2025	24,534	31,627	56,161
2026	(478,436)	(770,293)	(1,248,729)
2027	<u>556,576</u>	<u>3,554,821</u>	<u>4,111,397</u>
Total	<u>\$ (39,585)</u>	<u>\$ 3,033,774</u>	<u>\$ 2,994,189</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 14,127,409	\$ 9,597,736	\$ 5,781,548

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 52,950,510	\$ 35,051,801	\$ 19,915,034

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$86,184.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$86,184 for fiscal year 2023. Of this amount, \$86,184 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.170353400%	0.153108206%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.173983700%</u>	<u>0.157677020%</u>	
Change in proportionate share	<u>0.003630300%</u>	<u>0.004568814%</u>	
Proportionate share of the net OPEB liability	\$ 2,442,749	\$ -	\$ 2,442,749
Proportionate share of the net OPEB asset	\$ -	\$ (4,082,782)	\$ (4,082,782)
OPEB expense	\$ (177,674)	\$ (696,519)	\$ (874,193)

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 20,534	\$ 59,190	\$ 79,724
Net difference between projected and actual earnings on OPEB plan investments	12,695	71,072	83,767
Changes of assumptions	388,552	173,911	562,463
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	202,027	50,045	252,072
Contributions subsequent to the measurement date	<u>86,184</u>	<u>-</u>	<u>86,184</u>
Total deferred outflows of resources	<u>\$ 709,992</u>	<u>\$ 354,218</u>	<u>\$ 1,064,210</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,562,560	\$ 613,160	\$ 2,175,720
Changes of assumptions	1,002,766	2,895,087	3,897,853
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>564,718</u>	<u>4,766</u>	<u>569,484</u>
Total deferred inflows of resources	<u>\$ 3,130,044</u>	<u>\$ 3,513,013</u>	<u>\$ 6,643,057</u>

\$86,184 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$ (502,095)	\$ (897,186)	\$ (1,399,281)
2025	(573,663)	(916,318)	(1,489,981)
2026	(554,775)	(438,856)	(993,631)
2027	(371,502)	(182,997)	(554,499)
2028	(224,014)	(239,149)	(463,163)
Thereafter	<u>(280,187)</u>	<u>(484,289)</u>	<u>(764,476)</u>
Total	<u>\$ (2,506,236)</u>	<u>\$ (3,158,795)</u>	<u>\$ (5,665,031)</u>

Actuarial Assumptions - SERS

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

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

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 3,033,931	\$ 2,442,749	\$ 1,965,505

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 1,883,798	\$ 2,442,749	\$ 3,172,830

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 3,774,425	\$ 4,082,782	\$ 4,346,917
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 4,234,839	\$ 4,082,782	\$ 3,890,849

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**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 – LONG-TERM OBLIGATIONS

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due in One Year
Governmental Activities:					
Certificates of Participation					
2018 Refunding Certificates of Participation:					
Term Portion (3.90%)	\$ 3,510,000	\$ -	\$ (295,000)	\$ 3,215,000	\$ 305,000
Discount	(48,218)	-	3,128	(45,090)	-
General Obligation Bonds:					
2013 School Facilities Refunding Bonds:					
Capital Appreciation Bonds (24.00%)	49,702	-	-	49,702	-
Accretion	390,953	112,006	-	502,959	-
2014 School Facilities Refunding Bonds:					
Serial Portion (2.00%-3.00%)	775,000	-	-	775,000	-
Term Portion (3.25%-3.5%)	6,995,000	-	(165,000)	6,830,000	170,000
Capital Appreciation Bonds (51.80%)	19,972	-	-	19,972	-
Accretion	623,258	376,258	-	999,516	-
Premium	863,797	-	(74,573)	789,224	-
Discount	(169,716)	-	14,651	(155,065)	-
2015 School Facilities Refunding Bonds:					
Serial Portion (2.50%-5.00%)	12,895,000	-	-	12,895,000	-
Term Portion (3.5%-3.75%)	19,250,000	-	-	19,250,000	2,210,000
Capital Appreciation Bonds (51.70%)	58,715	-	(58,715)	-	-
Accretion	1,941,285	165,000	(2,106,285)	-	-
Premium	2,940,607	-	(201,641)	2,738,966	-
Discount	(597,160)	-	40,949	(556,211)	-
2021 School Facilities Refunding Bonds:					
Serial and Term Bonds (1.00%-4.00%)	6,155,000	-	(140,000)	6,015,000	155,000
Premium	714,422	-	(67,771)	646,651	-
Total General Obligation Bonds	52,905,835	653,264	(2,758,385)	50,800,714	2,535,000
Net Pension Liability	26,027,463	18,622,074	-	44,649,537	-
Net OPEB Liability	3,224,078	-	(781,329)	2,442,749	-
Other Long-Term Obligations:					
Leases Payable	17,652	-	(2,584)	15,068	3,089
Notes Payable - Finance Purchase	151,164	-	(34,380)	116,784	34,734
Compensated Absences	4,236,839	190,802	(399,811)	4,027,830	413,220
Total Other Long-Term Obligations	33,657,196	18,812,876	(1,218,104)	51,251,968	451,043
Total governmental activities long-term liabilities	\$ 90,024,813	\$ 19,466,140	\$ (4,268,361)	\$ 105,222,592	\$ 3,291,043

