

CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2023





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Columbus, Ohio 43215
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City Council
City of Maple Heights
5353 Lee Road
Maple Heights, Ohio 44137

We have reviewed the *Independent Auditor's Report* of the City of Maple Heights, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 06, 2024

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**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY
 SINGLE AUDIT
 For the Year Ending December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

City of Maple Heights
Cuyahoga County
5353 Lee Road
Maple Heights, Ohio 44137

To the Members of the City Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Heights, Cuyahoga County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Water/Sewer Maintenance, Street Construction Maintenance and Repair and Local Fiscal Recovery funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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 City, 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 opinion.

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 City'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 opinion. 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 City'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 City'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 assets/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 City's basic financial statements. The Schedule of Expenditures of Federal Awards (Schedule) 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 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 July 3, 2024, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

July 3, 2024

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**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

The discussion and analysis of the City of Maple Heights’s (the City) financial performance provides an overall review of the City’s financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City’s financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the basic financial statements and notes to enhance their understanding of the City’s financial performance.

Financial Highlights

As you proceed through this discussion and analysis you will notice that total revenues increased and expenses also increased from 2022 levels and the total net position saw an increase of \$4,643,067 in Government Activities.

Using This Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. These statements are organized so that readers can understand the City as a financial whole or as an entire operating entity. The statements then proceed to provide an increasing detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City. They provide both an aggregate view of the City’s finances in addition to a longer-term view of those assets. Major 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 dollars remain for future spending. The fund financial statements also look at the City’s most significant funds with all other nonmajor funds presented in total in one column.

The City of Maple Heights as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the questions, “How did we do financially during 2023?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year’s revenues and expenses regardless of when the cash is received or paid.

The *Statement of Net Position* presents information on all of the City’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between all the elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, the analysis on the City’s condition must also look at the City’s tax base, property tax evaluation and the condition of the City’s assets.

The *Statement of Activities* presents information showing how the City’s net position changed during the recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

Statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, security of persons and property (police and fire), public health services, leisure time activities, community environment, basic utility services and transportation. Business-type activities include solid waste collections.

Reporting the City's Most Significant Funds

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on balances of expendable resources available at the end of the year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Water/Sewer Maintenance Fund, Street Construction Maintenance and Repair, and Local Fiscal Recovery which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation.

The City adopts an annual appropriated budget for each of its funds to demonstrate budgetary compliance.

Proprietary Funds The City's only proprietary fund is the Solid Waste Collection Enterprise Fund. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

Notes to the Basic Financial Statements The notes provide additional information that are essential for a full understanding of the data provided in the government-wide and fund financial statements.

The City as a Whole

As noted earlier, the Statement of Net Position looks at the City as a whole. The following table provides a summary of the City's net position for 2023 compared to 2022.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$ 27,928,321	\$ 28,497,420	\$ 5,192,990	\$ 4,864,950	\$ 33,121,311	\$ 33,362,370
Capital Assets	46,210,585	44,803,214	-	-	46,210,585	44,803,214
Total Assets	74,138,906	73,300,634	5,192,990	4,864,950	79,331,896	78,165,584
Deferred Outflows of Resources						
Deferral on Refunding	44,022	57,892	-	-	44,022	57,892
Pension	7,945,275	4,606,786	91,851	19,751	8,037,126	4,626,537
OPEB	1,232,749	1,097,846	13,891	534	1,246,640	1,098,380
Total Deferred Outflows of Resources	9,222,046	5,762,524	105,742	20,285	9,327,788	5,782,809
Liabilities						
Current and Other Liabilities	1,881,856	4,708,056	146,254	2,681	2,028,110	4,710,737
Long-term Liabilities:						
Due within One Year	2,379,672	2,229,739	9,485	7,603	2,389,157	2,237,342
Due in More than One Year:						
Net Pension Liability	23,258,303	13,702,369	209,890	35,784	23,468,193	13,738,153
Net OPEB Liability	1,491,778	2,156,762	4,515	-	1,496,293	2,156,762
Other Amounts	10,261,020	11,976,641	20,955	18,978	10,281,975	11,995,619
Total Liabilities	39,272,629	34,773,567	391,099	65,046	39,663,728	34,838,613
Deferred Inflows of Resources						
Property Taxes	5,313,850	5,182,915	-	-	5,313,850	5,182,915
Lease	234,098	245,290	-	-	234,098	245,290
Pension	1,343,468	6,361,627	2,153	44,686	1,345,621	6,406,313
OPEB	1,768,666	1,714,585	1,489	13,141	1,770,155	1,727,726
Total Deferred Inflows of Resources	8,660,082	13,504,417	3,642	57,827	8,663,724	13,562,244
Net Position						
Net Investment in Capital Assets	36,972,815	34,890,529	-	-	36,972,815	34,890,529
Restricted	4,859,891	4,030,624	3,834	-	4,863,725	4,030,624
Unrestricted	(6,404,465)	(8,135,979)	4,900,157	4,762,362	(1,504,308)	(3,373,617)
Total Net Position	\$ 35,428,241	\$ 30,785,174	\$ 4,903,991	\$ 4,762,362	\$ 40,332,232	\$ 35,547,536

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2023 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” The City previously adopted 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 City’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 net pension asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability/asset* 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/asset and the net OPEB liability to equal the City’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 City 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 *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.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

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 City'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/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Current and Other Assets decreased from 2022 mainly due to a decrease in Equity in Pooled Cash and Cash Equivalents. Current liabilities decreased from 2022 mainly due to a decrease of unearned revenues resulting from spent Local Fiscal Recovery funding. Changes in deferred outflows of resources, net pension liability, net OPEB liability, net pension asset, net OPEB asset and deferred inflows of resources are mainly due to the recording of GASB 68 and 75 as previously discussed.

Total net position for governmental activities increased from 2022 levels and the total net position for business-type activity increased.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further detail regarding the results of activities for the current year.

Table 2 - Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 2,498,897	\$ 2,959,004	\$ 2,213,678	\$ 2,104,436	\$ 4,712,575	\$ 5,063,440
Operating Grants and Contributions	7,810,435	5,013,649	-	-	7,810,435	5,013,649
Capital Grants and Contributions	190,555	73,856	-	-	190,555	73,856
General Revenues:						
Property Taxes	5,923,062	5,875,726	-	-	5,923,062	5,875,726
Municipal Income Taxes	8,452,352	8,422,025	-	-	8,452,352	8,422,025
Franchise Taxes	179,592	244,539	-	-	179,592	244,539
Grants and Entitlements	1,924,107	2,005,982	-	-	1,924,107	2,005,982
Investment Earnings	207,839	49,769	-	-	207,839	49,769
All Other Revenues	987,741	444,782	881	-	988,622	444,782
Total Revenues	28,174,580	25,089,332	2,214,559	2,104,436	30,389,139	27,193,768

Continued

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

Table 2 - Change in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Expenses						
Security of Persons and Property	12,644,549	10,049,152	-	-	12,644,549	10,049,152
Public Health Services	156,544	142,089	-	-	156,544	142,089
Leisure Time Activities	591,161	659,944	-	-	591,161	659,944
Community Environment	992,257	786,770	-	-	992,257	786,770
Basic Utility Services	1,470,655	2,803,294	-	-	1,470,655	2,803,294
Transportation	2,665,462	1,848,016	-	-	2,665,462	1,848,016
General Government	4,148,332	5,365,700	-	-	4,148,332	5,365,700
Interest and Fiscal Charges	862,553	380,435	-	-	862,553	380,435
Solid Waste Collection	-	-	2,072,930	1,665,141	2,072,930	1,665,141
Total Program Expenses	23,531,513	22,035,400	2,072,930	1,665,141	25,604,443	23,700,541
Change in Net Position	4,643,067	3,053,932	141,629	439,295	4,784,696	3,493,227
Net Position, Beginning of Year	30,785,174	27,731,242	4,762,362	4,323,067	35,547,536	32,054,309
Net Position, End of Year	\$ 35,428,241	\$ 30,785,174	\$ 4,903,991	\$ 4,762,362	\$ 40,332,232	\$ 35,547,536

Governmental Activities

Several revenue sources fund governmental activities with City municipal income tax being the largest contributor. The City has a current municipal income tax rate of 2.5 percent and grants a 2.5 percent credit to residents who pay municipal income tax to another city. Property tax collections are the next largest source of general revenue for governmental activities. The City collects 3.2 mills of inside millage and has approved 16.8 mills of outside millage.

The outside millage is generated from a 10.5 mill general fund operating levy, 1 mill street lighting levy, a 2 mill police levy, a 2 mill fire levy, and a 1.3 mill senior center levy. The City periodically reviews its fee structure to ensure that all fees constitute a fair charge for the cost of providing government services.

Operating grants and contributions increased by \$2,796,786 mainly due to the Fiscal Local Recovery money spent in 2023. Capital grants and contributions increased by \$116,699 due to the increase of grants receivable in 2023.

Major expense activities, under the accrual basis of accounting, included: security of persons and property expenses which accounted for 53.73 percent of total program expenses; general government expenses which accounted for 17.63 percent; transportation which accounted for 11.33 percent, and basic utility services which accounted for 6.25 percent. Overall, program expenses increased by \$1,496,113 from 2022 program expense totals, this was mainly due to the recording of GASB 68 and 75 as previously discussed.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

Business-Type Activities

The City's business-type activities are comprised of one enterprise fund, which is the City's Solid Waste Collection Fund. In 2023, charges for services for the collection of garbage fees and all other revenues are the only revenue sources for the Fund. As a result of garbage collections increasing and expenses also increasing during the year, the City was also able to increase the net position.

