



OHIO AUDITOR OF STATE
KEITH FABER



**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2022**

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CUYAHOGA COUNTY
JUNE 30, 2022**

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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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in 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.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

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 August 29, 2023, 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

August 29, 2023

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2022. 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 2022 are as follows:

- In total, net position of governmental activities increased \$6,583,967, which represents a 55.05% increase from the restated net position at June 30, 2021.
- General revenues accounted for \$43,407,618 in revenue or 70.11% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$18,509,024 or 29.89% of total revenues of \$61,916,642.
- The District had \$55,332,675 in expenses related to governmental activities; only \$18,509,024 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 \$43,407,618 were adequate to provide these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$43,958,348 in revenues and other financing sources and \$40,929,238 in expenditures and other financing uses. During fiscal year 2022, the general fund's balance increased \$3,029,110, from a beginning fund balance of \$7,447,429 to \$10,476,539.
- The bond retirement fund had \$12,278,074 in revenues and other financing sources and \$11,056,799 in expenditures and other financing uses. During fiscal year 2022, the bond retirement fund's balance increased \$1,221,275, from a beginning fund balance of \$5,463,857 to \$6,685,132.

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 and bond retirement fund are by far the most significant funds, and the only governmental funds reported as a major fund.

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 2022?" 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, 2022
(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 and 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 - 75 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 78 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, 2022
(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, 2022 and June 30, 2021. The net position at June 30, 2021 has been restated as described in Note 3.

	Net Position	
	Governmental Activities <u>2022</u>	Restated Governmental Activities <u>2021</u>
<u>Assets</u>		
Current and other assets	\$ 54,146,494	\$ 49,451,942
Capital assets, net	<u>91,313,327</u>	<u>94,318,649</u>
Total assets	<u>145,459,821</u>	<u>143,770,591</u>
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	1,061,605	1,955,544
Pension	10,249,162	8,582,425
OPEB	<u>1,337,600</u>	<u>1,734,357</u>
Total deferred outflows of resources	<u>12,648,367</u>	<u>12,272,326</u>
<u>Liabilities</u>		
Current liabilities	6,750,720	6,362,961
Long-term liabilities:		
Due within one year	2,926,098	1,041,271
Due in more than one year:		
Net pension liability	26,027,463	49,832,498
Net OPEB liability	3,224,078	4,044,262
Other amounts	<u>57,847,174</u>	<u>61,882,107</u>
Total liabilities	<u>96,775,533</u>	<u>123,163,099</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	14,952,495	14,809,495
Unamortized gain on debt refunding	129,530	-
Pensions	21,465,184	514,365
OPEB	<u>6,240,874</u>	<u>5,595,353</u>
Total deferred inflows of resources	<u>42,788,083</u>	<u>20,919,213</u>
<u>Net Position</u>		
Net investment in capital assets	38,664,465	40,910,535
Restricted	6,797,306	9,998,992
Unrestricted	<u>(26,917,199)</u>	<u>(38,948,922)</u>
Total net position	<u>\$ 18,544,572</u>	<u>\$ 11,960,605</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2022
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2022, the School District’s assets and deferred outflows exceeded liabilities and deferred inflows by \$18,544,572. Deferred outflows related to pension increased primarily due to changed 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.

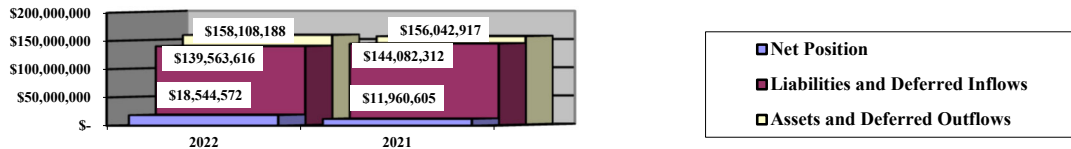
At year-end, capital assets represented 62.78% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. The School District’s net investment in capital assets at June 30, 2022, was \$38,664,465. These capital assets are used to provide services to the students and are not available for future spending.

The net pension liability decreased \$23,805,035 or 47.77% and deferred inflows of resources related to pension increased \$20,950,819 or 4,073.14%. 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). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which caused a large increase in their respective fiduciary net positions.

A portion of the School District’s net position, \$6,797,306, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$26,917,199).

The table below illustrates the School District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2022 and June 30, 2021. The net position at June 30, 2021 has been restated as described in Note 3.

Governmental Activities



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

The table below shows the change in net position for fiscal years 2022 and 2021. The net position at June 30, 2021 has been restated as described in Note 3.

	Change in Net Position	
	Governmental Activities <u>2022</u>	Restated Governmental Activities <u>2021</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,082,462	\$ 960,512
Operating grants and contributions	17,426,562	8,589,005
General revenues:		
Property taxes	21,472,555	18,935,471
Grants and entitlements	21,913,720	29,032,037
Investment earnings	(213,993)	45,361
Contributions and donations	-	1,090
Other	<u>235,336</u>	<u>1,229,153</u>
Total revenues	<u>61,916,642</u>	<u>58,792,629</u>
<u>Expenses</u>		
Program expenses:		
Instruction:	28,173,355	38,659,708
Support services:		
Pupil and Instructional Staff	6,046,462	5,076,057
Board of Education, Administration		
Fiscal and Business	7,567,814	7,693,194
Operation and Maintenance	4,845,122	4,874,898
Pupil Transportation	2,552,930	1,345,211
Central	99,537	19,576
Food Service Operations	1,995,493	1,230,732
Other Non-Instructional Services	229,903	119,786
Extracurricular Activities	1,159,358	750,870
Interest and Fiscal Charges	<u>2,662,701</u>	<u>3,329,112</u>
Total expenses	<u>55,332,675</u>	<u>63,099,144</u>
Change in net position	6,583,967	(4,306,515)
Net position at beginning of year (restated)	<u>11,960,605</u>	<u>16,267,120</u>
Net position at end of year	<u>\$ 18,544,572</u>	<u>\$ 11,960,605</u>

Governmental Activities

Net position of the School District's governmental activities increased \$6,583,967. Total governmental expenses of \$55,332,675 were offset by program revenues of \$18,509,024 and general revenues of \$43,407,618. Program revenues supported 33.45% of the total governmental expenses.

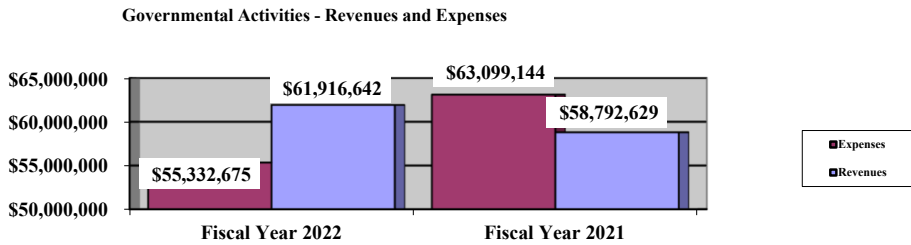
**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Overall, expenses of the governmental activities decreased \$7,766,469 or 12.31%. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately \$7,306,716. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase 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 70.07% of total governmental revenue.

The graph below presents the School District's governmental activities revenue and expenses for fiscal year 2022 and 2021.



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 2022 and 2021. 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, 2022
(UNAUDITED)

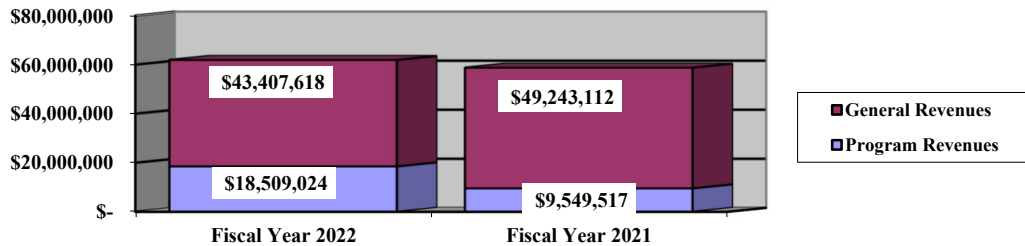
Governmental Activities

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Program expenses				
Instruction	\$ 28,173,355	\$ 18,231,367	\$ 38,659,708	\$ (33,246,437)
Support services:				
Pupil and Instructional Staff	6,046,462	2,978,376	5,076,057	(3,857,289)
Board of Education, Administration				
Fiscal and Business	7,567,814	6,971,701	7,693,194	(6,410,604)
Operations and Maintenance of Plant	4,845,122	4,052,851	4,874,898	(4,583,761)
Pupil Transportation	2,552,930	1,567,848	1,345,211	(877,927)
Central	99,537	93,119	19,576	(19,181)
Food Service Operations	1,995,493	(757,192)	1,230,732	(750,996)
Other Non-Instructional Services	229,903	70,969	119,786	(6,020)
Extracurricular Activities	1,159,358	951,911	750,870	(66,536)
Interest and Fiscal Charges	<u>2,662,701</u>	<u>2,662,701</u>	<u>3,329,112</u>	<u>(3,329,112)</u>
Total expenses	<u>\$ 55,332,675</u>	<u>\$ 36,823,651</u>	<u>\$ 63,099,144</u>	<u>\$ (53,147,863)</u>

The dependence upon tax and other general revenues for governmental activities is apparent, as 64.71% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 66.55%. 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 2022 and 2021.