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

2018 Refunding Certificates of Participation:

The School District issued \$4,575,000 in Refunding Certificates of Participation (COPs) on October 10, 2017, for the purpose of refunding the 2008 certificates of participation and energy conservation notes. The COPs issuance included a discount of \$62,815, which will be amortized over the life of the COPs. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio Governmental Development Leasing Corporation and the subleased back to the School District. The initial lease ended June 30, 2009. The School District may renew the lease for successive one-year terms, each ending on June 30, except the final lease term, which ends on November 1, 2037. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and annual appropriations. The base rent includes an interest component of 3.9 percent. As a result, \$2,490,000 of the 2008 COPs is considered defeased and the liability for the refunded portion of these bonds has been removed from the School District’s financial statements. At June 30, 2023, \$1,600,000 of the defeased bonds are still outstanding.

The term bond portion of the 2018 COPs is subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on November 1 of the years and in the respective principal amounts as follows:

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

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

Principal and interest requirements to retire the debt outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30	Certificates of Participation	
	Principal	Interest
2024	\$ 305,000	\$ 119,437
2025	320,000	107,250
2026	330,000	94,575
2027	340,000	81,510
2028	355,000	67,957
2029 -2033	855,000	203,092
2034 - 2038	<u>710,000</u>	<u>71,760</u>
Total	<u>\$ 3,215,000</u>	<u>\$ 745,581</u>

2013 School Facilities Refunding Bonds:

In fiscal year 2013, the School District issued \$8,224,702 in general obligation bonds for the purpose of refunding a portion of the 2010 school facilities improvement bond issue in order to take advantage of lower interest rates. As a result, \$8,315,000 of the 2010 bonds were considered defeased and the liability for the refunded bonds has been removed from the School District’s financial statements. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District’s financial statements. During fiscal year 2022, \$6,780,000 was refunded by the Series 2021 bonds. At June 30, 2023 there were no further obligations outstanding on the term and serial bonds.

Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds, which is 2013 through 2032. The final maturity amount of outstanding capital appreciation bonds at June 30, 2023, is \$3,540,000. The accretion recorded for fiscal year 2023 was \$112,006, for a total outstanding bond liability of \$552,661.

2014 School Facilities Refunding Bonds:

On December 30, 2014, the School District issued \$8,824,972 in general obligation bonds for the purpose of refunding a portion of the 2010 school facilities improvement bond issue in order to take advantage of lower interest rates. As a result, \$8,830,000 of the 2010 bonds were considered defeased and the liability for the refunded bonds has been removed from the School District’s financial statements. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District’s financial statements. On June 30, 2023, \$8,830,000 of the defeased bonds are still outstanding. The bonds will be paid from the bond retirement debt service fund.

Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds, which is 2025. The final maturity amount of outstanding capital appreciation bonds at June 30, 2023, is \$2,040,000. The accretion recorded for fiscal year 2023 was \$376,258, for a total outstanding bond liability of \$1,019,488.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

The term bond portion of the 2014 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 of the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2027	\$ 75,000
2028	75,000
2029	80,000
2030	30,000
2031	30,000
2032	35,000
2033	<u>35,000</u>
Total	<u>\$ 360,000</u>

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

The current interest bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after January 15, 2023, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

2015 School Facilities Refunding Bonds:

On March 11, 2015, the School District issued \$35,154,088 in general obligation bonds for the purpose of refunding a portion of the 2010 school facilities improvement bond issue in order to take advantage of lower interest rates. As a result, \$35,170,000 of the 2010 bonds were considered defeased and the liability for the refunded bonds has been removed from the School District’s financial statements. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District’s financial statements. On June 30, 2023, \$30,155,000 of the defeased bonds are still outstanding. The bonds will be paid from the bond retirement debt service fund.