Governmental Funds Financial Analysis

A review of the City's governmental funds provides information on near-term inflows, outflows and balances of spendable resources and serves as a useful measure of a government's net resources. Governmental fund information can be found on page 17 and is accounted for using the modified accrual basis of accounting.

The City's major governmental funds are the General Fund, the Water/Sewer Maintenance Fund, Street Construction Maintenance and Repair, and the Local Fiscal Recovery Fund.

The General Fund revenues and other financing sources exceeded expenditures and other financing uses for the year with revenues and expenditures increasing from the previous year. The increase in revenues is largely due to an increase in intergovernmental revenue. The fund balance increased by \$1,744,611 from 2022.

The Water/Sewer Maintenance Fund revenues exceeded expenditures for the year, with revenues and expenditures increasing from the previous year. The fund balance increased by \$1,177,823.

Street Construction Maintenance and Repair decreased by \$560,892 from the previous year.

The Local fiscal Recovery Fund had a zero fund balance as being reported as unearned. The unearned revenue decreased since the City expensed some monies in 2023.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2023, the City amended its General Fund accordingly to avoid waiting until the end of the year to adjust appropriations. The control level of the General Fund is by object within each department. This allows the City to make small interdepartmental budget modifications within departments. Actual revenue was more than the final budget due to more received in other revenue than expected. Total actual expenditures were less than the final budgeted amount. This was due to monitoring the City's budget to keep the City's spending in line with its estimates.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

Capital Assets and Debt Administration

Capital Assets

Table 3 shows 2023 balances of capital assets as compared to 2022.

Table 3 - Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities	
	2023	2022
Land*	\$ 340,339	\$ 340,339
Construction-in-progress	7,940,084	6,086,481
Buildings and Improvements	4,648,847	3,918,909
Machinery and Equipment	722,920	517,655
Vehicles	972,899	1,150,995
Infrastructures*	31,585,496	32,788,835
Total Capital Assets	\$ 46,210,585	\$ 44,803,214

* Certain reclassification were made in 2022.

For 2023, the primary addition for governmental activities was the construction of roads and sewer lines, the purchase of new vehicles, and machinery and equipment. Additional information concerning capital assets can be found in Note 9 to the basic financial statements.

Debt

Table 4 summarizes the City's long-term obligations outstanding at December 31, 2023.

Table 4 - Outstanding Obligations at December 31

	Governmental Activities	
	2023	2022
General Obligation Bonds	\$ 8,249,244	\$ 9,151,010
OPWC Loans	1,261,809	1,269,603
Finance Purchased Payable	344,916	492,330
Cuyahoga County Payable	1,095,532	1,608,939
Accrued police and fire pension liability	206,765	220,524
Asset Retirement Obligation	60,000	60,000
Total Outstanding Obligations	\$ 11,218,266	\$ 12,802,406

At December 31, 2023, the general obligation bonds outstanding consists of the 2021 Various Purpose Refunding Bonds, 2010 Various Purpose Refunding Bonds and the 2010 Capital Appreciation Bonds. The OPWC loans outstanding are for infrastructure improvement projects, which are being repaid using sanitation fees from the Sewer Maintenance Fund. The other long-term obligations consist of police and fire pension liability, capital leases for police vehicles and ambulance equipment, and compensated absences. Additional information concerning debt issuances can be found in Note 11 to the basic financial statements.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

Current Related Financial Activities

The City is diligently working to maintain a careful watch over its financial operations. The City remains open to providing the citizens of the City of Maple Heights with full disclosure of the financial position of the City.

In conclusion, the implementation of GASB Statement No. 68 and 75 requires the reader to perform additional calculations to determine the City's Total Net Position at December 31, 2023 without the implementation of GASB Statement No. 68 and 75. This is an important exercise, as the State Pension Systems (OPERS & OP&F) collect, hold, and distributes pensions to our employees, not the City of Maple Heights. These calculations are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total Net Position at December 31, 2023 (with GASB 68 and 75)	\$ 35,428,241	\$ 4,903,991
GASB 68 and 75 Calculations:		
Add: Deferred Inflows related to Pension	1,343,468	2,153
Net Pension Liability	23,258,303	209,890
Deferred Inflows related to OPEB	1,768,666	1,489
Net OPEB Liability	1,491,778	4,515
Less: Deferred Outflows related to Pension	(7,945,275)	(91,851)
Net Pension Asset	(53,855)	(2,402)
Deferred Outflows related to OPEB	(1,232,749)	(13,891)
Total Net Position at December 31, 2023 (without GASB 68 and 75)	<u>\$ 54,058,577</u>	<u>\$ 5,013,894</u>

Contacting the City of Maple Heights' Financial Management

This financial report is designed to provide the citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Finance Director, City of Maple Heights, 5353 Lee Road, Maple Heights, Ohio 44137.

BASIC FINANCIAL STATEMENTS

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 14,517,887	\$ 2,969,571	\$ 17,487,458
Accounts Receivable	1,030,298	2,220,948	3,251,246
Intergovernmental Receivable	2,753,533	-	2,753,533
Lease Receivable	245,081	-	245,081
Municipal Income Taxes Receivable	2,878,671	-	2,878,671
Property Taxes Receivable	5,995,695	-	5,995,695
Materials and Supplies Inventory	185,717	-	185,717
Prepaid Items	244,784	69	244,853
Loans Receivable	22,800	-	22,800
Net Pension Asset	53,855	2,402	56,257
Nondepreciable Capital Assets	8,280,423	-	8,280,423
Depreciable Capital Assets	37,930,162	-	37,930,162
Total Assets	<u>74,138,906</u>	<u>5,192,990</u>	<u>79,331,896</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	44,022	-	44,022
Pension	7,945,275	91,851	8,037,126
OPEB	1,232,749	13,891	1,246,640
Total Deferred Outflows of Resources	<u>9,222,046</u>	<u>105,742</u>	<u>9,327,788</u>
LIABILITIES			
Accounts Payable	344,410	142,488	486,898
Contracts Payable	48,258	-	48,258
Accrued Wages and Benefits	184,170	2,843	187,013
Intergovernmental Payable	177,101	923	178,024
Matured Compensated Absences Payable	608	-	608
Accrued Interest Payable	43,261	-	43,261
Retainage Payable	58,370	-	58,370
Unearned Revenue	1,025,678	-	1,025,678
Long-term Liabilities:			
Due within one year	2,379,672	9,485	2,389,157
Due in more than one year:			
Net Pension Liability	23,258,303	209,890	23,468,193
Net OPEB Liability	1,491,778	4,515	1,496,293
Other amounts	10,261,020	20,955	10,281,975
Total Liabilities	<u>39,272,629</u>	<u>391,099</u>	<u>39,663,728</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	5,313,850	-	5,313,850
Lease	234,098	-	234,098
Pension	1,343,468	2,153	1,345,621
OPEB	1,768,666	1,489	1,770,155
Total Deferred Inflows of Resources	<u>8,660,082</u>	<u>3,642</u>	<u>8,663,724</u>
NET POSITION			
Net Investment in Capital Assets	36,972,815	-	36,972,815
Restricted for:			
Capital Projects	37,130	-	37,130
Streets and Highways	1,592,581	-	1,592,581
Sewer Maintenance	2,173,301	-	2,173,301
Community Development	121,873	-	121,873
Other Purposes	756,041	-	756,041
Other Purposes	93,002	-	93,002
Pension	85,963	3,834	89,797
Unrestricted	(6,404,465)	4,900,157	(1,504,308)
Total Net Position	<u>\$ 35,428,241</u>	<u>\$ 4,903,991</u>	<u>\$ 40,332,232</u>

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
Security of Persons and Property	\$ 12,644,549	\$ 841,989	\$ 3,459,744	\$ -	\$ (8,342,816)	\$ -	\$ (8,342,816)
Public Health Services	156,544	-	-	-	(156,544)	-	(156,544)
Leisure Time Activities	591,161	16,329	170,824	-	(404,008)	-	(404,008)
Community Environment	992,257	537,685	6,000	-	(448,572)	-	(448,572)
Basic Utility Services	1,470,655	769,159	2,860,121	190,555	2,349,180	-	2,349,180
Transportation	2,665,462	148,996	1,304,426	-	(1,212,040)	-	(1,212,040)
General Government	4,148,332	184,739	9,320	-	(3,954,273)	-	(3,954,273)
Interest and Fiscal Charges	862,553	-	-	-	(862,553)	-	(862,553)
Total Governmental activities	23,531,513	2,498,897	7,810,435	190,555	(13,031,626)	-	(13,031,626)
Business-type activities:							
Solid Waste Collection	2,072,930	2,213,678	-	-	-	140,748	140,748
Total Business-type activities	2,072,930	2,213,678	-	-	-	140,748	140,748
Total Primary Government	\$ 25,604,443	\$ 4,712,575	\$ 7,810,435	\$ 190,555	(13,031,626)	140,748	(12,890,878)
General Revenues:							
Property Taxes levied for:							
General Purposes					3,487,616	-	3,487,616
Debt Service Purpose					621,434	-	621,434
Other Purposes					1,814,012	-	1,814,012
Municipal Income Taxes levied for:							
General Purposes					8,452,352	-	8,452,352
Franchise Taxes					179,592	-	179,592
Grants & Entitlements not restricted to specific programs					1,924,107	-	1,924,107
Investment Income					207,839	-	207,839
All Other Revenues					987,741	881	988,622
Total General Revenues					17,674,693	881	17,675,574
Change in Net Position					4,643,067	141,629	4,784,696
Net Position - Beginning of Year					30,785,174	4,762,362	35,547,536
Net Position - End of Year					\$ 35,428,241	\$ 4,903,991	\$ 40,332,232