Governmental Activities - General and Program Revenues



The School District's Funds

The School District's governmental funds reported a combined fund balance of \$17,416,906 which is more than last year's total of \$13,840,375. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	Fund Balance <u>June 30, 2022</u>	Fund Balance <u>June 30, 2021</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 10,476,539	\$ 7,447,429	\$ 3,029,110	40.67 %
Bond retirement	6,685,132	5,463,857	1,221,275	22.35 %
Other Governmental	<u>255,235</u>	<u>929,089</u>	<u>(673,854)</u>	<u>(72.53) %</u>
Total	<u>\$ 17,416,906</u>	<u>\$ 13,840,375</u>	<u>\$ 3,576,531</u>	<u>25.84 %</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

General Fund

The School District's general fund balance increased \$3,029,110 in fiscal year 2022.

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

	2022 <u>Amount</u>	2021 <u>Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 16,337,311	\$ 14,961,997	\$ 1,375,314	9.19 %
Tuition and fees	871,231	735,877	135,354	18.39 %
Earnings on investments	(268,110)	45,361	(313,471)	(691.06) %
Intergovernmental	26,367,791	29,505,637	(3,137,846)	(10.63) %
Other revenues	<u>455,739</u>	<u>1,076,387</u>	<u>(620,648)</u>	(57.66) %
Total	<u>\$ 43,763,962</u>	<u>\$ 46,325,259</u>	<u>\$ (2,561,297)</u>	(5.53) %
<u>Expenditures</u>				
Instruction	\$ 23,678,639	\$ 29,205,984	\$ (5,527,345)	(18.93) %
Support services	16,122,509	13,834,864	2,287,645	16.54 %
Other non-instructional services	24,401	2,078	22,323	1,074.25 %
Extracurricular activities	636,035	434,130	201,905	46.51 %
Facilities acquisition and construction	215,861	17,476	198,385	1,135.19 %
Debt service	<u>171,793</u>	<u>153,368</u>	<u>18,425</u>	12.01 %
Total	<u>\$ 40,849,238</u>	<u>\$ 43,647,900</u>	<u>\$ (2,798,662)</u>	(6.41) %

Total revenues of the general fund decreased \$2,561,297 or 5.53%. The decrease in earnings on investments was primarily due to worse performance by the District's investments.

Total expenditures of the general fund decreased \$2,798,662 or 6.41%. The decrease in expenditures was primarily due to the decrease 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 \$44,773,762 which was \$855,081 more than the final budgeted revenues and other financing sources of \$45,628,843. Actual revenues and other financing sources for fiscal year 2022 were \$45,628,848. This represents a \$5 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures) were \$47,679,349 which was the same as the final budgeted appropriations. The actual budget basis expenditures for fiscal year 2022 totaled \$45,110,772, which was \$2,568,577 less than the final budget appropriations, due to controls on spending.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had \$91,313,327 invested in land, 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, 2022 balances compared to June 30, 2021:

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

	Governmental Activities	
	<u>2022</u>	Restated <u>2021</u>
Land	\$ 5,460,268	\$ 5,460,268
Land improvements	2,786,799	3,122,850
Building and improvements	81,227,071	84,012,848
Furniture and equipment	923,100	898,568
Vehicles	897,663	824,115
Intangible right to use assets	18,426	-
Total	<u>\$ 91,313,327</u>	<u>\$ 94,318,649</u>

The overall decrease in capital assets of \$3,005,322 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, 2022, the School District had \$53,074,651 in general obligation bonds, certificates of participation, leases payable, and notes payable - finance purchases. Of this total, \$2,341,964 is due within one year. Principal payments, accretion of capital appreciation bonds, and amortization of discounts and premiums amounted to \$10,909,340.

The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	<u>2022</u>	<u>2021</u>
General obligation bonds	\$ 49,444,053	\$51,709,442
Certificates of participation	3,461,782	3,743,654
Leases payable	17,652	-
Notes payable - finance purchase	151,164	51,924
Total	<u>\$ 53,074,651</u>	<u>\$55,505,020</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

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, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 23,072,613
Cash and cash equivalents held by trustee	161,321
Cash and cash equivalents in segregated accounts	11,732
Receivables:	
Property taxes	25,290,621
Accounts	18,176
Accrued interest	24,707
Intergovernmental	2,301,712
Prepayments	16,021
Inventory held for resale	21,430
Net OPEB asset	3,228,161
Capital assets:	
Nondepreciable capital assets	5,460,268
Depreciable capital assets, net	85,853,059
Capital assets, net	91,313,327
Total assets	145,459,821
 Deferred outflows of resources:	
Unamortized deferred loss on debt refunding	1,061,605
Pension	10,249,162
OPEB	1,337,600
Total deferred outflows of resources	12,648,367
 Liabilities:	
Accounts payable	857,602
Accrued wages and benefits payable	3,387,591
Intergovernmental payable	243,810
Pension and postemployment benefits payable	689,756
Accrued interest payable	756,661
Claims payable	815,300
Long-term liabilities:	
Due within one year	2,926,098
Due in more than one year:	
Net pension liability	26,027,463
Net OPEB liability	3,224,078
Other amounts due in more than one year	57,847,174
Total liabilities	96,775,533
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	14,952,495
Unamortized gain on debt refunding	129,530
Pension	21,465,184
OPEB	6,240,874
Total deferred inflows of resources	42,788,083
 Net position:	
Net investment in capital assets	38,664,465
Restricted for:	
Capital projects	574,581
Classroom facilities maintenance	377,566
Debt service	4,609,316
State funded programs	43,942
Food service operations	1,080,264
Student activities	108,595
Other purposes	3,042
Unrestricted (deficit)	(26,917,199)
Total net position	\$ 18,544,572

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, 2022

	<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	\$ 19,545,905	\$ 235,117	\$ 3,664,942	\$ (15,645,846)
Special	6,829,391	645,322	4,845,734	(1,338,335)
Vocational	1,241,735	10,576	357,671	(873,488)
Other	556,324	-	182,626	(373,698)
Support services:				
Pupil	3,501,238	-	1,333,553	(2,167,685)
Instructional staff	2,573,613	-	1,734,533	(839,080)
Board of education	77,077	-	5,718	(71,359)
Administration	4,766,008	-	590,395	(4,175,613)
Fiscal	2,060,605	-	-	(2,060,605)
Business	635,735	-	-	(635,735)
Operations and maintenance	4,845,122	-	792,271	(4,052,851)
Pupil transportation	2,552,930	1,000	984,082	(1,567,848)
Central	99,537	-	6,418	(93,119)
Operation of non-instructional services:				
Food service operations	1,995,493	12,378	2,740,307	757,192
Other non-instructional services	229,903	121	158,813	(70,969)
Extracurricular activities	1,159,358	177,948	29,499	(951,911)
Interest and fiscal charges	2,662,701	-	-	(2,662,701)
Totals	<u>\$ 55,332,675</u>	<u>\$ 1,082,462</u>	<u>\$ 17,426,562</u>	<u>(36,823,651)</u>
		General revenues:		
		Property taxes levied for:		
		General purposes		16,186,043
		Debt service		4,753,838
		Capital outlay		381,427
		Classroom facilities maintenance		151,247
		Grants and entitlements not restricted to specific programs		21,913,720
		Investment earnings		(213,993)
		Miscellaneous		235,336
		Total general revenues		<u>43,407,618</u>
		Change in net position		6,583,967
		Net position at beginning of year (restated)		<u>11,960,605</u>
		Net position at end of year		<u>\$ 18,544,572</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 9,907,887	\$ 6,156,588	\$ 3,729,853	\$ 19,794,328
Receivables:				
Property taxes	19,596,726	5,231,116	462,779	25,290,621
Accounts	15,317	-	2,859	18,176
Accrued interest	24,707	-	-	24,707
Interfund loans	2,433,500	-	-	2,433,500
Intergovernmental	332,301	-	1,969,411	2,301,712
Prepayments	16,021	-	-	16,021
Inventory held for resale	-	-	21,430	21,430
Restricted assets:				
Cash and cash equivalents held by trustee	-	-	161,321	161,321
Cash and cash equivalents in segregated accounts	-	-	11,732	11,732
Total assets	<u>\$ 32,326,459</u>	<u>\$ 11,387,704</u>	<u>\$ 6,359,385</u>	<u>\$ 50,073,548</u>
Liabilities:				
Accounts payable	\$ 355,545	\$ -	\$ 501,470	\$ 857,015
Accrued wages and benefits payable	2,773,994	-	613,597	3,387,591
Compensated absences payable	47,857	-	-	47,857
Intergovernmental payable	219,437	-	24,373	243,810
Pension and postemployment benefits payable	545,086	-	144,670	689,756
Interfund loans payable	-	-	2,433,500	2,433,500
Total liabilities	<u>3,941,919</u>	<u>-</u>	<u>3,717,610</u>	<u>7,659,529</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	11,588,483	3,089,579	274,433	14,952,495
Delinquent property tax revenue not available	6,042,569	1,612,993	142,696	7,798,258
Intergovernmental revenue not available	133,495	-	1,969,411	2,102,906
Accrued interest not available	8,558	-	-	8,558
Miscellaneous revenue not available	134,896	-	-	134,896
Total deferred inflows of resources	<u>17,908,001</u>	<u>4,702,572</u>	<u>2,386,540</u>	<u>24,997,113</u>
Fund balances:				
Nonspendable:				
Prepays	16,021	-	-	16,021
Restricted:				
Debt service	-	6,685,132	-	6,685,132
Capital projects	-	-	431,885	431,885
Classroom facilities maintenance	-	-	377,566	377,566
Food service operations	-	-	1,129,311	1,129,311
Non-public schools	-	-	26,877	26,877
State funded programs	-	-	150,368	150,368
Extracurricular	-	-	108,595	108,595
Other purposes	-	-	3,042	3,042
Assigned:				
Student instruction	361,475	-	-	361,475
Student and staff support	1,841,324	-	-	1,841,324
Facilities acquisition and construction	219	-	-	219
Operation of non-instructional	40	-	-	40
Other purposes	4,234	-	-	4,234
Unassigned (deficit)	8,253,226	-	(1,972,409)	6,280,817
Total fund balances	<u>10,476,539</u>	<u>6,685,132</u>	<u>255,235</u>	<u>17,416,906</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 32,326,459</u>	<u>\$ 11,387,704</u>	<u>\$ 6,359,385</u>	<u>\$ 50,073,548</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, 2022