Interest on the capital appreciation bonds was accreted annually until the point of maturity of the capital appreciation bonds, which is 2021 through 2023. At June 30, 2023, there were no further capital appreciation bonds outstanding.

The term bond portion of the 2015 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 of the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2029	\$ 2,920,000
2030	150,000
2031	2,755,000
2032	85,000
2033	85,000
2034	565,000
2035	<u>4,595,000</u>
Total	<u>\$ 11,155,000</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

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

The current interest bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after January 15, 2023, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Series 2021 School Facilities Refunding Bonds:

During fiscal year 2022, the School District issued \$6,155,000 in general obligation bonds to refund \$6,780,000 of the Series 2013 School Facilities Refunding Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2023 was \$6,605,000.

The issue is comprised of current interest bonds, par value \$6,155,000. The interest rates on the current interest bonds range from 1.00% - 4.00%. Interest payments on the current interest bonds are due on July 15 and January 15 of each year. The final maturity stated in the issue is January 15, 2033.

The reacquisition price exceeded the net carrying amount of the old debt by \$135,674. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of January 15, 2033. This advance refunding was undertaken to reduce the combined total debt service payments by \$639,978 and resulted in an economic gain of \$563,865.

Principal and interest requirements to retire the debt outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,535,000	\$ 1,565,338	\$ 4,100,338	\$ -	\$ -	\$ -
2025	695,000	1,495,063	2,190,063	19,972	2,020,028	2,040,000
2026	2,810,000	1,472,613	4,282,613	-	-	-
2027	2,945,000	1,386,475	4,331,475	-	-	-
2028	3,180,000	1,301,437	4,481,437	-	-	-
2029 -2033	14,660,000	4,887,925	19,547,925	49,702	3,490,298	3,540,000
2034 - 2038	18,940,000	1,807,287	20,747,287	-	-	-
Total	<u>\$ 45,765,000</u>	<u>\$ 13,916,138</u>	<u>\$ 59,681,138</u>	<u>\$ 69,674</u>	<u>\$ 5,510,326</u>	<u>\$ 5,580,000</u>

Net Pension Liability: See Note 10

Net OPEB Liability: See Note 11

There is no repayment schedule for the net pension and OPEB liabilities; however, employer pension and OPEB contributions are made from the general fund and the food service, other local grants, public preschool, title VI-B, and title I special revenue funds. For additional information related to the net pension and OPEB liabilities see Notes 10 and 11. Compensated absences will be paid from the general fund and the food service, other local grants, public preschool, student wellness, title VI-B, title I, and miscellaneous federal grants special revenue funds. The capital lease will be paid from the building capital projects fund.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Leases Payable:

The School District has entered into lease agreements for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the School District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The School District has entered into lease agreements for postage machine equipment at varying years and terms as follows:

<u>Lease</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Postage machine	2022	5	2027	Quarterly

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,089	\$ 2,549	\$ 5,638
2025	3,693	1,945	5,638
2026	4,416	1,223	5,639
2027	<u>3,870</u>	<u>359</u>	<u>4,229</u>
Total	<u>\$ 15,068</u>	<u>\$ 6,076</u>	<u>\$ 21,144</u>

Notes Payable - Finance Purchase

The School District entered into a notes payable – finance purchase obligation for the financing of copy machines. The lease payments will be recorded as expenditure in the general fund and the building fund.

A liability in the amount of the present value of minimum notes payable - finance purchase payments has been recorded on the statement of net position. Capital assets have been capitalized in the amount of \$176,734 and the accumulated depreciation is \$35,670. This amount represents the costs of the replacements as of June 30, 2023.