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General Fund	Water/Sewer Maintenance	Street Construction Maintenance and Repair	Local Fiscal Recovery	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 9,456,528	\$ 1,251,332	\$ 396,438	\$ 695,565	\$ 2,718,024	\$ 14,517,887
Materials and Supplies Inventory	42,710	-	143,007	-	-	185,717
Accounts Receivable	401,233	-	85,384	-	543,681	1,030,298
Interfund Receivable	475,014	-	-	-	-	475,014
Intergovernmental Receivable	874,002	1,002,426	605,628	-	271,477	2,753,533
Municipal Income Taxes Receivable	2,878,671	-	-	-	-	2,878,671
Property Taxes Receivable	3,313,598	-	-	-	2,682,097	5,995,695
Prepaid Items	208,505	326	2,315	-	33,638	244,784
Lease Receivable	245,081	-	-	-	-	245,081
Loans Receivable	-	-	-	-	22,800	22,800
Total Assets	\$ 17,895,342	\$ 2,254,084	\$ 1,232,772	\$ 695,565	\$ 6,271,717	\$ 28,349,480
LIABILITIES						
Accounts Payable	\$ 117,070	\$ 40,481	\$ 78,476	\$ 1,477	\$ 106,906	\$ 344,410
Accrued Wages and Benefits	153,393	2,524	4,802	-	23,451	184,170
Contracts Payable	48,258	-	-	-	-	48,258
Intergovernmental Payable	69,297	847	1,871	-	105,086	177,101
Matured Compensated Absences Payable	608	-	-	-	-	608
Retainage Payable	58,370	-	-	-	-	58,370
Interfund Payable	-	-	-	-	475,014	475,014
Unearned Revenue	331,590	-	-	694,088	-	1,025,678
Total Liabilities	778,586	43,852	85,149	695,565	710,457	2,313,609
DEFERRED INFLOWS OF RESOURCES						
Property Taxes and Lease	3,165,647	-	-	-	2,382,301	5,547,948
Unavailable Revenue-Delinquent Property Taxes	382,049	-	-	-	299,796	681,845
Unavailable Revenue- Municipal Income Taxes	1,551,328	-	-	-	-	1,551,328
Unavailable Revenue-Special assessments	369,689	-	-	-	-	369,689
Unavailable Revenue-Other	662,037	595,031	411,312	-	604,834	2,273,214
Total Deferred Inflows of Resources	6,130,750	595,031	411,312	-	3,286,931	10,424,024
FUND BALANCES						
Nonspendable	251,215	326	145,322	-	33,638	430,501
Restricted	-	1,614,875	590,989	-	1,701,424	3,907,288
Committed	350,652	-	-	-	842,465	1,193,117
Assigned	4,453,301	-	-	-	-	4,453,301
Unassigned (Deficits)	5,930,838	-	-	-	(303,198)	5,627,640
Total Fund Balances	10,986,006	1,615,201	736,311	-	2,274,329	15,611,847
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,895,342	\$ 2,254,084	\$ 1,232,772	\$ 695,565	\$ 6,271,717	\$ 28,349,480

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES
 DECEMBER 31, 2023**

Total Governmental Funds Balance \$ 15,611,847

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds 46,210,585

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:

Delinquent Property Taxes	\$	681,845	
Municipal Income taxes		1,551,328	
Special assessments		369,689	
Intergovernmental		1,839,502	
Charges for services		433,712	
Total		4,876,076	4,876,076

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, an interest expenditure is reported when due. (43,261)

The net pension liability/asset and net OPEB liability are not due and payable in the current period; and the net pension asset are not available for spending in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:

Net Pension Asset		53,855	
Deferred Outflows - Pension		7,945,275	
Deferred Inflows - Pension		(1,343,468)	
Net Pension Liability		(23,258,303)	
Deferred Outflows - OPEB		1,232,749	
Deferred Inflows - OPEB		(1,768,666)	
Net OPEB Liability		(1,491,778)	
Total		(18,630,336)	(18,630,336)

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		(6,970,000)	
Capital Appreciation Bonds		(1,040,000)	
OPWC Loans		(1,261,809)	
Financed Purchased Payables		(344,916)	
Police and Fire Pension Liability		(206,765)	
Compensated absences		(1,422,426)	
Asset Retirement Obligations		(60,000)	
Premium on Bonds		(239,244)	
Deferral on Refunding		44,022	
Cuyahoga County Payable		(1,095,532)	
Total		(12,596,670)	(12,596,670)

Net Position of Governmental Activities \$ 35,428,241

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Water/Sewer Maintenance	Street Construction Maintenance and Repair	Local Fiscal Recovery	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 3,601,282	\$ -	\$ -	\$ -	\$ 2,471,150	\$ 6,072,432
Municipal Income Taxes	8,489,460	-	-	-	-	8,489,460
Franchise Taxes	179,592	-	-	-	-	179,592
Intergovernmental	1,934,955	2,942,188	1,310,013	2,736,453	900,877	9,824,486
Interest	200,261	-	4,918	-	2,660	207,839
Fees, Licenses, and Permits	574,705	-	-	-	48,880	623,585
Fines and Forfeitures	196,664	-	-	-	-	196,664
Charges for Services	384,414	767,070	-	-	767,490	1,918,974
Contributions and Donations	7,700	-	-	-	1,375	9,075
Lease	11,192	-	-	-	-	11,192
All Other Revenues	490,131	2,234	90,163	3,141	401,273	986,942
Total Revenues	<u>16,070,356</u>	<u>3,711,492</u>	<u>1,405,094</u>	<u>2,739,594</u>	<u>4,593,705</u>	<u>28,520,241</u>
EXPENDITURES						
Security of Persons and Property	5,738,090	-	-	2,673,291	3,150,763	11,562,144
Public Health Services	156,427	-	-	-	-	156,427
Leisure Time Activities	36,732	-	-	-	556,474	593,206
Community Environment	918,284	-	-	-	41,735	960,019
Basic Utility Services	224,540	1,818,425	-	-	-	2,042,965
Transportation	-	254,524	2,574,610	-	54,540	2,883,674
General Government	3,996,900	-	-	66,303	595,714	4,658,917
Capital Outlay	172,236	452,926	-	-	107,512	732,674
Debt Service:						
Principal Retirement	525,084	112,158	38,365	-	1,176,131	1,851,738
Interest and Fiscal Charges	1,752	-	3,011	-	170,179	174,942
Total Expenditures	<u>11,770,045</u>	<u>2,638,033</u>	<u>2,615,986</u>	<u>2,739,594</u>	<u>5,853,048</u>	<u>25,616,706</u>
Excess of Revenues (Under) Expenditures	<u>4,300,311</u>	<u>1,073,459</u>	<u>(1,210,892)</u>	<u>-</u>	<u>(1,259,343)</u>	<u>2,903,535</u>
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	4,690	-	-	-	-	4,690
OPWC Loans Issued	-	104,364	-	-	-	104,364
Transfers In	-	-	650,000	-	1,910,390	2,560,390
Transfers Out	(2,560,390)	-	-	-	-	(2,560,390)
Total Other Financing Sources (Uses)	<u>(2,555,700)</u>	<u>104,364</u>	<u>650,000</u>	<u>-</u>	<u>1,910,390</u>	<u>109,054</u>
Net Change in Fund Balances	<u>1,744,611</u>	<u>1,177,823</u>	<u>(560,892)</u>	<u>-</u>	<u>651,047</u>	<u>3,012,589</u>
Fund Balances - Beginning of Year	9,241,395	437,378	1,297,203	-	1,623,282	12,599,258
Fund Balances - End of Year	<u>\$ 10,986,006</u>	<u>\$ 1,615,201</u>	<u>\$ 736,311</u>	<u>\$ -</u>	<u>\$ 2,274,329</u>	<u>\$ 15,611,847</u>

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
 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 YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances-Total Governmental Funds \$ 3,012,589

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	\$ 3,817,238	
Depreciation	(2,338,876)	
Total		1,478,362

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (70,991)

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

Delinquent Property taxes	(149,370)	
Municipal income taxes	(37,108)	
Special assessments	(87,534)	
Intergovernmental	572,878	
Charges for services	(644,527)	
Total		(345,661)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of a OPWC loan payables. (104,364)

Repayment of various debt obligations are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,851,738

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

Pension		1,512,099
OPEB		32,333

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

Pension		(2,742,932)
OPEB		212,550

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences	(18,452)	
Accrued interest on bonds	2,900	
Annual Accretion on Bonds	(200,520)	
Amortization of bond premiums	37,286	
Deferral on Refunding	(13,870)	
Total		(192,656)

Change in Net Position of Governmental Activities \$ 4,643,067

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP) BASIS AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 8,189,092	\$ 4,547,740	\$ 8,471,885	\$ 3,924,145
Property Taxes	3,481,071	3,515,449	3,601,282	85,833
Intergovernmental	1,981,875	3,881,884	2,050,315	(1,831,569)
Charges for Services	392,565	366,824	406,121	39,297
Fees, Licenses, and Permits	581,378	638,480	601,455	(37,025)
Fines and Forfeitures	173,321	186,111	179,306	(6,805)
Franchise Taxes	215,129	262,400	222,558	(39,842)
Contributions and Donations	7,443	7,150	7,700	550
Interest	186,427	75,142	192,865	117,723
Other	473,689	2,280,973	490,046	(1,790,927)
Total Revenues	15,681,990	15,762,153	16,223,533	461,380
Expenditures:				
Current:				
Security of Persons and Property	10,362,427	7,304,797	5,703,687	1,601,110
Public Health Services	156,427	156,427	156,427	-
Leisure Time Activities	100,530	55,530	36,951	18,579
Community Environment	1,072,903	1,111,903	919,548	192,355
Basic Utility Services	208,551	256,640	224,157	32,483
General Government	5,461,316	5,907,925	4,650,297	1,257,628
Total Expenditures	17,362,154	14,793,222	11,691,067	3,102,155
Excess of Revenues Over (Under) Expenditures	(1,680,164)	968,931	4,532,466	3,563,535
Other Financing Sources (Uses)				
Sale of Equipment	4,533	37,500	4,690	(32,810)
Transfer Out	(1,361,500)	(3,306,352)	(2,560,390)	745,962
Advances In	160,000	160,000	63,500	(96,500)
Advances Out	(158,500)	(224,280)	(103,780)	120,500
Total Other Financing Sources (Uses)	(1,355,467)	(3,333,132)	(2,595,980)	737,152
Net Change in Fund Balance	(3,035,631)	(2,364,201)	1,936,486	4,300,687
Fund Balance at Beginning of Year	6,755,028	6,755,028	6,755,028	-
Fund Balance- End of Year	\$ 3,719,397	\$ 4,390,827	\$ 8,691,514	\$ 4,300,687