Total governmental fund balances		\$	17,416,906
<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.			91,313,327
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	7,798,258	
Accrued interest receivable		8,558	
Intergovernmental receivable		2,102,906	
Total		10,044,618	10,044,618
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.			2,462,398
Unamortized amounts on bonds issued are not recognized in the funds.			
Premiums		(4,518,826)	
Discounts		815,094	
Total		(3,703,732)	(3,703,732)
Unamortized amounts on refundings are not recognized in the funds.			
Gain		(129,530)	
Loss		1,061,605	
Total		932,075	932,075
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(756,661)
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		10,249,162	
Deferred inflows - pension		(21,465,184)	
Net pension liability		(26,027,463)	
Deferred outflows - OPEB		1,337,600	
Deferred inflows - OPEB		(6,240,874)	
Net OPEB asset		3,228,161	
Net OPEB liability		(3,224,078)	
Total		(42,142,676)	(42,142,676)
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		(49,153,885)	
Certificates of participation		(3,510,000)	
Notes payable - finance purchase		(151,164)	
Leases payable		(17,652)	
Compensated absences payable		(4,188,982)	
Total		(57,021,683)	(57,021,683)
Net position of governmental activities		\$	18,544,572

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, 2022

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 16,337,311	\$ 4,794,217	\$ 536,246	\$ 21,667,774
Intergovernmental	26,367,791	580,549	12,167,384	39,115,724
Investment earnings	(268,110)	-	(25,183)	(293,293)
Tuition and fees	871,231	-	-	871,231
Extracurricular	16,504	-	167,671	184,175
Charges for services	10,576	-	17,816	28,392
Contributions and donations	25,766	-	9,000	34,766
Miscellaneous	402,893	-	16,561	419,454
Total revenues	<u>43,763,962</u>	<u>5,374,766</u>	<u>12,889,495</u>	<u>62,028,223</u>
Expenditures:				
Current:				
Instruction:				
Regular	15,830,320	-	4,417,900	20,248,220
Special	6,215,590	-	972,407	7,187,997
Vocational	1,208,099	-	49,427	1,257,526
Other	424,630	-	151,941	576,571
Support services:				
Pupil	2,257,258	-	1,288,395	3,545,653
Instructional staff	974,980	-	1,554,747	2,529,727
Board of education	73,562	-	4,745	78,307
Administration	4,280,202	-	817,037	5,097,239
Fiscal	1,783,487	117,266	2,578	1,903,331
Business	664,349	-	-	664,349
Operations and maintenance	3,982,905	-	973,646	4,956,551
Pupil transportation	2,001,061	-	667,723	2,668,784
Central	104,705	-	2,368	107,073
Operation of non-instructional services:				
Food service operations	-	-	1,973,117	1,973,117
Other non-instructional services	24,401	-	198,187	222,588
Extracurricular activities	636,035	-	230,831	866,866
Facilities acquisition and construction	20,066	-	-	20,066
Capital outlay	195,795	-	-	195,795
Debt service:				
Principal retirement	25,570	421,075	336,924	783,569
Interest and fiscal charges	146,223	1,487,931	1,376	1,635,530
Bond issuance costs	-	120,578	-	120,578
Accretion on CABs	-	2,028,925	-	2,028,925
Payment to refunding bond escrow agent - current	-	98,294	-	98,294
Total expenditures	<u>40,849,238</u>	<u>4,274,069</u>	<u>13,643,349</u>	<u>58,766,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,914,724</u>	<u>1,100,697</u>	<u>(753,854)</u>	<u>3,261,567</u>
Other financing sources (uses):				
Premium on bonds and notes	-	748,308	-	748,308
Sale of bonds	-	6,155,000	-	6,155,000
Sale of notes	176,734	-	-	176,734
Transfers in	-	-	80,000	80,000
Transfers (out)	(80,000)	-	-	(80,000)
Capital lease transaction	17,652	-	-	17,652
Payment to refunding bond escrow agent	-	(6,782,730)	-	(6,782,730)
Total other financing sources (uses)	<u>114,386</u>	<u>120,578</u>	<u>80,000</u>	<u>314,964</u>
Net change in fund balances	3,029,110	1,221,275	(673,854)	3,576,531
Fund balances at beginning of year	<u>7,447,429</u>	<u>5,463,857</u>	<u>929,089</u>	<u>13,840,375</u>
Fund balances at end of year	<u>\$ 10,476,539</u>	<u>\$ 6,685,132</u>	<u>\$ 255,235</u>	<u>\$ 17,416,906</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, 2022

Net change in fund balances - total governmental funds	\$	3,576,531
<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	\$ 392,550	
Current year depreciation/amortization	<u>(3,397,872)</u>	
Total		(3,005,322)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(195,219)	
Tuition	(1,336)	
Earnings on investments	8,558	
Other local revenue	(37,372)	
Intergovernmental	<u>247,283</u>	
Total		21,914
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.		
		2,812,494
Issuance of bonds and leases payable are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(6,349,386)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	6,780,000	
Premiums refunded	976,685	
Deferred outflows refunded	(739,987)	
Deferred gains on refunding	<u>(135,674)</u>	
Total		6,881,024
Premiums on bonds are amortized over the life of the issuance in the statement of activities		
		(748,308)

-- Continued

**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 (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	\$	459	
Accreted interest on capital appreciation bonds		(1,099,405)	
Amortization of bond discounts		(58,729)	
Amortization of bond premiums		398,890	
Amortization of deferred loss on refunding		(153,952)	
Amortization of deferred gain on refunding		6,144	
Total		(906,593)	(906,593)

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

Pension		4,016,448	
OPEB		75,477	
Total		4,091,925	4,091,925

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		504,505	
OPEB		233,124	
Total		737,629	737,629

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.

(514,278)

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.

(13,663)