The following is a schedule of the future long-term minimum finance purchase payments required under the notes payable - finance purchase agreement and the present value of the future minimum finance purchase payments as of June 30, 2023:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 37,752
2025	37,752
2026	37,752
2027	<u>9,439</u>
Total minimum finance purchase payments	122,695
Less: amount representing interest	<u>(5,911)</u>
Total	<u>\$ 116,784</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Debt Margin:

The overall debt margin of the School District as of June 30, 2023, was \$0 with an unvoted debt margin of \$340,951. The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the nine percent limit to finance additional facilities, the State Department of Education may declare that school district a “special needs” school district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district’s assessed valuation. The Maple Heights City School District was determined to be a “special needs” school district by the State Superintendent.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of account principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounts for certain transactions on a basis of cash receipts and disbursements.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP) basis;
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at cost (budget basis) as opposed to fair value (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

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

	<u>General fund</u>	<u>ESSER fund</u>
Budget basis	\$ 304,692	\$ (790,086)
Net adjustment for revenue accruals	(28,097)	(64,070)
Net adjustment for expenditure accruals	(529,494)	(1,345,561)
Net adjustment for other sources/uses	3,687,060	(3,723,540)
Funds budgeted elsewhere	(55,941)	-
Adjustment for encumbrances	<u>535,056</u>	<u>3,534,846</u>
GAAP basis	<u>\$ 3,913,276</u>	<u>\$ (2,388,411)</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the public school support fund, the special trust fund, the rotary fund, the foundation fund, the district agency fund and the latchkey fund.

NOTE 14 - CONTINGENCIES

A. School Foundation

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 2023 have been finalized. The FTE adjustments made by ODE subsequent to year-end are not material to the financial statements and no liability or receivable has been recorded.

B. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

C. Litigation

The School District was not a party to legal proceedings as of June 30, 2023

NOTE 15 - EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days a year earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators at the school buildings do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 330 days for all certified and 207 days for classified personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 110 days for certified personnel and 69 days for classified personnel.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 16 - SET-ASIDES

The School District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2022	\$ -
Current year set-aside requirement	699,405
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(405,919)
Excess qualified expenditures from prior years	-
Current year offsets	(373,149)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (79,663)</u>
Balance carried forward to fiscal year 2024	<u>\$ -</u>
Set-aside balance June 30, 2023	<u><u>\$ -</u></u>

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

NOTE 17 - COMMITMENTS

A. Other Commitments

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
ESSER	\$ 2,250,903

B. Contractual Commitments

As of June 30, 2023, the District had the following contractual commitments outstanding:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2023</u>
Gardiner Service Company LLC	\$ 2,025,000	\$ (1,751,474)	\$ 273,526
Glaus, Pyle, Schomer, Burns & Dehaven, Inc	449,700	(323,343)	126,357
Total	<u>\$ 2,474,700</u>	<u>\$ (2,074,817)</u>	<u>\$ 399,883</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