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (NON-GAAP) BASIS AND ACTUAL
 WATER/SEWER MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 7,454,454	\$ 2,918,581	\$ 3,066,506	\$ 147,925
Charges for Services	2,122,088	849,606	872,954	23,348
Other	213,022	76,300	87,630	11,330
Total Revenues	<u>9,789,564</u>	<u>3,844,487</u>	<u>4,027,090</u>	<u>182,603</u>
Expenditures:				
Current:				
Basic Utility Services	7,903,426	3,803,914	2,771,974	1,031,940
Transportation	726,238	283,930	254,714	29,216
Debt Service:				
Principal Retirement	319,775	112,155	112,155	-
Total Expenditures	<u>8,949,439</u>	<u>4,199,999</u>	<u>3,138,843</u>	<u>1,061,156</u>
Net Change in Fund Balance	840,125	(355,512)	888,247	1,243,759
Fund Balance at Beginning of Year	362,489	362,489	362,489	-
Fund Balance- End of Year	<u>\$ 1,202,614</u>	<u>\$ 6,977</u>	<u>\$ 1,250,736</u>	<u>\$ 1,243,759</u>

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (NON-GAAP) BASIS AND ACTUAL
 STREET CONSTRUCTION MAINTENANCE AND REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 317,653	\$ 1,260,975	\$ 1,312,357	\$ 51,382
Interest	1,190	1,524	4,918	3,394
Other	1,157	117,285	4,779	(112,506)
Total Revenues	<u>320,000</u>	<u>1,379,784</u>	<u>1,322,054</u>	<u>(57,730)</u>
Expenditures:				
Current:				
Transportation	2,256,120	2,800,709	2,605,958	194,751
Total Expenditures	<u>2,256,120</u>	<u>2,800,709</u>	<u>2,605,958</u>	<u>194,751</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,936,120)</u>	<u>(1,420,925)</u>	<u>(1,283,904)</u>	<u>137,021</u>
Other Financing Sources (Uses)				
Transfer In	500,000	500,000	650,000	150,000
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>650,000</u>	<u>150,000</u>
Net Change in Fund Balance	(1,436,120)	(920,925)	(633,904)	287,021
Fund Balance at Beginning of Year	1,028,541	1,028,541	1,028,541	-
Fund Balance- End of Year	<u>\$ (407,579)</u>	<u>\$ 107,616</u>	<u>\$ 394,637</u>	<u>\$ 287,021</u>

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET (NON-GAAP) BASIS AND ACTUAL
 LOCAL FISCAL RECOVERY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 898,940	\$ 358,614	\$ 358,614	\$ -
Other	7,407	2,955	3,141	186
Total Revenues	<u>906,347</u>	<u>361,569</u>	<u>361,755</u>	<u>186</u>
Expenditures:				
Current:				
Security of Persons and Property	2,680,540	2,680,540	2,673,291	7,249
General Government	750,000	750,000	64,826	685,174
Total Expenditures	<u>3,430,540</u>	<u>3,430,540</u>	<u>2,738,117</u>	<u>692,423</u>
Net Change in Fund Balance	(2,524,193)	(3,068,971)	(2,376,362)	692,609
Fund Balance at Beginning of Year	3,071,927	3,071,927	3,071,927	-
Fund Balance- End of Year	<u><u>\$ 547,734</u></u>	<u><u>\$ 2,956</u></u>	<u><u>\$ 695,565</u></u>	<u><u>\$ 692,609</u></u>

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 STATEMENT OF FUND NET POSITION
 ENTERPRISE FUND
 DECEMBER 31, 2023**

	<u>Solid Waste Collection</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 2,969,571
Accounts Receivable	2,220,948
Prepaid Items	69
Net Pension Assets	2,402
Total Assets	<u>5,192,990</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	91,851
OPEB	13,891
Total Deferred Outflows of Resources	<u>105,742</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	142,488
Accrued Wages and Benefits	2,843
Compensated Absences Payable	9,485
Intergovernmental Payable	923
Total Current Liabilities	<u>155,739</u>
Noncurrent Liabilities:	
Compensated Absences Payable	20,955
Net Pension Liability	209,890
Net OPEB Liability	4,515
Total Noncurrent Liabilities	<u>235,360</u>
Total Liabilities	<u>391,099</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	2,153
OPEB	1,489
Total Deferred Inflows of Resources	<u>3,642</u>
NET POSITION	
Restricted for:	
Pension	3,834
Unrestricted	4,900,157
Total Net Position	<u>\$ 4,903,991</u>

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Solid Waste Collection
OPERATING REVENUES	
Charges for Services	\$ 2,213,678
Miscellaneous	881
Total Operating Revenues	2,214,559
OPERATING EXPENSES	
Salaries	113,332
Fringe Benefits	93,370
Contractual Services	1,832,834
Other	33,394
Total Operating Expenses	2,072,930
Change in Net Position	141,629
Net Position - Beginning of Year	4,762,362
Net Position - End of Year	\$ 4,903,991

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 STATEMENT OF CASH FLOWS
 ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Solid Waste Collection</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Charges for Services	\$ 2,185,146
Cash Payments to Employees for Services	(108,788)
Cash Payments for Employee Benefits	(40,336)
Cash Payments for Goods and Services	(1,691,483)
Other Cash Payments	(33,394)
Net Cash Provided by Operating Activities	<u>311,145</u>
 Net Increase in Cash and Cash Equivalents	 311,145
 Cash and Cash Equivalents - Beginning of Year	 <u>2,658,426</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,969,571</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 141,629
Adjustments:	
(Increase)/Decrease in Assets:	
Accounts Receivable	(29,413)
Net Pension Assets	(194)
Net OPEB Assets	12,719
Deferred Outflows of Resources - Pension	(72,100)
Deferred Outflows of Resources - OPEB	(13,357)
Prepaid Items	(7)
Increase (Decrease) in Liabilities:	
Accounts Payable	142,488
Accrued Wages	754
Compensated Absences Payable	3,859
Intergovernmental Payable	331
Net Pension Liability	174,106
Deferred Inflows of Resources - Pension	(42,533)
Deferred Inflows of Resources - OPEB	(11,652)
Net Cash Provided by Operating Activities	<u>\$ 311,145</u>

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 DECEMBER 31, 2023**

	Custodial Fund
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 346
Total Assets	346
LIABILITIES	
Intergovernmental Payable	379
Total Liabilities	379
NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	(33)
Total Net Position	\$ (33)

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Custodial Fund
ADDITIONS	
Licenses, Permits, & Fees Distributions for Other Governments	\$ 2,967
Total Additions	2,967
 DEDUCTIONS	
Distributions to the State of Ohio	3,000
Total Deductions	3,000
 Net Increase (Decrease) in Fiduciary Net Position	 (33)
 Net Position - Beginning of Year	 -
Net Position - End of Year	\$ (33)

See accompanying Notes to the Basic Financial Statements

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 1: **DESCRIPTION OF THE CITY AND REPORTING ENTITY**

Description of the City

The City of Maple Heights (the “City”) is a home rule municipal corporation established and operated under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a Council/Mayor form of government, was adopted in 1932. Legislative authority is vested in an eight-member Council. The President of Council is elected at-large, and seven members are elected from districts, all for four-year terms. The Mayor is elected to a four-year term.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, boards, and departments that are not legally separate from the City. For the City of Maple Heights, this includes the agencies and departments that provide the following services: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, sanitary sewer service and general administrative services.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City 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 reporting entity of the City does not include any component units.

The City participates in three jointly governed organizations and an insurance purchasing pool. These organizations are the Southeast Area Law Enforcement Organization, the Northeast Ohio Public Energy Council (NOPEC), the Chagrin/Southeast Council of Governments and the Northern Ohio Risk Management Association (NORMA). These organizations are presented in Notes 18 and 19 to the basic financial statements.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Basis of Presentation

The City'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 City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City 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 City at this more detailed level. The focus of governmental and enterprise fund 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. Fiduciary funds are reported by type.

Fund Accounting

The City 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 City reports three categories of funds: governmental, proprietary, and fiduciary.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Governmental Funds Governmental funds are those through which most governmental functions 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 is the City's major governmental funds:

General Fund

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

Water/Sewer Maintenance Fund

The Water/Sewer Maintenance Fund accounts for and reports funds accumulated for the repair and maintenance of water and sewer lines within the City.

Street Construction Maintenance and Repair

The Street Construction, Maintenance and Repair Fund is required by the Ohio Revised Code to account for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Local Fiscal Recovery Fund

Local Fiscal Recovery Fund accounts for and reports the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) received to support the response to and recovery from COVID-19 public health emergency.