Change in net position of governmental activities

\$ 6,583,967

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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 16,058,840	\$ 15,900,897	\$ 16,713,957	\$ 813,060
Intergovernmental	26,807,746	26,544,086	26,283,042	(261,044)
Investment earnings	143,687	142,274	109,952	(32,322)
Tuition and fees	273,656	270,965	870,052	599,087
Miscellaneous	1,489,833	1,475,180	356,404	(1,118,776)
Total revenues	<u>44,773,762</u>	<u>44,333,402</u>	<u>44,333,407</u>	<u>5</u>
Expenditures:				
Current:				
Instruction:				
Regular	17,451,081	17,451,081	15,602,044	1,849,037
Special	7,894,697	7,894,697	6,617,909	1,276,788
Vocational	857,396	857,396	1,200,222	(342,826)
Other	815,801	815,801	392,035	423,766
Support services:				
Pupil	3,116,193	3,116,193	2,495,047	621,146
Instructional staff	1,298,681	1,298,681	1,191,241	107,440
Board of education	70,291	70,291	65,638	4,653
Administration	4,746,627	4,746,627	4,210,414	536,213
Fiscal	2,296,892	2,296,892	1,834,842	462,050
Business	796,153	796,153	711,218	84,935
Operations and maintenance	5,313,547	5,313,547	4,961,024	352,523
Pupil transportation	2,209,976	2,209,976	2,274,279	(64,303)
Central	146,474	146,474	107,991	38,483
Operation of non-instructional services				
Other non-instructional services	11,244	11,244	23,576	(12,332)
Extracurricular activities	557,511	557,511	595,811	(38,300)
Facilities acquisition and construction	18,931	18,931	20,286	(1,355)
Debt service:				
Interest and fiscal charges	77,854	77,854	142,448	(64,594)
Total expenditures	<u>47,679,349</u>	<u>47,679,349</u>	<u>42,446,025</u>	<u>5,233,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,905,587)</u>	<u>(3,345,947)</u>	<u>1,887,382</u>	<u>5,233,329</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	3,528	3,528	-
Transfers (out)	-	-	(231,247)	(231,247)
Advances in	-	1,291,913	1,291,913	-
Advances (out)	-	-	(2,433,500)	(2,433,500)
Total other financing sources (uses)	<u>-</u>	<u>1,295,441</u>	<u>(1,369,306)</u>	<u>(2,664,747)</u>
Net change in fund balance	(2,905,587)	(2,050,506)	518,076	2,568,582
Fund balance at beginning of year (restated)	6,290,220	6,290,220	6,290,220	-
Prior year encumbrances appropriated	252,975	252,975	252,975	-
Fund balance at end of year	<u>\$ 3,637,608</u>	<u>\$ 4,492,689</u>	<u>\$ 7,061,271</u>	<u>\$ 2,568,582</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, 2022

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and cash equivalents	\$ 3,278,285
Total assets	<u>3,278,285</u>
Liabilities:	
Accounts payable	587
Claims payable	<u>815,300</u>
Total liabilities	<u>815,887</u>
Net position:	
Unrestricted	<u><u>2,462,398</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, 2022

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 5,518,612
Total operating revenues	5,518,612
Operating expenses:	
Other	15,000
Claims	5,517,275
Total operating expenses	5,532,275
Change in net position	(13,663)
Net position at beginning of year	2,476,061
Net position at end of year	\$ 2,462,398

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, 2022

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 5,518,612
Cash payments for claims	(5,930,088)
Cash payments for other expenses	(15,000)
Net change in cash and cash cash equivalents	(426,476)
Cash and cash equivalents at beginning of year	3,704,761
Cash and cash equivalents at end of year	\$ 3,278,285
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (13,663)
Changes in assets and liabilities:	
Accounts payable	587
Claims payable	(413,400)
Net cash used in operating activities	\$ (426,476)

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, 2022**

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Maple Heights City School District (the School District) operates under a locally elected five-member Board form of government and provides educational services as authorized by state and federal agencies. The Board controls a staff of 189 non-certificated employees, 253 certificated full-time teaching personnel, and 25 administrative employees to provide services to 3,461 students and other community members. The School District operates 3 elementary schools (K-5), 1 middle school (6-8), and 1 high school (9-12).

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

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

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, 2022**

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 2022, the School District paid \$481,789 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 2022, the School District paid \$97,144 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

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

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, 2022

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.

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 20. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 10 and 11). 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 a 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.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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 2022, 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, New Albany - Plain Local School District, Ohio and 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).

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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 2022 amounted to (\$268,110), which includes (\$164,102) 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 \$3,500. 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 leased assets	5 years

The School District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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, 2022

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 2022’s estimated revenue and appropriated budget and for public school support.

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

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

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, 2022**

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

O. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. The School District utilizes a trustee to hold monies set aside as a Certificate Reserve Fund under the provisions of the debt agreement. The balance in this account is presented on the balance sheet as “restricted assets – cash equivalents held by trustee”. The balance of the account at June 30, 2022 was \$161,321.

The School District has segregated bank accounts for monies held separate from the School District’s central bank account. These depository accounts are presented as “cash and cash equivalents in segregated accounts”. The balance of the account at June 30, 2022 was \$11,732.

P. 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.

Q. 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.

R. Premiums on Debt Issuances

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

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

S. Discounts on Debt Issuances

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

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

T. 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.

U. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2022, the School District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87 and GASB Implementation Guide 2019-3 did not have an effect on the beginning net position of the School District.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School District.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 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.

B. Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public School Preschool	\$ 29,404
Miscellaneous State Grants	139,826
Elementary and Secondary School Emergency Relief	1,042,471
21st Century	145,317
IDEA Part B	88,177
Vocational Education	46,676
Title I	404,191
Student Support and Academic Enrichment	26,101
Improving Teacher Quality	16,886
Miscellaneous Federal Grants	33,360

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.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Net Position

The net position at June 30, 2021 has been restated to restate capital assets due to a reappraisal of the School District's capital assets. This restatement had the following effect on net position:

	Governmental Activities
Net position as previously reported	\$ 1,414,570
Restatement of capital assets	10,546,035
Restated Net position at July 1	\$ 11,960,605

D. Restatement of Beginning Balance of Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Statement

The beginning fund balance of the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Statement has been restated to exclude funds that are included in the general fund on a GAAP basis but have separate legally adopted budget under GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The restatement had the following effect:

	General Fund
Fund balance at June 30	\$ 6,395,565
Elimination of funds combined with combined with general fund	(105,345)
Restated fund balance at July 1	\$ 6,290,220

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 – DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Deposits

The carrying amount of the School District's deposits was \$10,716,770. 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, 2022, \$5,278,303 of the School District's total bank balance of \$10,807,275 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS - (Continued)

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 specifies the amount of collateral required by each financial institution.

B. Investments

As of June 30, 2022, 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
US Treasury Bond	\$ 1,248,236	\$ -	\$ -	\$ -	\$ 166,092	\$ 1,082,144
US Treasury Note	2,344,036	-	194,946	169,012	632,260	1,347,818
FAMC	126,300	-	-	-	-	126,300
FFCB	1,709,341	250,045	1,155,618	-	148,005	155,673
FHLB	1,499,982	-	269,958	-	524,624	705,400
Municipal Bonds	462,564	222,509	-	240,055	-	-
Negotiable CDs	3,667,818	912,550	789,753	1,183,730	454,846	326,939
US Government money market	44,301	44,301	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	1,253,265	1,253,265	-	-	-	-
	<u>\$ 12,355,843</u>	<u>\$ 2,682,670</u>	<u>\$ 2,410,275</u>	<u>\$ 1,592,797</u>	<u>\$ 1,925,827</u>	<u>\$ 3,744,274</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, 2022. 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
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022:

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
US Treasury Bond	\$ 1,248,236	10.10
US Treasury Note	2,344,036	18.97
FAMC	126,300	1.02
FFCB	1,709,341	13.83
FHLB	1,499,982	12.14
Municipal Bonds	462,564	3.74
Negotiable CDs	3,667,818	29.68
U.S. Government money market	44,301	0.36
<i>Amortized Cost:</i>		
STAR Ohio	<u>1,253,265</u>	<u>10.16</u>
Total	<u>\$ 12,355,843</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, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 10,716,770
Investments	12,355,843
Cash and cash equivalents in segregated accounts	11,732
Cash and cash equivalents held by trustee	<u>161,321</u>
Total	<u>\$ 23,245,666</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 23,245,666</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the fiscal year ended June 30, 2022, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	<u>\$ 80,000</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, 2022

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund loans receivable/payable consisted of the following at June 30, 2022, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$2,433,500

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 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, 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 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021, and are collected in calendar year 2022 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, 2022, are available to finance fiscal year 2022 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, 2022, 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, 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 amount available as an advance at June 30, 2021, was \$2,191,073 in the general fund, \$589,151 in the bond retirement fund, and \$50,884 in the permanent improvement capital projects fund (a nonmajor governmental fund). The difference is in the timing and collection by the County Fiscal Officer.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 265,496,000	94.74	\$ 323,209,190	95.33
Public utility personal	<u>14,740,650</u>	<u>5.26</u>	<u>15,848,410</u>	<u>4.67</u>
Total	<u>\$ 280,236,650</u>	<u>100.00</u>	<u>\$ 339,057,600</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$90.20		\$90.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2022, 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	\$ 25,290,621
Accounts	18,176
Accrued interest	24,707
Intergovernmental	<u>2,301,712</u>
Total	<u>\$ 27,635,216</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows. Capital assets at June 30, 2021 have been restated as described in Note 3.C.