REQUIRED SUPPLEMENTARY INFORMATION

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN YEARS			
	2023	2022	2021	2020
School District's proportion of the net pension liability	0.17744740%	0.17484310%	0.19193530%	0.19054870%
School District's proportionate share of the net pension liability	\$ 9,597,736	\$ 6,451,203	\$ 12,695,005	\$ 11,400,863
School District's covered payroll	\$ 6,846,686	\$ 6,046,186	\$ 6,703,529	\$ 6,613,489
School District's proportionate share of the net pension liability as a percentage of its covered payroll	140.18%	106.70%	189.38%	172.39%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.19552330%	0.16338520%	0.16074990%	0.16046860%	0.17436300%	0.17436300%
\$ 11,197,981	\$ 9,761,905	\$ 11,765,409	\$ 9,156,493	\$ 8,824,412	\$ 10,368,808
\$ 5,993,348	\$ 5,559,750	\$ 4,983,307	\$ 4,800,893	\$ 4,920,038	\$ 5,086,947
186.84%	175.58%	236.10%	190.72%	179.36%	203.83%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	2023	2022	2021	2020
School District's proportion of the net pension liability	0.157677020%	0.153108206%	0.15348328%	0.15410871%
School District's proportionate share of the net pension liability	\$ 35,051,801	\$ 19,576,260	\$ 37,137,493	\$ 34,080,215
School District's covered payroll	\$ 21,842,229	\$ 18,786,364	\$ 18,609,621	\$ 17,981,479
School District's proportionate share of the net pension liability as a percentage of its covered payroll	160.48%	104.20%	199.56%	189.53%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.50%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.15426239%	0.15285979%	0.14849020%	0.14694241%	0.16124236%	0.16124236%
\$ 33,918,836	\$ 36,312,171	\$ 49,704,146	\$ 40,610,585	\$ 39,219,723	\$ 46,718,277
\$ 17,657,407	\$ 17,014,571	\$ 15,655,786	\$ 14,902,064	\$ 16,408,879	\$ 17,496,292
192.09%	213.42%	317.48%	272.52%	239.02%	267.02%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 984,164	\$ 958,536	\$ 846,466	\$ 938,494
Contributions in relation to the contractually required contribution	<u>(984,164)</u>	<u>(958,536)</u>	<u>(846,466)</u>	<u>(938,494)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 7,029,743	\$ 6,846,686	\$ 6,046,186	\$ 6,703,529
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 892,821	\$ 809,102	\$ 778,365	\$ 697,663	\$ 632,758	\$ 681,917
<u>(892,821)</u>	<u>(809,102)</u>	<u>(778,365)</u>	<u>(697,663)</u>	<u>(632,758)</u>	<u>(681,917)</u>
<u>\$ -</u>					
\$ 6,613,489	\$ 5,993,348	\$ 5,559,750	\$ 4,983,307	\$ 4,800,895	\$ 4,920,036
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 2,917,470	\$ 3,057,912	\$ 2,630,091	\$ 2,605,347
Contributions in relation to the contractually required contribution	<u>(2,917,470)</u>	<u>(3,057,912)</u>	<u>(2,630,091)</u>	<u>(2,605,347)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 20,839,071	\$ 21,842,229	\$ 18,786,364	\$ 18,609,621
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,517,407	\$ 2,472,037	\$ 2,382,040	\$ 2,191,810	\$ 2,086,289	\$ 2,133,154
<u>(2,517,407)</u>	<u>(2,472,037)</u>	<u>(2,382,040)</u>	<u>(2,191,810)</u>	<u>(2,086,289)</u>	<u>(2,133,154)</u>
<u>\$ -</u>					
\$ 17,981,479	\$ 17,657,407	\$ 17,014,571	\$ 15,655,786	\$ 14,902,064	\$ 16,408,877
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
School District's proportion of the net OPEB liability	0.17398370%	0.17035340%	0.18608620%	0.19171410%
School District's proportionate share of the net OPEB liability	\$ 2,442,749	\$ 3,224,078	\$ 4,044,262	\$ 4,821,207
School District's covered payroll	\$ 6,846,686	\$ 6,703,529	\$ 6,703,529	\$ 6,613,489
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.68%	48.10%	60.33%	72.90%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	18.17%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.19652480%	0.16635830%	0.16132970%
\$ 5,452,129	\$ 4,464,620	\$ 4,649,800
\$ 5,993,348	\$ 5,559,750	\$ 4,983,307
90.97%	80.30%	93.31%
13.57%	12.46%	11.49%

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
School District's proportion of the net OPEB liability/asset	0.157677020%	0.153108206%	0.15348328%	0.15410871%
School District's proportionate share of the net OPEB liability/(asset)	\$ (4,082,782)	\$ (3,228,161)	\$ (2,697,466)	\$ (2,552,410)
School District's covered payroll	\$ 21,842,229	\$ 18,786,364	\$ 18,609,621	\$ 17,981,479
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-18.69%	17.18%	-14.50%	-14.19%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 86,184	\$ 75,477	\$ 63,576	\$ 57,658
Contributions in relation to the contractually required contribution	<u>(86,184)</u>	<u>(75,477)</u>	<u>(63,576)</u>	<u>(57,658)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 7,029,743	\$ 6,846,686	\$ 6,046,186	\$ 6,703,529
Contributions as a percentage of covered payroll	1.23%	1.10%	1.05%	0.86%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 133,395	\$ 127,995	\$ 93,260	\$ 83,520	\$ 115,935	\$ 73,961
<u>(133,395)</u>	<u>(127,995)</u>	<u>(93,260)</u>	<u>(83,520)</u>	<u>(115,935)</u>	<u>(73,961)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,613,489	\$ 5,993,348	\$ 5,559,750	\$ 4,983,307	\$ 4,800,895	\$ 4,920,036
2.02%	2.14%	1.68%	1.68%	2.41%	1.50%