The other governmental funds of the City account for grants and other resources, whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

Enterprise Funds Enterprise funds may be used to account for and report any activity for which a fee is charged to external users for goods or services. The following is the City's major enterprise fund:

Solid Waste Collection Fund

The Solid Waste Collection Fund accounts for and reports the fees collected to cover the refuse pick-up and hauling system provided through the City.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's custodial fund accounts for building assessment fees collected for the Ohio Board of Building Standards.

Measurement Focus

Government-wide Financial Statements

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 City 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.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and 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 Enterprise 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 the fund are included on the Statement of Net Position. The Statement of Revenues, Expenses, and 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 City finances and meets the cash flow needs of its proprietary activities.

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 statements presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Basis of Accounting (Continued)

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the 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 City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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: income taxes, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants, fees, and rentals.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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 City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 15 and 16.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Basis of Accounting (Continued)

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 City, deferred inflows of resources include property taxes, lease, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental, special assessment, and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. The deferred inflows of resources related pension are explained in Notes 15 and 16.

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

Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and set annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department for all funds. For the other object level, the Finance Director has been authorized to allocate appropriations within each department and any object level on the books, other than personal services. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Budgetary Data (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amount on the amended certificate of estimated resources in effect at the time the original and final appropriations were enacted by Council.

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Cash and Cash Equivalents."

The City's investment in State Treasury Asset Reserve of 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 and is recognized as an external investment pool by the City. The city measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2023, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2023 amounted to \$200,261.

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 City are presented on the financial statements as cash equivalents.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Capital Assets

The City's only capital assets are general capital assets. General capital assets are those assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 City was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure 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 City maintains a capitalization threshold of five thousand dollars. 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 are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	15-65 years
Machinery and Equipment	5-20 years
Vehicles	5-25 years
Infrastructure	20-75 years

The City's infrastructure consists of roads and sidewalks, storm sewers and traffic signals and includes infrastructure acquired prior to December 31, 1980.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Interfund Balances

On fund financial statements, receivables and payables resulting in short term interfund loans are classified as “interfund receivables/payables”. Interfund balance amounts are eliminated in the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 City records a liability for all accumulated unused vacation time when earned for all employees.

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 that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City’s termination policy. The City records a liability for accumulated unused sick leave for all employees with at least five years of service at a percentage specified in the individual union contracts.

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments came due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employees who have resigned or retired will be paid.

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 proprietary funds 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, compensated absences and claims payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, long-term loans, and capital leases are recognized as a liability on the governmental fund financial statements when due.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Accrued Liabilities and Long-Term Obligations (Continued)

Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City 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 or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinances or resolution, as both are equally binding) of City Council.

Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinances or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. 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.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Fund Balance (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by council. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in 2023's appropriated budget.

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 City 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.

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. 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.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Accounting (Continued)

Interfund Activity (Continued)

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 and after nonoperating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over 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 the governmental fund statements, bond premiums are reported in the year the bonds are issued.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for solid waste collection services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Estimates

The preparation of the 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.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB 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.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 3: FUND BALANCES

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

Fund Balances	General	Water/Sewer Maintenance	Construction Maintenance and Repair	Local Fiscal Recovery	Other Governmental Funds	Total
<i>Nonspendable</i>						
Prepaid Items	\$ 208,505	\$ 326	\$ 2,315	\$ -	\$ 33,638	\$ 244,784
Inventories	42,710	-	143,007	-	-	185,717
<i>Total Nonspendable</i>	<u>251,215</u>	<u>326</u>	<u>145,322</u>	<u>-</u>	<u>33,638</u>	<u>430,501</u>
<i>Restricted for</i>						
Road Improvements	-	-	590,989	-	403,510	994,499
Muni Motor Vehicle	-	-	-	-	19,822	19,822
Police and Fire Operations	-	-	-	-	141,422	141,422
Drug and Alcohol Enforcement	-	-	-	-	453,134	453,134
Economic Development	-	-	-	-	121,851	121,851
Recreation	-	-	-	-	65,755	65,755
Computer Technology	-	-	-	-	3,263	3,263
COPS and NHS Grant	-	-	-	-	299,714	299,714
Opioid Settlement	-	-	-	-	18,745	18,745
Sewer Maintenance	-	1,614,875	-	-	-	1,614,875
Debt Payment	-	-	-	-	137,078	137,078
Capital Improvements	-	-	-	-	37,130	37,130
<i>Total Restricted</i>	<u>-</u>	<u>1,614,875</u>	<u>590,989</u>	<u>-</u>	<u>1,701,424</u>	<u>3,907,288</u>
<i>Committed to</i>						
Ambulance Billing	-	-	-	-	842,465	842,465
Mayor's Court	350,652	-	-	-	-	350,652
<i>Total Committed</i>	<u>350,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>842,465</u>	<u>1,193,117</u>
<i>Assigned to</i>						
Fiscal Year 2024 Appropriations	4,429,360	-	-	-	-	4,429,360
Purchases on Order:						
Security of Person and Property	1,802	-	-	-	-	1,802
Community Environment	1,039	-	-	-	-	1,039
General Government	21,100	-	-	-	-	21,100
<i>Total Assigned</i>	<u>4,453,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,453,301</u>
<i>Unassigned (Deficit)</i>	<u>5,930,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(303,198)</u>	<u>5,627,640</u>
Total Fund Balances	<u><u>\$ 10,986,006</u></u>	<u><u>\$ 1,615,201</u></u>	<u><u>\$ 736,311</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,274,329</u></u>	<u><u>\$ 15,611,847</u></u>

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 4: **CHANGES IN ACCOUNTING PRINCIPLES**

During the year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. These changes were incorporated in the City's financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. These changes were incorporated in the City's financial statements. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are 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 this Statement did not have an effect on the financial statements of the City.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 5: **ACCOUNTABILITY AND COMPLIANCE**

Accountability

Fund balance at December 31, 2023, included the following individual fund deficits:

	Deficit
<u>Nonmajor Governmental Funds</u>	
Street Lighting	\$ 37,456
Police Pension	3,776
Fire Pension	40,613
EMS Grant	15,236
SAFER Grant	143,834
FEMA Fire Grant	62,283
Total Nonmajor Governmental Funds	\$ 303,198
<u>Custodial Fund</u>	33
Total	303,231

The nonmajor fund deficits were caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis. The General Fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur.

NOTE 6: **BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual for the General Fund, the Water/Sewer Maintenance Fund, Street, Construction, Maintenance and Repair Fund, and the Local Fiscal Recovery Fund are 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:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP basis).
3. The Unclaimed Funds Fund, Trust and Agency Fund and Mayor's Court Fund are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 6: BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budget basis statements for the General Fund and the Water/Sewer Maintenance Fund

	General	Water/Sewer Maintenance	Street Construction Maintenance and Repair	Local Fiscal Recovery
GAAP Basis	\$ 1,744,611	\$ 1,177,823	\$ (560,892)	\$ -
Revenue Accruals	236,847	211,234	(83,040)	(2,377,839)
Expenditure Accruals	(59,416)	(500,810)	10,028	1,477
Unclaimed Funds Fund	1,233	-	-	-
Trust and Agency Fund	20,485	-	-	-
and other financing uses:				
Mayor's Court Fund	26,322	-	-	-
Encumbrances (Budget Basis) outstanding at year end	(33,596)	-	-	-
Budget Basis	<u>\$ 1,936,486</u>	<u>\$ 888,247</u>	<u>\$ (633,904)</u>	<u>\$ (2,376,362)</u>

NOTE 7: DEPOSITS AND INVESTMENTS

The City has chosen to follow State statutes and classify monies held by the City into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City 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 Council 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.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the City 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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. 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.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Cash on Hand

The City has \$2,800 in undeposited cash on hand, which is reported on the balance sheet as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City’s deposits was \$16,356,571 and \$253,833 of the City’s bank balance of \$16,769,610 was covered by Federal Depository Insurance and \$14,473,494 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the City’s name, and \$2,067,283 was uninsured and uncollateralized. The City’s financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The City’s financial institution had enrolled in OPCS as of December 31, 2023.

Investments

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City 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. At December 31, 2023, the City had \$1,128,433 invested in STAR Ohio.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City’s investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Treasurer or qualified trustee.

NOTE 8: **RECEIVABLES**

Receivables at December 31, 2023, consisted primarily of municipal income taxes, property taxes, lease, accounts (billings for user charged services and court fines), and intergovernmental receivables arising from grants, entitlements, and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes. All receivables are expected to be collected within one year except for delinquent property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of the 2022 taxes. Property tax payments received during 2023 for tangible personal property (other than public utility property) are for 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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 later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2023, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 8: **RECEIVABLES** (Continued)

The full tax rate for all City operations for the year ended December 31, 2023, was \$20.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based as follows:

Property Category	Assessed Value
Real Estate	
Residential/Agriculture	\$235,093,850
Commercial Industrial/Public Utility	\$87,717,110
Tangible Personal Property	
Public Utility	18,139,930
Total	\$340,950,890

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Maple Heights, and periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2023 and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources – property taxes. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

The City levies an income tax of 2.50 percent on all income earned within the City as well as income of residents earned outside the City. The City allows a 100 percent credit on the income tax rate of 2.50 percent on the income earned outside the City and paid to another municipality. Employers within the City are required to withhold income tax on employee compensation and remit this tax to an intermediary collection agency (Regional Income Tax Agency) at least quarterly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the collection agency. The collection agency remits taxes collected to the City each month.