	Balance		Restated
	<u>July 1, 2021</u>	<u>Additions</u>	<u>July 1, 2021</u>
Governmental activities:			
<i>Capital assets, not being depreciated/amortized:</i>			
Land	\$ 5,460,268	\$ -	\$ 5,460,268
Total capital assets, not being depreciated/amortized	<u>5,460,268</u>	<u>-</u>	<u>5,460,268</u>
<i>Capital assets, being depreciated/amortized:</i>			
Land improvements	1,640,049	4,730,558	6,370,607
Buildings and improvements	109,203,806	28,983,675	138,187,481
Furniture and equipment	2,887,760	4,663,126	7,550,886
Vehicles	<u>2,527,942</u>	<u>-</u>	<u>2,527,942</u>
Total capital assets, being depreciated/amortized	<u>116,259,557</u>	<u>38,377,359</u>	<u>154,636,916</u>
<i>Less: accumulated depreciation/amortization</i>			
Land improvements	(696,435)	(2,551,322)	(3,247,757)
Buildings and improvements	(34,079,528)	(20,095,105)	(54,174,633)
Furniture and equipment	(1,467,421)	(5,184,897)	(6,652,318)
Vehicles	<u>(1,703,827)</u>	<u>-</u>	<u>(1,703,827)</u>
Total accumulated depreciation/amortization	<u>(37,947,211)</u>	<u>(27,831,324)</u>	<u>(65,778,535)</u>
Total capital assets, being depreciated/amortized, net	<u>78,312,346</u>	<u>10,546,035</u>	<u>88,858,381</u>
Governmental activities capital assets, net	<u>\$ 83,772,614</u>	<u>\$ 10,546,035</u>	<u>\$ 94,318,649</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 - CAPITAL ASSETS – (Continued)

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the School District has reported capital assets for the right to use leased equipment which are reflected in the schedule below. Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

Governmental activities:	Restated Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2022</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 5,460,268	\$ -	\$ -	\$ 5,460,268
Total capital assets, not being depreciated/amortized	<u>5,460,268</u>	<u>-</u>	<u>-</u>	<u>5,460,268</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	7,550,886	202,895	-	7,753,781
Vehicles	2,527,942	170,594	-	2,698,536
Intangible right to use:				
Equipment	<u>-</u>	<u>19,061</u>	<u>-</u>	<u>19,061</u>
Total capital assets, being depreciated/amortized	<u>154,636,916</u>	<u>392,550</u>	<u>-</u>	<u>155,029,466</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(3,247,757)	(336,051)	-	(3,583,808)
Buildings and improvements	(54,174,633)	(2,785,777)	-	(56,960,410)
Furniture and equipment	(6,652,318)	(178,363)	-	(6,830,681)
Vehicles	(1,703,827)	(97,046)	-	(1,800,873)
Intangible right to use:				
Equipment	<u>-</u>	<u>(635)</u>	<u>-</u>	<u>(635)</u>
Total accumulated depreciation/amortization	<u>(65,778,535)</u>	<u>(3,397,872)</u>	<u>-</u>	<u>(69,176,407)</u>
Governmental activities capital assets, net	<u>\$ 94,318,649</u>	<u>\$ (3,005,322)</u>	<u>\$ -</u>	<u>\$ 91,313,327</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 - CAPITAL ASSETS – (Continued)

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

<u>Instruction:</u>	
Regular	\$ 1,457,447
Special	269,553
Vocational	50,572
Other	20,032
<u>Support services:</u>	
Pupil	133,565
Instructional staff	112,674
Board of Education	2,617
Administration	189,509
Fiscal	229,291
Business	43,992
Operations and maintenance	178,994
Pupil transportation	200,198
Central	3,534
Operation of non-instructional services:	
Other non-instructional services	7,315
Food service operations	121,453
Extracurricular activities	377,126
Total depreciation/amortization expense	<u>\$ 3,397,872</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 assets. 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 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 \$815,300 reported in the internal service fund at June 30, 2022, 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, 2022

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>
2022	\$ 1,228,700	\$ 5,517,275	\$ (5,930,675)	\$ 815,300
2021	374,996	7,175,411	(6,321,707)	1,228,700

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/asset 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.

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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$958,536 for fiscal year 2022. Of this amount, \$98,551 is reported as pension and postemployment benefits payable.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year 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, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. 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.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$3,057,912 for fiscal year 2022. Of this amount, \$495,736 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, 2021, 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 projected 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	0.191935300%	0.153483280%	
Proportion of the net pension liability current measurement date	<u>0.174843100%</u>	<u>0.153108206%</u>	
Change in proportionate share	<u>-0.017092200%</u>	<u>-0.000375074%</u>	
Proportionate share of the net pension liability	\$ 6,451,203	\$ 19,576,260	\$ 26,027,463
Pension expense	\$ (586,683)	\$ 82,178	\$ (504,505)

At June 30, 2022, 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	\$ 623	\$ 604,811	\$ 605,434
Changes of assumptions	135,843	5,430,807	5,566,650
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	18,134	42,496	60,630
Contributions subsequent to the measurement date	<u>958,536</u>	<u>3,057,912</u>	<u>4,016,448</u>
Total deferred outflows of resources	<u>\$ 1,113,136</u>	<u>\$ 9,136,026</u>	<u>\$ 10,249,162</u>

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 167,306	\$ 122,705	\$ 290,011
Net difference between projected and actual earnings on pension plan investments	3,322,556	16,870,989	20,193,545
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>648,320</u>	<u>333,308</u>	<u>981,628</u>
Total deferred inflows of resources	<u>\$ 4,138,182</u>	<u>\$ 17,327,002</u>	<u>\$ 21,465,184</u>

\$4,016,448 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, 2023.

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:			
2023	\$ (1,207,700)	\$ (2,823,526)	\$ (4,031,226)
2024	(966,078)	(2,429,282)	(3,395,360)
2025	(789,984)	(2,609,288)	(3,399,272)
2026	<u>(1,019,820)</u>	<u>(3,386,792)</u>	<u>(4,406,612)</u>
Total	<u>\$ (3,983,582)</u>	<u>\$ (11,248,888)</u>	<u>\$ (15,232,470)</u>

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, 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, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
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.

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	\$ 10,733,218	\$ 6,451,203	\$ 2,839,993

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, 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, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

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

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NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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, 2021. 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, 2021.

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, 2021, 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	\$ 36,659,009	\$ 19,576,260	\$ 5,141,375

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

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.

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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2022, 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 2022, 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 2022, the School District's surcharge obligation was \$75,477.

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 \$75,477 for fiscal year 2022. Of this amount, \$75,477 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.

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, 2022, 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, 2021, 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.

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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	0.186086200%	0.153483280%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.170353400%</u>	<u>0.153108206%</u>	
Change in proportionate share	<u>-0.015732800%</u>	<u>-0.000375074%</u>	
Proportionate share of the net OPEB liability	\$ 3,224,078	\$ -	\$ 3,224,078
Proportionate share of the net OPEB asset	\$ -	\$ (3,228,161)	\$ (3,228,161)
OPEB expense	\$ (47,452)	\$ (185,672)	\$ (233,124)

At June 30, 2022, 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	\$ 34,366	\$ 114,948	\$ 149,314
Changes of assumptions	505,782	206,200	711,982
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	309,068	91,759	400,827
Contributions subsequent to the measurement date	<u>75,477</u>	<u>-</u>	<u>75,477</u>
Total deferred outflows of resources	<u>\$ 924,693</u>	<u>\$ 412,907</u>	<u>\$ 1,337,600</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,605,737	\$ 591,460	\$ 2,197,197
Net difference between projected and actual earnings on OPEB plan investments	70,046	894,792	964,838
Changes of assumptions	441,510	1,925,841	2,367,351
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>709,981</u>	<u>1,507</u>	<u>711,488</u>
Total deferred inflows of resources	<u>\$ 2,827,274</u>	<u>\$ 3,413,600</u>	<u>\$ 6,240,874</u>

\$75,477 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, 2023.

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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (377,540)	\$ (841,947)	\$ (1,219,487)
2024	(378,014)	(819,557)	(1,197,571)
2025	(449,669)	(839,108)	(1,288,777)
2026	(431,997)	(375,718)	(807,715)
2027	(251,864)	(127,269)	(379,133)
Thereafter	(88,974)	2,906	(86,068)
Total	\$ (1,978,058)	\$ (3,000,693)	\$ (4,978,751)

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, 2022

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, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, 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, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, 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, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. 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, 2020 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 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

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 (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 3,995,022	\$ 3,224,078	\$ 2,608,192
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 2,482,276	\$ 3,224,078	\$ 4,214,898

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, 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%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality 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, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Benefit Term Changes Since the Prior Measurement Date - 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.

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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. 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, 2021.