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 20,839,071	\$ 21,842,229	\$ 18,786,364	\$ 18,609,621
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,089
-	-	-	-	-	(164,089)
<u>\$ -</u>					
\$ 17,981,479	\$ 17,657,407	\$ 17,014,571	\$ 15,655,786	\$ 14,902,064	\$ 16,408,877
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

(Continued)

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued):

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial -4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal AL Number	Program Year	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2023	\$537,351	\$29,127
National School Lunch Program	10.555	2023	1,357,852	72,002
Fresh Fruit and Vegetable Program	10.582	2023	106,093	0
Total Child Nutrition Cluster			<u>2,001,296</u>	<u>101,129</u>
Pandemic Electronic Benefit Transfer Administrative Expenses - COVID-19	10.649	2023	2,701	0
Total U.S. Department of Agriculture			<u>2,003,997</u>	<u>101,129</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	2022	1,078,456	0
Title I Grants to Local Educational Agencies	84.010	2023	1,477,052	0
Title I Grants to Local Educational Agencies Expanding Opportunities for Each Child	84.010A	2022	43,200	0
Title I Grants to Local Educational Agencies School Quality Improvement	84.010A	2022	75,704	0
Title I Grants to Local Educational Agencies School Quality Improvement	84.010A	2023	59,739	0
Title I Grants to Local Educational Agencies Supplemental School Improvement	84.010A	2023	31,516	0
Total Title I Grants to Local Educational Agencies			<u>2,765,667</u>	<u>0</u>
Special Education Cluster:				
Special Education Grants to States (IDEA, Part B)	84.027	2022	82,953	0
Special Education Grants to States (IDEA, Part B)	84.027	2023	896,455	0
Special Education Grants to States - ARP IDEA (IDEA, Part B) - COVID-19	84.027	2022	1,789	0
Special Education Grants to States - ARP IDEA (IDEA, Part B) - COVID-19	84.027	2023	75,936	0
Total Special Education Grants to States (IDEA, Part B)			<u>1,057,133</u>	<u>0</u>
Special Education Preschool Grants - ARP IDEA (IDEA Preschool) - COVID-19	84.173	2022	10,487	0
Special Education Preschool Grants - ARP IDEA (IDEA Preschool) - COVID-19	84.173	2023	10	0
Total Special Education Preschool Grants (IDEA Preschool)			<u>10,497</u>	<u>0</u>
Total Special Education Cluster			<u>1,067,630</u>	<u>0</u>
Career and Technical Education - Basic Grants to States	84.048	2022	8,079	0
Career and Technical Education - Basic Grants to States	84.048	2023	23,280	0
Total Career and Technical Education - Basic Grants to States			<u>31,359</u>	<u>0</u>
Twenty-First Century Community Learning Centers	84.287	2022	10,498	0
Twenty-First Century Community Learning Centers	84.287	2023	181,611	0
Total Twenty-First Century Community Learning Centers			<u>192,109</u>	<u>0</u>
Supporting Effective Instruction State Grants	84.367	2022	791	0
Supporting Effective Instruction State Grants	84.367	2023	100,829	0
Total Supporting Effective Instruction State Grants			<u>101,620</u>	<u>0</u>
Student Support and Academic Enrichment Grants	84.424	2022	28,484	0
Student Support and Academic Enrichment Grants	84.424	2023	179,996	0
Total Student Support and Academic Enrichment Grants			<u>208,480</u>	<u>0</u>
Education Stabilization Funds - Elementary and Secondary School Emergency Relief I - COVID-19	84.425D	2023	47,198	0
Education Stabilization Funds - Elementary and Secondary School Emergency Relief II - COVID-19	84.425D	2023	3,172,900	0
Education Stabilization Funds - Elementary and Secondary School Emergency Relief III - COVID-19	84.425U	2023	3,496,596	0
Education Stabilization Funds - Elementary and Secondary School Emergency Relief - ARP Homeless - COVID-19	84.425W	2022	35,570	0
Education Stabilization Funds - Elementary and Secondary School Emergency Relief - ARP Homeless - COVID-19	84.425W	2023	3,682	0
Total Education Stabilization Funds			<u>6,755,946</u>	<u>0</u>
Total U.S. Department of Education			<u>11,122,811</u>	<u>0</u>
Total			<u>\$13,126,808</u>	<u>\$101,129</u>

The accompanying notes are an integral part of this schedule.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Maple Heights City School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maple Heights City School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 10, 2024

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Maple Heights City School District's, Cuyahoga County, Ohio, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Maple Heights City School District's major federal programs for the year ended June 30, 2023. Maple Heights City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the Maple Heights City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2023.