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

Revenue Description	Amount
Local Government	\$ 571,181
Homestead and Rollback	353,540
Gasoline Tax and Auto Registration	654,263
Grants and others	1,174,549
Total	\$ 2,753,533

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 8: **RECEIVABLES** (Continued)

Leases Receivable

In previous years, the City entered into a lease as Lessor for the use of Cell Tower. An initial lease receivable was recorded in the amount of \$255,549. As of December 31, 2023, the value of the lease receivable is \$245,081. The lessee is required to make monthly fixed payments of \$1,034 for the current year and increase an additional 2 percent each year. The lease has an interest rate of 2.99 percent. The value of the deferred inflow of resources as of December 31, 2023 was \$234,098, and the City of Maple Heights recognized lease revenue of \$11,192 during the fiscal year. The lessee has 5 extension options, each for 60 months, and is currently in the first extension and it is reasonably certain they will extend. The table below is the payment schedule.

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 5,939	\$ 7,226	\$ 13,165
2025	6,405	7,023	13,428
2026	6,871	6,826	13,697
2027	7,356	6,615	13,971
2028	7,842	6,408	14,250
2029 - 2033	47,616	28,026	75,642
2034 - 2038	63,709	19,806	83,515
2039 - 2043	83,261	8,946	92,207
2044	16,082	220	16,302
Total	\$ 245,081	\$ 91,096	\$ 336,177

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**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 9: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land*	\$ 340,339	\$ -	\$ -	\$ 340,339
Construction in progress	6,086,481	3,610,032	(1,756,429)	7,940,084
Total non-depreciable assets	<u>6,426,820</u>	<u>3,610,032</u>	<u>(1,756,429)</u>	<u>8,280,423</u>
Capital Assets, being depreciated:				
Buildings and Improvements	12,094,990	930,576	-	13,025,566
Machinery and Equipment	2,373,923	357,241	-	2,731,164
Vehicles	5,589,619	112,916	(206,848)	5,495,687
Infrastructure:				
Roads	34,048,685	562,902	-	34,611,587
Traffic Signals	3,376,472	-	-	3,376,472
Storm Sewers	23,788,883	-	-	23,788,883
Sidewalks	1,424,833	-	-	1,424,833
Total Capital Assets, being depreciated	<u>82,697,405</u>	<u>1,963,635</u>	<u>(206,848)</u>	<u>84,454,192</u>
Less Accumulated depreciation:				
Buildings and Improvements	(8,176,081)	(200,638)	-	(8,376,719)
Machinery and Equipment	(1,856,268)	(151,976)	-	(2,008,244)
Vehicles	(4,438,624)	(220,021)	135,857	(4,522,788)
Infrastructure:				
Roads*	(17,664,465)	(1,224,291)	-	(18,888,756)
Traffic Signals	(3,038,374)	(24,580)	-	(3,062,954)
Storm Sewers	(8,245,136)	(463,947)	-	(8,709,083)
Sidewalks	(902,063)	(53,423)	-	(955,486)
Total Accumulated depreciation	<u>(44,321,011)</u>	<u>(2,338,876)</u>	<u>135,857</u>	<u>(46,524,030)</u>
Total Capital Assets being depreciated, net	<u>38,376,394</u>	<u>(375,241)</u>	<u>(70,991)</u>	<u>37,930,162</u>
Governmental Activities Capital Assets, net	<u>\$ 44,803,214</u>	<u>\$ 3,234,791</u>	<u>\$ (1,827,420)</u>	<u>\$ 46,210,585</u>

* Certain reclassifications were made

Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$ 212,976
Transportation	1,258,079
General Government	166,083
Leisure Time Activities	163,448
Community Environment	5,959
Basic Utility Services	532,331
	<u>\$ 2,338,876</u>

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 10: **INTERFUND TRANSFERS AND BALANCES**

Interfund Transfers

During 2023, the General Fund transferred \$2,560,390 to other governmental funds as debt payments came due, to pay for street lighting payments and to provide additional resources for current operations.

Interfund Balances

During 2023, Other Governmental Funds had interfund payables to the General Fund in the amount of \$475,014. The interfund receivables and payable are the result of short-term advances from the General Fund and are expected to be repaid within one year.

NOTE 11: **LONG-TERM OBLIGATIONS**

The original issuance amounts for the City’s long-term obligations are as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Year of Maturity</u>
Governmental Activities			
<i>General Obligation Bonds</i>			
General Obligation Various Purpose	2.14%	\$ 7,020,000	2030
Capital Appreciation Bonds	7.25%-7.5%	1,647,911	2024
<i>OPWC Loans - Direct Borrowings</i>			
Industrial Avenue/E. 141st Improvement	0%	556,403	2023
Northfield Road Improvements	0%	360,000	2030
East 141st Street and Maple Heights Improvements	0%	333,013	2034
Broadway Sanitary Interceptor Extension	0%	91,860	2043
Broadway Avenue Reconstruction	0%	381,774	2039
Sanitary Sewer Repair	0%	196,560	2047
Libby Road Reconstruction	0%	298,792	2037
Lee Road Pavement Repairs	0%	246,502	2042
Various Sewer Repair	0%	104,364	2043

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 11: LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations of the City during 2023 are as follows:

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023	Due in One Year
Governmental Activities					
General Obligations Bonds					
Various Purpose and Refunding, due 2030	\$ 6,995,000		\$ (25,000)	\$ 6,970,000	\$ 25,000
Capital Appreciation Bonds, due 2024	758,565		(399,370)	359,195	359,195
Accretion on Bonds	1,120,915	200,520	(640,630)	680,805	680,805
Unamortized Premium	276,530	-	(37,286)	239,244	-
Total general Obligation Bonds	<u>9,151,010</u>	<u>200,520</u>	<u>(1,102,286)</u>	<u>8,249,244</u>	<u>1,065,000</u>
OPWC Loans - Direct Borrowings					
Industrial Avenue/E.141	27,822	-	(27,822)	-	-
Northfield Road	135,000	-	(18,000)	117,000	18,000
East 141st Street and Maple Heights	191,482	-	(16,651)	174,831	16,651
Broadway Sanitary Interceptor Extension	65,833	-	(3,062)	62,771	3,062
Broadway Avenue Reconstruction	251,972	-	(15,271)	236,701	15,271
Sanitary Sewer Repair	163,800	-	(6,552)	157,248	6,552
Libby Road Reconstruction	231,562	-	(14,940)	216,622	14,940
Lee Road Pavement Repair	202,132	-	(9,860)	192,272	9,860
Various Sewer Repair	-	104,364	-	104,364	5,218
Total OPWC Loans	<u>1,269,603</u>	<u>104,364</u>	<u>(112,158)</u>	<u>1,261,809</u>	<u>89,554</u>
Other long-term obligations:					
Net Pension Liability:					
OPERS	1,409,353	3,296,516	-	4,705,869	-
OP&F	12,293,016	6,259,418	-	18,552,434	-
Total Net Pension Liability	<u>13,702,369</u>	<u>9,555,934</u>	<u>-</u>	<u>23,258,303</u>	<u>-</u>
Net OPEB Liability:					
OPERS	-	101,236	-	101,236	-
OP&F	2,156,762	-	(766,220)	1,390,542	-
Total Net OPEB Liability	<u>2,156,762</u>	<u>101,236</u>	<u>(766,220)</u>	<u>1,491,778</u>	<u>-</u>
Financed Purchases Payables					
Cuyahoga County Payable	492,330		(147,414)	344,916	152,393
Compensated absences	1,608,939		(513,407)	1,095,532	357,542
Accrued police and fire pension liability	1,403,974	552,316	(533,864)	1,422,426	700,833
Asset Retirement Obligations	220,524	-	(13,759)	206,765	14,350
Asset Retirement Obligations	60,000	-	-	60,000	-
Total other long-term obligations	<u>19,644,898</u>	<u>10,209,486</u>	<u>(1,974,664)</u>	<u>27,879,720</u>	<u>1,225,118</u>
Total governmental Long-term Liabilities	<u>\$ 30,065,511</u>	<u>\$ 10,514,370</u>	<u>\$ (3,189,108)</u>	<u>\$ 37,390,773</u>	<u>\$ 2,379,672</u>
Business-Type Activities					
Other long-term obligations:					
Net Pension Liability:					
OPERS	\$ 35,784	\$ 174,106	\$ -	\$ 209,890	\$ -
Net OPEB Liability:					
OPERS	-	4,515	-	4,515	-
Compensated absences	26,581	11,462	(7,603)	30,440	9,485
Total Business-Type Long-term Liabilities	<u>\$ 62,365</u>	<u>\$ 190,083</u>	<u>\$ (7,603)</u>	<u>\$ 244,845</u>	<u>\$ 9,485</u>

General obligation bonds General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from both voted and unvoted general property taxes levied on all taxable property located within the City as well as municipal income taxes. Tax monies will be received in and the debt will be retired from the Bond Retirement Debt Service Fund.

2010 Bonds On June 23, 2010, the City issued \$12,922,911 in general obligations bonds to partially refund the 1998 Capital Purpose and Refunding Bond, refund the 2000 Capital Purpose Bond and to pay the costs of various other improvements within the City. The bonds will be retired through the Bond Retirement Fund.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 11: **LONG-TERM OBLIGATIONS** (Continued)

The serial and capital appreciation bonds remained outstanding at December 31, 2023. The capital appreciation bonds were originally sold at a discount of \$2,512,089, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2022 through 2024.

The maturity amount of outstanding capital appreciation bonds at December 31, 2023 is \$359,195. The accretion recorded for 2023 was \$200,520, for a total outstanding bond liability of \$1,040,000 at December 31, 2023.

On January 2022, the City issued Refunding General Obligation Bonds in the amount of 7,020,000 at the interest rate of 2.14 percent.