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, 2021, 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
	District's proportionate share of the net OPEB asset	\$ 2,724,069	\$ 3,228,161

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 3,632,192	\$ 3,228,161

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2021	Additions	Reductions	Balance June 30, 2022	Due in One Year
Governmental Activities:					
Certificates of Participation					
2018 Refunding Certificates of Participation (COPS):					
Term Portion (3.90%)	\$ 3,795,000	\$ -	\$ (285,000)	\$ 3,510,000	\$ 295,000
Discount	(51,346)	-	3,128	(48,218)	-
General Obligation Bonds:					
2013 School Facilities Refunding Bonds:					
Serial Portion (1.5%-3.00%)	5,395,000	-	(5,395,000)	-	-
Term Portion (3.00%-3.25%)	1,555,000	-	(1,555,000)	-	-
Capital Appreciation Bonds (24.00%)	49,702	-	-	49,702	-
Accretion	298,535	92,418	-	390,953	-
Premium	1,065,475	-	(1,065,475)	-	-
2014 School Facilities Refunding Bonds:					
Serial Portion (2.00%-3.00%)	775,000	-	-	775,000	-
Term Portion (3.25%-3.5%)	7,155,000	-	(160,000)	6,995,000	165,000
Capital Appreciation Bonds (51.80%)	19,972	-	-	19,972	-
Accretion	385,864	237,394	-	623,258	-
Premium	938,373	-	(74,576)	863,797	-
Discount	(184,365)	-	14,649	(169,716)	-
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	-
Capital Appreciation Bonds (51.70%)	149,790	-	(91,075)	58,715	58,715
Accretion	3,200,617	769,593	(2,028,925)	1,941,285	1,941,285
Premium	3,142,245	-	(201,638)	2,940,607	-
Discount	(638,112)	-	40,952	(597,160)	-
2021 School Facilities Refunding Bonds:					
Serial and Term Bonds (1.00%-4.00%)	-	6,155,000	-	6,155,000	140,000
Premium	-	748,308	(33,886)	714,422	-
Total General Obligation Bonds	55,453,096	8,002,713	(10,549,974)	52,905,835	2,305,000
Net Pension Liability	49,832,498	-	(23,805,035)	26,027,463	-
Net OPEB Liability	4,044,262	-	(820,184)	3,224,078	-
Other Long-Term Obligations:					
Leases Payable	-	17,652	-	17,652	2,584
Notes Payable - Finance Purchase	51,924	176,734	(77,494)	151,164	34,380
Compensated Absences	3,674,704	961,946	(399,811)	4,236,839	289,134
Total Other Long-Term Obligations	57,603,388	1,156,332	(25,102,524)	33,657,196	326,098
Total governmental activities long-term liabilities	\$ 116,800,138	\$ 9,159,045	\$ (35,934,370)	\$ 90,024,813	\$ 2,926,098

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2022, \$1,770,000 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
2023	\$ 295,000
2024	305,000
2025	320,000
2026	330,000
2027	340,000
2028	355,000
2029	370,000
2030	115,000
2031	120,000
2032	125,000
2033	125,000
2034	130,000
2035	135,000
2036	140,000
2037	150,000

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

Principal and interest requirements to retire the debt outstanding at June 30, 2022, are as follows:

Fiscal Year Ending June 30	Certificates of Participation	
	Principal	Interest
2023	\$ 295,000	\$ 131,138
2024	305,000	119,437
2025	320,000	107,250
2026	330,000	94,575
2027	340,000	81,510
2028 -2032	1,085,000	240,921
2033 - 2037	680,000	98,865
2038	155,000	3,023
Total	<u>\$ 3,510,000</u>	<u>\$ 876,719</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, 2022 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, 2022, is \$3,540,000. The accretion recorded for fiscal year 2022 was \$92,418, for a total outstanding bond liability of \$440,655.

The term bond portion of the 2013 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on January 15 of the years and in the respective principal amounts as follows:

Year	Issue			
	\$ 355,000	\$ 375,000	\$ 400,000	\$ 425,000
2023	\$ 175,000	\$ -	\$ -	\$ -
2025	-	185,000	-	-
2027	-	-	195,000	-
2029	-	-	-	210,000
Total	<u>\$ 175,000</u>	<u>\$ 185,000</u>	<u>\$ 195,000</u>	<u>\$ 210,000</u>
<i>Stated Maturity</i>	<i>1/15/2024</i>	<i>1/15/2026</i>	<i>1/15/2028</i>	<i>1/15/2030</i>

The remaining principal amount of the term bonds (\$180,000, \$190,000, \$205,000, and \$215,000) will mature at stated maturity.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

The bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after January 15, 2022, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

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, 2022, \$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, 2022, is \$2,040,000. The accretion recorded for fiscal year 2022 was \$237,394, for a total outstanding bond liability of \$643,230.

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>
2026	\$ 75,000
2027	75,000
2028	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, 2022, \$31,965,000 of the defeased bonds are still outstanding. The bonds will be paid from the bond retirement debt service fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds, which is 2021 through 2023. The final maturity amount of outstanding capital appreciation bonds at June 30, 2022, is \$5,230,000. The accretion recorded for fiscal year 2022 was \$769,593, for a total outstanding bond liability of \$2,000,000.

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>
2028	\$ 2,920,000
2029	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>

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, 2022 was \$6,780,000.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

Principal and interest requirements to retire the debt outstanding at June 30, 2022, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 305,000	\$ 1,587,098	\$ 1,892,098	\$ 58,715	\$ 2,106,285	\$ 2,165,000
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 -2032	14,105,000	5,377,824	19,482,824	49,702	3,490,298	3,540,000
2033 - 2037	22,675,000	2,618,825	25,293,825	-	-	-
Total	<u>\$ 46,070,000</u>	<u>\$ 15,503,236</u>	<u>\$ 61,573,236</u>	<u>\$ 128,389</u>	<u>\$ 7,616,611</u>	<u>\$ 7,745,000</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.

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:

Lease	Lease Commencement Date	Years	Lease End Date	Payment Method
Postage machine	2022	5	2027	Quarterly

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

Fiscal Year	Principal	Interest	Total
2023	\$ 2,584	\$ 3,055	\$ 5,639
2024	3,089	2,549	5,638
2025	3,693	1,945	5,638
2026	4,416	1,223	5,639
2027	3,870	359	4,229
Total	<u>\$ 17,652</u>	<u>\$ 9,131</u>	<u>\$ 26,783</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 – LONG-TERM OBLIGATIONS – (Continued)

Notes Payable - Finance Purchase

The School District entered into a notes payable – finance purchase obligation for the financing of copy machines and LED lights. 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 \$387,654 and the accumulated depreciation is \$102,842. This amount represents to costs of the replacements as of June 30, 2022.

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, 2022:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 38,440
2024	37,752
2025	37,752
2026	37,752
2027	<u>9,439</u>
Total minimum finance purchase payments	161,135
Less: amount representing interest	<u>(9,971)</u>
Total	<u>\$ 151,164</u>

Debt Margin:

The overall debt margin of the School District as of June 30, 2022, was \$0 with an unvoted debt margin of \$339,058. 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 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;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

- (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>
Budget basis	\$ 518,076
Net adjustment for revenue accruals	(666,927)
Net adjustment for expenditure accruals	(687,220)
Net adjustment for other sources/uses	1,483,692
Funds budgeted elsewhere	(114,369)
Adjustment for encumbrances	2,495,858
GAAP basis	\$ 3,029,110

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

In fiscal year 2022, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2022 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, 2022, if applicable, cannot be determined at this time.

C. Litigation

The School District was not a party to legal proceedings 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, 2022

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 68.31 days for classified personnel.

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, 2021	\$ -
Current year set-aside requirement	597,625
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(280,430)
Excess qualified expenditures from prior years	-
Current year offsets	(435,792)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (118,597)</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 17 - ENCUMBRANCES

Encumbrances are commitments related to unperformed contracts for good or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 2,120,799
Other governmental	<u>1,062,604</u>
 Total	 <u>\$ 3,183,403</u>

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 continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 may impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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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 NINE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	0.17484310%	0.19193530%	0.19054870%	0.19552330%
School District's proportionate share of the net pension liability	\$ 6,451,203	\$ 12,695,005	\$ 11,400,863	\$ 11,197,981
School District's covered payroll	\$ 6,046,186	\$ 6,703,529	\$ 6,613,489	\$ 5,993,348
School District's proportionate share of the net pension liability as a percentage of its covered payroll	106.70%	189.38%	172.39%	186.84%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

Note: Information prior to 2014 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

2018	2017	2016	2015	2014
0.16338520%	0.16074990%	0.16046860%	0.17436300%	0.17436300%
\$ 9,761,905	\$ 11,765,409	\$ 9,156,493	\$ 8,824,412	\$ 10,368,808
\$ 5,559,750	\$ 4,983,307	\$ 4,800,893	\$ 4,920,038	\$ 5,086,947
175.58%	236.10%	190.72%	179.36%	203.83%
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 NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	0.153108206%	0.15348328%	0.15410871%	0.15426239%
School District's proportionate share of the net pension liability	\$ 19,576,260	\$ 37,137,493	\$ 34,080,215	\$ 33,918,836
School District's covered payroll	\$ 18,786,364	\$ 18,609,621	\$ 17,981,479	\$ 17,657,407
School District's proportionate share of the net pension liability as a percentage of its covered payroll	104.20%	199.56%	189.53%	192.09%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.50%	77.40%	77.30%

Note: Information prior to 2014 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