Unmodified Opinion Each of the Other Major Federal Programs

In our opinion, the Maple Heights City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Child Nutrition Cluster

As described in finding 2023-002 in the accompanying schedule of findings, the District did not comply with requirements regarding procurement, suspension and debarment applicable to its Child Nutrition Cluster major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to those programs.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2023-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 10, 2024

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified on Child Nutrition Cluster, Unmodified on Title I and Education Stabilization Fund
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs:	Child Nutrition Cluster Title I – AL #84.010 Education Stabilization Fund – COVID-19 – AL #84.425
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023
(Continued)

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

FINDING NUMBER 2023-001

Bank Reconciliations – Significant Deficiency

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

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

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

Due to deficiencies in the payroll reconciliation process, the District did not complete accurate, monthly bank reconciliations during the audit period. As of June 30, 2023, the District has an unreconciled balance totaling \$6,612 on its bank reconciliation, in which the District's book balance exceeds its bank balance. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. Finally, findings for recovery may be issued in the future, if there are unexplained book over bank variances.

Additionally, the District's bank reconciliations contained five outstanding checks, totaling \$1,339, that were greater than one year old, dating back to December 2021. The District has not established a fund for unclaimed monies. Failure to establish a fund for unclaimed monies and not removing stale checks from the bank reconciliation in a timely manner could lead to the District to unnecessarily track old outstanding checks and make the reconciliation process more cumbersome.

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

Also, the District should establish a policy which sets a reasonable amount of time for carrying outstanding checks on their reconciliation. After the established time, the check(s) should be voided and the checks should be held in an unclaimed monies fund in accordance with Ohio Rev. Code § 9.39 and Auditor of State Bulletin 91-11.

Officials' Response: The District understands the importance of reconciling cash balances to the accounting system and will continue to look for an explanation of the unexplained book over bank variance.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023
(Continued)**

3. FINDING FOR FEDERAL AWARDS

Procurement Documentation

Finding Number:	2023-002
Assistance Listing Number and Title:	AL #10.553, 10.555, 10.582 – Child Nutrition Cluster
Federal Award Identification Number / Year:	2023
Federal Agency:	United States Department of Agriculture
Compliance Requirement:	Procurement and Suspension and Debarment
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2022-002

Noncompliance and Material Weakness

2 CFR § 400.1 gives regulatory effect to the Department of Agriculture for 2 CFR § 200.318 through 200.327 which describe specific procedures non-Federal entities must follow when entering into procurement transactions using Federal funds.

2 CFR § 200.318(a) indicates a non-Federal entity must use its own documented procurement procedures, consistent with State and local laws and regulations, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documentation of procurement procedures must conform to the procurement standards identified in § § 200.318 through 200.327.

2 CFR § 200.320(a) indicates, in part, when the value of the procurement for property or services under a Federal award is higher than the micropurchase threshold, but does not exceed the simplified acquisition threshold, small purchase procedures can be used. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined by the non-Federal entity.

2 CFR § 200.320(c) indicates non-competitive procurement can be used only if one or more of the following circumstances apply:

1. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold;
2. The item is available only from a single source;
3. The public or exigency or emergency for the requirement will not permit a delay resulting from publicizing a competition solicitation;
4. The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
5. After solicitation of a number of sources, competition is determined inadequate.

2 CFR § 200.318(i) indicates the non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023
(Continued)

3. FINDING FOR FEDERAL AWARDS
(Continued)

FINDING NUMBER 2023-002
(Continued)

Procurement Documentation – Noncompliance and Material Weakness (Continued)

Maple Heights City School District Board Policy EAG- Administration of Federal Grant Funds indicates all purchases of property and services using Federal funds must be conducted in accordance with all applicable Federal, State, and local laws and regulations, the Uniform Guidance, and the District's written policies and procedures. The District will perform a cost and price analysis for every procurement over the established simplified acquisition threshold. Purchasing records will be sufficiently maintained to detail the history of all procurements and must include at least the rationale for the method of procurement, selection of contract type, and contractor selection or rejection; the basis for the contract price; and verification that the contractor is not suspended or debarred.