2018	2017	2016	2015	2014
0.15285979%	0.14849020%	0.14694241%	0.16124236%	0.16124236%
\$ 36,312,171	\$ 49,704,146	\$ 40,610,585	\$ 39,219,723	\$ 46,718,277
\$ 17,014,571	\$ 15,655,786	\$ 14,902,064	\$ 16,408,879	\$ 17,496,292
213.42%	317.48%	272.52%	239.02%	267.02%
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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 958,536	\$ 846,466	\$ 938,494	\$ 892,821
Contributions in relation to the contractually required contribution	<u>(958,536)</u>	<u>(846,466)</u>	<u>(938,494)</u>	<u>(892,821)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 6,846,686	\$ 6,046,186	\$ 6,703,529	\$ 6,613,489
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 809,102	\$ 778,365	\$ 697,663	\$ 632,758	\$ 681,917	\$ 704,033
<u>(809,102)</u>	<u>(778,365)</u>	<u>(697,663)</u>	<u>(632,758)</u>	<u>(681,917)</u>	<u>(704,033)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,993,348	\$ 5,559,750	\$ 4,983,307	\$ 4,800,895	\$ 4,920,036	\$ 5,086,944
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

**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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 3,057,912	\$ 2,630,091	\$ 2,605,347	\$ 2,517,407
Contributions in relation to the contractually required contribution	<u>(3,057,912)</u>	<u>(2,630,091)</u>	<u>(2,605,347)</u>	<u>(2,517,407)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 21,842,229	\$ 18,786,364	\$ 18,609,621	\$ 17,981,479
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,472,037	\$ 2,382,040	\$ 2,191,810	\$ 2,086,289	\$ 2,133,154	\$ 2,274,518
<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>(2,274,518)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,657,407	\$ 17,014,571	\$ 15,655,786	\$ 14,902,064	\$ 16,408,877	\$ 17,496,292
14.00%	14.00%	14.00%	14.00%	13.00%	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 SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability	0.17035340%	0.18608620%	0.19171410%	0.19652480%
School District's proportionate share of the net OPEB liability	\$ 3,224,078	\$ 4,044,262	\$ 4,821,207	\$ 5,452,129
School District's covered payroll	\$ 6,046,186	\$ 6,703,529	\$ 6,613,489	\$ 5,993,348
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	53.32%	60.33%	72.90%	90.97%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	18.17%	15.57%	13.57%

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>2018</u>	<u>2017</u>
0.16635830%	0.16132970%
\$ 4,464,620	\$ 4,649,800
\$ 5,559,750	\$ 4,983,307
80.30%	93.31%
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 SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability/asset	0.153108206%	0.15348328%	0.15410871%	0.15426239%
School District's proportionate share of the net OPEB liability/(asset)	\$ (3,228,161)	\$ (2,697,466)	\$ (2,552,410)	\$ (2,478,840)
School District's covered payroll	\$ 18,786,364	\$ 18,609,621	\$ 17,981,479	\$ 17,657,407
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	17.18%	-14.50%	-14.19%	-14.04%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

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>2018</u>	<u>2017</u>
0.15285979%	0.14849020%
\$ 5,964,024	\$ 7,941,295
\$ 17,014,571	\$ 15,655,786
35.05%	50.72%
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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 75,477	\$ 63,576	\$ 57,658	\$ 133,395
Contributions in relation to the contractually required contribution	<u>(75,477)</u>	<u>(63,576)</u>	<u>(57,658)</u>	<u>(133,395)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 6,846,686	\$ 6,046,186	\$ 6,703,529	\$ 6,613,489
Contributions as a percentage of covered payroll	1.10%	1.05%	0.86%	2.02%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 127,995	\$ 93,260	\$ 83,520	\$ 115,935	\$ 73,961	\$ 77,220
<u>(127,995)</u>	<u>(93,260)</u>	<u>(83,520)</u>	<u>(115,935)</u>	<u>(73,961)</u>	<u>(77,220)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,993,348	\$ 5,559,750	\$ 4,983,307	\$ 4,800,895	\$ 4,920,036	\$ 5,086,944
2.14%	1.68%	1.68%	2.41%	1.50%	1.52%

**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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</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	\$ 21,842,229	\$ 18,786,364	\$ 18,609,621	\$ 17,981,479
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 164,089	\$ 174,963
-	-	-	-	(164,089)	(174,963)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,657,407	\$ 17,014,571	\$ 15,655,786	\$ 14,902,064	\$ 16,408,877	\$ 17,496,292
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 years 2014-2017.
- 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%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- 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%.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- 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 Weight Below Median Healthy Retiree mortality table.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- 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.

(Continued)

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION (CONTINUED)

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- 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%.

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 years 2014-2022.

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) 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%.
- 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 Weight Below Median Healthy Retiree mortality table.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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.

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.
- 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.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal AL Number	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:	10.553	\$420,476	\$0
School Breakfast Program			
National School Lunch Program	10.555	1,202,110	88,791
National School Lunch Program - COVID-19	10.555	185,704	0
Total National School Lunch Program		<u>1,387,814</u>	<u>88,791</u>
Fresh Fruit and Vegetable Program	10.582	93,353	0
Total Child Nutrition Cluster		<u>1,901,643</u>	<u>88,791</u>
Pandemic Electronic Benefit Transfer Administrative Expenses - COVID-19	10.649	2,204	0
Total U.S. Department of Agriculture		<u>1,903,847</u>	<u>88,791</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
Coronavirus Relief Fund - COVID-19	21.019	50,075	0
Title I Grants to Local Educational Agencies	84.010	2,419,329	0
Special Education Cluster:			
Special Education Grants to States (IDEA, Part B)	84.027	915,962	0
Special Education Grants to States - ARP IDEA (IDEA, Part B) - COVID-19	84.027	26,413	0
Total Special Education Grants to States (IDEA, Part B)		<u>942,375</u>	<u>0</u>
Special Education Preschool Grants (IDEA Preschool) - 2022	84.173	12,247	0
Total Special Education Cluster		<u>954,622</u>	<u>0</u>
Career and Technical Education	84.048	33,326	0
Twenty-First Century Community Learning Centers	84.287	312,707	0
Supporting Effective Instruction State Grants	84.367	229,711	0
Student Support and Academic Enrichment Grants	84.424	151,539	0
Education Stabilization Funds - Elementary and Secondary School Emergency Relief - COVID-19	84.425D	4,902,775	0
Total U.S. Department of Education		<u>9,054,084</u>	<u>0</u>
Total		<u>\$10,957,931</u>	<u>\$88,791</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, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Maple Heights City School District (the District) under programs of the federal government for the year ended June 30, 2022. 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 29, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

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 2022-001 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 Findings

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

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

August 29, 2023



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified 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, 2022. 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 Opinions on the Child Nutrition Cluster and Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified 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 and Education Stabilization Fund for the year ended June 30, 2022.

Basis for Qualified 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 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 Education Stabilization Fund and Child Nutrition Cluster

As described in findings 2022-002 and 2022-003 in the accompanying schedule of findings, the District did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-002	10.553, 10.555, 10.582	Child Nutrition Cluster	Procurement and Suspension and Debarment
2022-002	84.425	Education Stabilization Fund	Procurement and Suspension and Debarment
2022-003	84.425	Education Stabilization Fund	Special Tests and Provisions – Wage Rate Requirements

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 responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2022-002 and 2022-003, to be material weaknesses.

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 responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

August 29, 2023

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

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
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs:	Child Nutrition Cluster Education Stabilization Fund – 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?	Yes

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)

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

FINDING NUMBER 2022-001

Bank Reconciliations – Significant Deficiency

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

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

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

The District did not complete accurate, monthly bank reconciliations during the audit period. As of June 30, 2022, the District has an unreconciled balance totaling \$9,885 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 16 outstanding payroll checks, totaling \$2,259, and six outstanding general operating checks, totaling \$734, that were greater than one year old, dating back to December 2020. The District has not established a fund for unclaimed monies. Failure to establish a fund for unclaimed monies and to remove stale checks from the bank reconciliation in a timely manner could lead to the District unnecessarily tracking 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 documented 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 variances.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Procurement Documentation

Finding Number:	2022-002
Assistance Listing Number and Title:	Child Nutrition Cluster and AL #84.425 Education Stabilization Fund
Federal Award Identification Number / Year:	2022
Federal Agencies:	United States Department of Agriculture and United States Department of Education
Compliance Requirement:	Procurement and Suspension and Debarment
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

2 CFR § 400.1 gives regulatory effect to the Department of Agriculture and 2 CFR 3474.1 gives regulatory effect for the Department of Education for 2 CFR § 200.318 through 200.327 which describe specific procedures non-Federal entities must follow for procurement transactions using Federal funds.

2 CFR § 200.318(a) indicates a non-Federal entity must use its own documented procurement procedures, consistent with which reflect applicable 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 document procurement procedures must conform to the procurement standards identified in §§ 200.318 through 200.327.

2 CFR § 200.320(b) indicates, in part, when the value of the procurement for property or services under a Federal financial assistance award exceeds the simplified acquisition threshold, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used. Sealed bids are a procurement method in which bids are publicly solicited and a firm fixed-price contract (lump-sum or unit price) is awarded to the responsible bidder whose bid, conforming with all material terms and conditions in the invitations to bid, is the lowest in price. In order for sealed bidding to be feasible, the following conditions should be present:

- a complete, adequate and realistic specification or purchase description is available,
- two or more responsible bidders are willing and able to compete effectively for the business, and
- the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on cost;

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, 2022
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

**FINDING NUMBER 2022-002
(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.

The District's procurement policy does not indicate the number of quotations required when using the simplified acquisition threshold.