Due to a lack of controls over the procurement process, for three out of five vendors examined during testing of the Child Nutrition Cluster, the District did not maintain the written justification documenting the history of procurement. The procurements were below the simplified acquisition threshold and above the micro-purchase threshold; therefore, small purchase procedures require the District to obtain "price or rate quotations...from an adequate number of qualified sources as determined appropriate by" the District. The District's procurement policy does not specify the number and form of quotations required under small purchasing procedures. However, the justification for using the vendors was provided verbally during the audit, with the District indicating one vendor was selected only because of quick response time, past visits, and availability, and the other two vendors were considered sole source providers. No indication was given that additional quotes were obtained.

Failure to obtain quotations from a variety of vendors may result in the District not utilizing the most cost-effective vendor.

The District should adopt procedures to ensure records are maintained to document the history of the procurement, including the rationale for the purchase method, selection of vendors, cost/price analysis (if applicable) and the reason for limiting competition (if applicable), based on the criteria above. The District should also amend their procurement policy to indicate the number and form of quotations required when using small purchase procedures.

Officials' Response: The District has adopted procedures to ensure the history of the procurement, including the rationale for the purchase method, selection of vendors, cost/price analysis (if applicable) and the reason for limiting competition, either because they are from a sole source provider or due to emergency or exigent circumstances are documented and maintain written documentation of such procedures. The District has also amended its procurement policy to indicate the number of quotations required when using small purchasing procedures.



Maple Heights

CITY SCHOOLS

Maple Heights Board of Education

Alonzo Blackwell, President
 Rosalind Moore, Vice President
 Rachel Cheeks
 Sherria Granger
 HerBrina Shepherd

Dr. Charles T. Keenan, Superintendent
 Taylor Friedrich, Treasurer

5740 Lawn Ave., Maple Heights, Ohio 44137

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.511(B) JUNE 30, 2023

Finding Number	Finding Summary	Status
2022-001	Bank Reconciliations – Significant Deficiency: The District did not complete accurate, monthly bank reconciliations throughout the period. The District had an unreconciled balance of \$9,885 as of June 30, 2022.	Reissued as finding 2023-001
2022-002	Procurement Documentation- Noncompliance and Material Weakness: The District did not maintain adequate documentation to demonstrate all competitive bidding procedures were met for the roof replacement project, funded by Education Stabilization Fund funds, contrary to the requirements of the Ohio Rev. Code, Federal procurement requirements, and District policies. For the Nutrition Cluster, the District did not document the history of the procurement for one out of four vendors tested.	The issue was corrected for the Education Stabilization Fund. The finding is not corrected for the Nutrition Cluster. Reissued as finding 2023-002.
2022-003	Prevailing Wage Rate Requirements- Noncompliance and Material Weakness: The District did not ensure the required prevailing wage language was in the contract for the roof replacement project, funded by Education Stabilization Fund funds, and did not collect certified payrolls from the contractor performing the work.	Corrected
2022-004	Finding for Recovery Repaid and Resolved Under Audit- Payroll Overpayments: An error in the calculations for 12 employees payroll adjustments, lead to overpayments totaling \$13,645.	The issue has been resolved. Repayments to the District have been made or in the process of being collected, with all repayments anticipated to be collected by June 30, 2024.

“Educating our students, through expectations of excellence, to prepare them for a lifetime of success.”

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Maple Heights

CITY SCHOOLS

Maple Heights Board of Education

Alonzo Blackwell, President
Rosalind Moore, Vice President
Rachel Cheeks
Sherria Granger
HerBrina Shepherd

Dr. Charles T. Keenan, Superintendent
Taylor Friedrich, Treasurer

5740 Lawn Ave., Maple Heights, Ohio 44137

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2023

Finding Number: 2023-001
Planned Corrective Action: The District has obtained help with Lennon CPA to find and correct the unreconciled items.
Anticipated Completion Date: June 2024
Responsible Contact Person: Taylor Friedrich

Finding Number: 2023-002
Planned Corrective Action: The District's Business Manager will obtain quotes/bid out when necessary. This was done properly for fiscal year 2024.
Anticipated Completion Date: Completed in September 2023
Responsible Contact Person: Taylor Friedrich and Muata Niamke

"Educating our students, through expectations of excellence, to prepare them for a lifetime of success."

OHIO AUDITOR OF STATE KEITH FABER



MAPLE HEIGHTS CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/23/2024

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