Ohio Rev. Code § 3313.46 indicates when a Board of Education determines to build, repair, enlarge, or demolish any school building with a cost in excess of \$50,000, the Board is required to:

1. Prepare plans and specifications;
2. Advertised for bids once a week for not less than two consecutive weeks or as provided in Ohio Rev. Code § 7.16, in a newspaper in general circulation in the district before the date specified for receiving bids. The board may also cause notice to be inserted in trade papers or other publications designated by it or to be distributed by electronic means, including posting the notice on the board's internet web site. If the board posts the notice on its web site, it may eliminate the second notice otherwise required to be published in a newspaper of general circulation within the school district, provided that the first notice published in such newspaper meets all of the following requirements: (a) It is published at least two weeks before the opening of bids; (b) It includes a statement that the notice is posted on the board of education's internet web site; (c) It includes the internet address of the board's internet web site; and (d) It includes instructions describing how the notice may be accessed on the board's internet web site;
3. Open the bids at the time and place specified by the Board in the advertisement for bids;
4. Each bid shall contain the name of every person interested therein and shall meet the requirements of Ohio Rev. Code § 153.54;
5. When both labor and materials are embraced in the work bid for, the board may require that each be separately stated in the bid, with the price thereof, or may require that bids be submitted without such separation;
6. The award of the contract is to the lowest responsible bidder;
7. The contract is between the board and the bidders. The board is required to approve and retain estimates and make them available to the Auditor of State upon request;
8. If two or more bids are equal and are lower than any others, either may be accepted. However, the work is not to be divided among the bidders; and
9. When there is reason to believe there is collusion or combination among the bidders, or any number of them, the bids of those concerned therein shall be rejected.

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)

3. FINDINGS FOR FEDERAL AWARDS
(Continued)

FINDING NUMBER 2022-002
(Continued)

Procurement Documentation – Noncompliance and Material Weakness (Continued)

For one out of four vendors tested during our procurement testing of the Nutrition Cluster, the District did not maintain written justification documenting the history of the procurement. The vendor performed repairs on kitchen equipment totaling \$37,382. The procurement was below the simplified acquisition 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 vendor was provided verbally during the audit, with the District indicating the vendor was selected because of quick response time, past visits, and availability.

Additionally, the District paid \$303,004 for a roof replacement using Education Stabilization Fund-Elementary and Secondary School Emergency Relief (ESSER II) funds, which would be required to be competitively bid under 2 CFR 200.320 and Ohio Rev. Code § 3313.46. The District could not provide us proof of the advertisement for bids of the project in a newspaper of general circulation in the District and/or advertisement of the project on the District’s website nor the bid packages submitted from the losing bidders. Because of the lack of available documentation, we could not verify that the District’s bidding process complied with State and Federal procurement and bidding requirements. By failing to keep required records of the bidding process, the District was in non-compliance with State and Federal procurement requirements.

Both of the issues noted above were due to a lack of internal controls regarding Federal procurement at the District.

The District should adopt procedures to ensure appropriate procurement procedures are performed based on the dollar amount of the procurement. In addition, procedures should be adopted 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 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 SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Prevailing Wage Rate Requirements

Finding Number:	2022-003
Assistance Listing Number and Title:	AL #84.425 Education Stabilization Fund
Federal Award Identification Number / Year:	2022
Federal Agencies:	United States Department of Education
Compliance Requirement:	Special Tests and Provisions - Wage Rate Requirements
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

2 CFR 3474.1 gives regulatory effect to the Department of Education for Appendix II to 2 CFR § 200 Paragraph D which states, in part, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

Lack of proper internal controls over Federal grants management led to the District expending \$351,738 of its Education Stabilization Fund – Elementary and Secondary School Emergency Relief (ESSER) Federal grant funds for the roof replacement at the administration building without complying with the above requirements. The District’s contract with the vendor for these updates did not include a provision to ensure the contractor complied with Federal wage rate requirements. Additionally, the District did not obtain certified payroll reports from the vendor to verify prevailing wages were paid.

Without proper controls over wage rate requirements, there is an increased risk that the District and its contractors and subcontractors are not in compliance with applicable federal regulations. Additionally, noncompliance could result in federal funding being reduced or taken away, or other sanctions imposed by the federal grantor agency.

MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)

3. FINDINGS FOR FEDERAL AWARDS
(Continued)

FINDING NUMBER 2022-003
(Continued)

Prevailing Wage Rate Requirements – Noncompliance and Material Weakness (Continued)

When required by Federal grant legislation, the District should ensure contracts for construction in excess of \$2,000 paid with federal grant monies contain a provision the contractor comply with the wage rate requirements and ensure certified payroll reports are provided weekly by the contractor. The District should also review the certified payroll reports and report all suspected or reported violations to the Federal awarding agency.

Officials' Response: All construction contracts are now being reviewed by the District's legal counsel to ensure all prevailing wage rate requirements are fulfilled.

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2022-004

Finding for Recovery Repaid and Resolved Under Audit – Payroll Overpayments

The Board of Education is responsible for approving negotiated agreements and salary schedules for District employees. On November 15, 2021, the Board adopted resolution 21-72, amending salary schedules for other supervisors, management level employees, and confidential employees; and amending step adjustments for other supervisors, management level, and confidential employees. The changes were approved as retroactive to the beginning of the fiscal year.

The Treasurer's office staff prepared calculations for lump-sum payments to be made on the December 3, 2021 pay date and adjustments were made to the salaries and wages for the rest of the fiscal year. Due to an error in the calculations, 12 employees were overpaid by a total of \$13,645.

**MAPLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)**

**4. OTHER – FINDINGS FOR RECOVERY
(Continued)**

**FINDING NUMBER 2022-004
(Continued)**

Finding for Recovery Repaid and Resolved Under Audit – Payroll Overpayments (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the following individuals and in favor of Maple Heights City School District for the amounts and to the funds listed below:

<u>Name</u>	<u>Amount</u>	<u>District Fund Credited</u>
Mark Curtis	\$1,424	General (001)
Therese Esber	735	General (001)
Tina Graham	476	General (001)
Susan Jaroscak	1,767	General (001) - \$618, Title I (572) - \$1,149
Bennie Kelly	946	General (001)
Lori Leshner	998	General (001)
Charnita McDonald	1,023	General (001)
Muata Niamke	1,655	General (001)
Meghan Shelby	1,532	IDEA B (516)
John Skalla	1,244	General (001)
Holly Vaughan	1,035	General (001)
Jamie Zivkovich	810	General (001)

On April 17, 2023, Therese Esber repaid \$735 to the District.

Agreements signed April 17, 2023 were entered into between the District against the above individuals, except Therese Esber, for repayment of the \$12,910 owed. Per the agreements, these individuals will have amounts owed deducted in installments from District payroll disbursements to them through June 30, 2024.

Officials' Response: The District has either setup repayment plans with employees or recovered all funds.



Maple Heights Board of Education

Alonzo Blackwell, President
 Wendall Garth, Vice President
 Sherria Granger
 Rosalind Moore
 Richard Richey

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

Maple Heights City Schools

5740 Lawn Avenue
 Maple Heights, Ohio 44137

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR § 200.511(B)
 JUNE 30, 2022**

Finding Number	Finding Summary	Status
2021-001	Bank Reconciliations – Significant Deficiency: The District did not complete accurate, monthly bank reconciliations throughout the period. The District had an unreconciled balance of \$4,772 as of June 30, 2021.	Reissued as Finding as 2022-001

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Maple Heights Board of Education

Alonzo Blackwell, President
Wendall Garth, Vice President
Sherria Granger
Rosalind Moore
Richard Richey

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

Maple Heights City Schools

5740 Lawn Avenue
Maple Heights, Ohio 44137

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2022

Finding Number: 2022-001
Planned Corrective Action: District will work with an outside accounting firm to find unreconciled items and complete accurate, monthly bank reconciliations.
Anticipated Completion Date: January 31, 2024
Responsible Contact Person: Taylor Friedrich, Treasurer/CFO

Finding Number: 2022-002
Planned Corrective Action: The District is currently working with OSBA to update the policies and policy DJC states "If feasible, all purchases over \$20,000 and not otherwise subject to required federal or state bidding requirements will be based on price quotations submitted by at least three vendors." The Treasurer and Business Manager will ensure that policy is followed when applicable.
Anticipated Completion Date: October 31, 2023
Responsible Contact Person: Muata Niamke, Business Manager and Taylor Friedrich, Treasurer/CFO

Finding Number: 2022-003
Planned Corrective Action: The District has legal counsel review all contracts for construction to ensure that we comply with all wage requirements and certified payroll reports are now provided weekly by the contractor.
Anticipated Completion Date: Already completed
Responsible Contact Person: Muata Niamke, Business Manager and Taylor Friedrich, Treasurer/CFO

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 9/26/2023

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