OPWC Loans OPWC loans consist of money owed to the Ohio Public Works Commission for road improvements and for sanitary sewer improvements. The loans are interest free. OPWC loans will be paid from the Water/Sewer Maintenance Fund. The City's direct borrowings from OPWC contain a provision that in an event of default the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from the portion of the local government fund that would otherwise be remitted to the City.

Financed Purchase Payables Financed purchase obligations will be paid from the fund that maintains custody of the related assets. Financed purchase will be paid from the General Fund, Police Levy Fund, Fire Levy Fund and the Street Construction Maintenance and Repair Fund.

Compensated Absences The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Sewer Maintenance Fund, the Police Levy Fund, the Fire Levy Fund, the Ambulance Billing Fund, and the Street Construction Maintenance and Repair Special Revenue Fund.

Net Pension Liability and Net OPEB Liability The City pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability and net OPEB liability. However, employer pension contributions are made from the following funds; the General Fund, the Police pension, Fire pension, Sewer Maintenance, Police Levy, Fire Levy, Ambulance Billing, Street Construction Maintenance and Repair, Computer Fee, Senior Center, and Solid Waste Collection Funds.

Asset Retirement Obligations See Note 20 for further explanations on Asset Retirement Obligations.

On July 19, 2022 the City entered into a payment plan with Cuyahoga County for delinquent taxes on City owned properties. The City is to make monthly payments of \$29,795 for sixty months. During 2023, the City was granted for an exemption credit of three years which reduced the amount of the payable.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 11: **LONG-TERM OBLIGATIONS** (Continued)

The table below is the amortization schedule.

Year	Cuyahoga County Payable Principal
2024	\$ 357,542
2025	343,278
2026	313,523
2027	81,189
	\$ 1,095,532

Accrued Police and Fire Pension Liability The police and fire pension liability will be paid from the Police and Fire Pension Special Revenue funds. This includes an accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters.

The City's overall legal debt margin was \$27,135,996 with an unvoted debt margin of \$18,752,299 at December 31, 2023.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2023, were as follows:

Year	Governmental Activities			
	General Obligation Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 25,000	\$ 149,158	\$ 359,195	\$ 680,805
2025	1,095,000	148,624	-	-
2026	1,125,000	125,190	-	-
2027	1,145,000	101,114	-	-
2028	1,165,000	76,612	-	-
2029-2030	2,415,000	77,788	-	-
	\$ 6,970,000	\$ 678,486	\$ 359,195	\$ 680,805

Year	Governmental Activities		
	OPWC Loans	Accrued Police and Fire Pension	
	Principal	Principal	Interest
2024	\$ 89,554	\$ 14,351	\$ 9,227
2025	89,553	14,967	8,637
2026	89,553	15,610	8,020
2027	89,553	16,280	7,378
2028	89,553	16,979	3,725
2029-2033	384,766	75,528	25,408
2034-2038	275,367	53,050	3,387
2039-2043	126,171	-	-
2044-2047	27,739	-	-
	\$ 1,261,809	\$ 206,765	\$ 65,782

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 12: FINANCED PURCHASE PAYABLE

In 2022, the City entered into a lease for five vehicles. In prior years, the City entered into finance purchase agreements for a street sweeper, police cruisers, an ambulance, ambulance equipment, and a fire truck, and two police vehicles. All agreements are secured by the related property as mentioned above. Payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

In the event of a default the lender may require the City, at the City's cost, to promptly deliver possession of the collateral to the lender, and may recover all expenses and collection costs which the lender has incurred.

	Governmental Activities
Equipment	\$ 79,598
Vehicles	1,448,847
Building	
Less: Accumulated Depreciation	873,774
Total	\$ 654,671

The following is a schedule of the future minimum financed purchase payments and the present value of the minimum lease payments as of December 31, 2023.

	Governmental Activities
Year	
2024	\$ 163,437
2025	122,060
2026	78,490
Total minimum lease payments	363,987
Less: Amount representing interest	(19,071)
Present value of minimum lease payments	\$ 344,916

NOTE 13: COMPENSATED ABSENCES

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements and State laws. City employees earn vacation leave at graduated rates based on length of service. The City accrues the vacation leave benefits as earned. The City's current vacation policy specifies that accumulated vacation leave must be used prior to December 31 of the year following the year in which it is earned. City employees are paid for earned unused vacation leave at the time of termination or retirement. Employees earn sick leave at a rate for 4.6 hours for every 80 hours worked. City employees earn sick leave which, if not taken, accumulates until retirement or separation from employment. Upon retirement or death, an employee can be paid up to 40 percent of accumulated sick leave, subject to certain limitations and depending on number of service years, calculated at current wage rates.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 14: **RISK MANAGEMENT**

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 1989, the City joined together with neighboring cities to form the Northern Ohio Risk Management Association (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability and vehicle insurance and providing for a formalized, jointly administered self-insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the General Fund. NORMA is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of NORMA. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the City. The City is not liable nor will it receive a cash balance of past claims upon departure from the pool.

There has not been a significant reduction in coverage from the prior year and claims have not exceeded coverage provided by NORMA in any of the last three years.

Employee Insurance Benefits

The City provides life, health, vision and dental benefits to full time city employees. Coverage is provided by a commercial insurance carrier under a shared-funding plan. The City will pay up to a predetermined amount toward each employee's health care costs. Once the employees meet their deductible, the insurance company will pay the employee's remaining annual health care costs.

Workers' Compensation

The City pays the Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability/Asset

The net pension liability/(asset) reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability 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 this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of-living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

**CITY OF MAPLE HEIGHTS
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(CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan will no longer be available for new hires.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows on the next page:

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

	State and Local
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

** These pension and employer health care rates are for the traditional plan. Beginning July 1, 2022, the employer contribution rate for the combined plan is allocated 2 percent health care with the remainder going to pension. The employer contributions rate for the member-directed plan allocated 4 percent for health care with remainder going to pension.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer’s contribution allocated to health care was 0% for 2023 for the Traditional and 2% for Combined plans. The portion of the employer’s contribution allocated to health care was 4% for the Member-Directed plan for 2023. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contributions was \$423,755 for fiscal year ending December 31, 2023. Of this amount, \$44,697 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members’ base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent. The COLA amount for a member with at least 15 years of service credits as of July 1, 2013 is equal to 3 percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

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 (CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,106,437 for 2023. Of this amount, \$118,725 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2023, the specific liability of the City was \$206,765 payable in semi-annual payments through the year 2035.

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

The net pension liability/asset for OPERS was measured as of December 31, 2022, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability/asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.016610%	0.022635%	0.1967694%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.016641%	0.023869%	0.1953087%	
Change in Proportionate Share	0.000031%	0.001234%	-0.0014607%	
Proportionate Share of the Net Pension Liability	\$ 4,915,759	\$ -	\$ 18,552,434	\$ 23,468,193
Proportionate Share of the Net Pension (Asset)	\$ -	\$ (56,257)	\$ -	\$ (56,257)
Pension Expense	\$ 828,421	\$ 7,035	\$ 1,984,848	\$ 2,820,304

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FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 15: DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 1,401,145	\$ 20,500	\$ 2,701,004	\$ 4,122,649
Differences between expected and actual experience	163,280	3,460	278,276	445,016
Changes of assumptions	51,931	3,727	1,673,362	1,729,020
Changes in proportion and differences between City contributions and proportionate share of contributions	68,509	14,917	126,823	210,249
City contributions subsequent to the measurement date	411,362	12,393	1,106,437	1,530,192
Total Deferred Outflows of Resources	<u>\$ 2,096,227</u>	<u>\$ 54,997</u>	<u>\$ 5,885,902</u>	<u>\$ 8,037,126</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ -	\$ 8,036	\$ 422,678	\$ 430,714
Changes of assumptions	-	-	361,767	361,767
Changes in proportion and differences between City contributions and proportionate share of contributions	28,978	13,421	510,741	553,140
Total Deferred Inflows of Resources	<u>\$ 28,978</u>	<u>\$ 21,457</u>	<u>\$ 1,295,186</u>	<u>\$ 1,345,621</u>

\$1,530,192 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Year Ending December 31:				
2024	\$ 228,927	\$ 658	\$ 270,283	\$ 499,868
2025	328,158	3,521	846,294	1,177,973
2026	412,424	5,974	953,046	1,371,444
2027	686,378	9,659	1,481,401	2,177,438
2028	-	362	(66,745)	(66,383)
Thereafter	-	973	-	973
Total	<u>\$ 1,655,887</u>	<u>\$ 21,147</u>	<u>\$ 3,484,279</u>	<u>\$ 5,161,313</u>

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 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	2.75 percent	2.75 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple	3 percent, simple through 2023, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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 NOTES TO THE BASIC FINANCIAL STATEMENTS
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 (CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the City’s proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>City’s proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Traditional Pension Plan	\$ 7,363,643	\$ 4,915,759	\$ 2,879,559
Combined Plan	\$ (29,359)	\$ (56,257)	\$ (77,574)

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
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 (CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below:

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the 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 averaged 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. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022 are summarized on the following pages:

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CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 15: **DEFINED BENEFIT PENSION PLAN** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	18.60	4.80
International Equity	12.40	5.50
Core Fixed Income *	25.00	2.50
U.S. Inflation Linked Bonds *	15.00	2.00
High Yield Fixed Income	7.00	4.40
Private Real Estate	12.00	5.30
Private Markets	10.00	7.90
Midstream Energy Infrastructure	5.00	5.90
Private Credit	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: Assumptions are geometric

* levered 2.5x

** Geometric mean, net of expected inflation

OP&F’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a 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 City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 24,474,239	\$ 18,552,434	\$ 13,629,636

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
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(CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN**

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net 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 City’s obligation for this liability/asset to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes that any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability.

Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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(CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Effective January 1, 2022 the Combined Plan is no longer available for member selection.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Currently, Medicare-eligible retirees can select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses, and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA.

For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

The base HRA allowance is determined by OPERS. Retirees receive a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022 or after must meet the following health care eligibility requirements to receive an HRA allowance:

1. Medicare Retirees – Medicare-eligible with a minimum of 20 years of qualifying service credit.
2. Non-Medicare Retirees – Non-Medicare retirees qualify based on the following age-and-service criteria:
 - a. Group A – 30 years of qualifying service credit at any age;

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 (CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

- b. Group B – 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;
- c. Group C – 32 years of qualifying service credit and minimum age 55; or,
- d. A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible

for coverage at age 65 if they have at least 20 years of qualifying service. Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Retirement Date	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
December 1, 2014 or Prior	Any	10	Any	10	Any	10
January 1, 2015 through December 31, 2021	60	20	52	31	55	32
	Any	30	Any	32	60	20

The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org> or, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of covered payroll. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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(CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate employer contributions to health care for members in the Traditional Pension Plan. Effective July 1, 2022, OPERS began allocating 2.0 percent of the employer contribution rate to health care funding for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$6,541 for 2023.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing, multiple-employer defined post-employment healthcare plan that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. A summary of the full benefit provisions can be found in OP&F's annual comprehensive financial report.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available annual comprehensive financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
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 (CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The City's contractually required contribution to OP&F was \$26,071 for 2023. Of this amount, \$2,793 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability/asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability/Asset			
Prior Measurement Date	0.016399%	0.1967694%	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.016772%	0.1953087%	
Change in Proportionate Share	0.000373%	-0.0014607%	
Proportionate Share of the Net OPEB			
Liability	\$ 105,751	\$ 1,390,542	\$ 1,496,293
OPEB Expense	\$ (173,660)	\$ (46,386)	\$ (220,046)

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ -	\$ 82,979	\$ 82,979
Changes of assumptions	103,289	692,971	796,260
Net difference between projected and actual earnings on pension plan investments	210,027	119,270	329,297
Changes in proportion and differences between City contributions and proportionate share of contributions	5,492	-	5,492
City contributions subsequent to the measurement date	6,541	26,071	32,612
 Total Deferred Outflows of Resources	 \$ 325,349	 \$ 921,291	 \$ 1,246,640
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 26,379	\$ 274,186	\$ 300,565
Changes of assumptions	8,499	1,137,347	1,145,846
Changes in proportion and differences between City contributions and proportionate share of contributions	-	323,744	323,744
 Total Deferred Inflows of Resources	 \$ 34,878	 \$ 1,735,277	 \$ 1,770,155

\$32,612 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2024	\$ 40,046	\$ (180,769)	\$ (140,723)
2025	76,931	(149,962)	(73,031)
2026	65,493	(66,296)	(803)
2027	101,460	(37,521)	63,939
2028	-	(121,437)	(121,437)
Thereafter	-	(284,072)	(284,072)
 Total	 \$ 283,930	 \$ (840,057)	 \$ (556,127)

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	2.75 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date:	5.22 percent
Prior Measurement Date:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	4.05 percent
Prior Measurement Date:	1.84 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2036
Prior Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met).

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

This This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, And the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 5.22 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher 6.22than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability	\$ 359,927	\$ 105,751	\$ 103,986

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 99,123	\$ 105,751	\$ 113,211

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. 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 averaged 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. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	18.60	4.80
Non-US Equity	12.40	5.50
Core Fixed Income *	25.00	2.50
U.S. Inflation Linked Bonds *	15.00	2.00
High Yield Fixed Income	7.00	4.40
Private Real Estate	12.00	5.30
Private Markets	10.00	7.90
Midstream Energy Infrastructure	5.00	5.90
Private Credit	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Commodities	2.00	3.60
Total	125.00 %	

Note: Assumptions are geometric
 * levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes in core fixed income and asset classes.

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (CONTINUED)**

NOTE 16: **DEFINED BENEFIT OPEB PLAN** (Continued)

Discount Rate The total OPEB liability was calculated using the discount rate of 4.27 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, resulting in a discount rate of 4.27 percent.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$ 1,712,321	\$ 1,390,542	\$ 1,118,877

NOTE 17: **CONTINGENCIES**

Grants

The City received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2023.

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS**

Litigation

The City is party to various legal proceedings. City management is of the opinion that ultimate settlement of such claims not covered by insurance will not result in a material adverse effect on the City's financial position.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

Southeast Area Law Enforcement Organization

The Southeast Area Law Enforcement Organization is comprised of seven municipalities in southeastern Cuyahoga County for the purpose of providing assistance in the form of a SWAT team, Bomb Unit, Investigation Unit, Narcotics Unit, Crisis Negotiation Team, and Communications Unit. The Organization is governed by a Board of Directors made up of one representative from each participating government. The degree of control exercised by any participating government is limited to its representation on the Board. In 2023 the City contributed \$15,000 to the Organization. The Southeast Area Law Enforcement Organization financial statements may be obtained by contacting the Finance Director of the City of Bedford, Ohio.

Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 200 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Maple Heights did not contribute to NOPEC during 2023. Financial information can be obtained by contacting the Board Chairman, at 31360 Solon Rd, Suite 33, Solon, Ohio 44139 or at the website www.nopecinfo.org.

Chagrin/Southeast Council of Governments

The Chagrin/Southeast Council of Governments operates the Chagrin/Southeast HazMat Response Team. The team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The council is governed by a Board of Directors made up of one representative from each participating government. The degree of control exercised by any participating government is limited to its representation on the Board. In 2023, the City contributed \$3,500 to the Organization. The Chagrin/Southeast Council of Governments financial statements may be obtained by contacting the Finance Director of the City of Bedford Heights, Ohio.

The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee ("HAZ MAT") which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)**

NOTE 19: **SHARED RISK POOL**

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the cities of Bedford Heights, Maple Heights, Highland Heights, Hudson, Mayfield Heights, Richmond Heights, Solon, South Euclid, Eastlake, University Heights, Beachwood, and the Village of Chagrin Falls. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the Mayor from each of the participating members.

Each entity must remain a member for at least three years from the commencement date of October 1, 1987, with the exception of the City of Solon whose commencement date is October 1, 1989, and the City of Maple Heights, whose commencement date is October 1, 1993. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool.

The self-insurance pool will pay up to \$750,000 per policy year before the aggregate stop-loss coverage takes over. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

In 2023, the City of Maple Heights paid \$276,386 in premiums from the General Fund. Financial information can be obtained by contacting the board chairman, the Finance Director at the City of Highland Heights, 5827 Highland Road, Highland Heights, Ohio 44143.

NOTE 20: **ASSET RETIREMENT OBLIGATIONS**

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a City classified as an “owner” or “operator,” to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. These assets’ retirement obligations (ARO) of \$60,000 associated with the City’s underground storage tanks was estimated by the City Service Director.

The USTs are fully depreciated. The City maintains insurance related to any potential pollution remediation associated with the USTs.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)**

Traditional Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.016641%	0.016610%	0.015567%	0.015122%	0.015250%	0.014828%	0.016882%	0.019225%	0.023435%	0.023435%
City's Proportionate Share of the Net Pension Liability	\$ 4,915,759	\$ 1,445,137	\$ 2,305,134	\$ 2,988,966	\$ 4,176,666	\$ 2,326,226	\$ 3,833,615	\$ 3,330,013	\$ 2,826,523	\$ 2,762,681
City's Covered Payroll	\$ 2,576,071	\$ 2,415,579	\$ 2,192,543	\$ 2,127,664	\$ 2,096,014	\$ 1,853,892	\$ 2,186,775	\$ 2,393,275	\$ 2,882,650	\$ 3,493,300
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.82%	59.83%	105.14%	140.48%	199.27%	125.48%	175.31%	139.14%	98.05%	79.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan	2022	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Asset	0.023869%	0.022635%	0.022010%	0.032745%	0.021277%	0.027624%	0.029329%	0.006110%	0.010312%	0.010312%
City's Proportionate Share of the Net Pension Asset	\$ (56,257)	\$ (87,610)	\$ (63,535)	\$ (68,281)	\$ (23,792)	\$ (37,606)	\$ (16,324)	\$ (2,972)	\$ (3,970)	\$ (1,082)
City's Covered Payroll	\$ 110,750	\$ 103,193	\$ 97,000	\$ 145,764	\$ 109,550	\$ 96,977	\$ 114,167	\$ 22,242	\$ 37,975	\$ 39,231
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	50.80%	84.90%	65.50%	46.84%	21.72%	38.78%	14.30%	13.36%	10.45%	2.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

See accompanying notes to the required supplementary information

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO POLICE AND FIRE PENSION FUND
LAST TEN YEARS (1)**

Police	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0856057%	0.0869018%	0.0850120%	0.0852008%	0.0829400%	0.0812534%	0.1005990%	0.1213130%	0.1076306%	0.1076306%
City's Proportionate Share of the Net Pension Liability	\$ 8,131,710	\$ 5,429,124	\$ 5,795,346	\$ 5,739,580	\$ 6,770,096	\$ 4,986,882	\$ 6,371,840	\$ 7,804,136	\$ 5,575,714	\$ 5,241,948
City's Covered Payroll	\$ 2,325,632	\$ 2,467,674	\$ 2,313,089	\$ 2,253,353	\$ 2,070,047	\$ 1,798,437	\$ 2,347,979	\$ 2,449,047	\$ 2,734,237	\$ 3,066,904
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	349.66%	220.01%	250.55%	254.71%	327.05%	277.29%	271.38%	318.66%	203.92%	170.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%
Fire	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.1097030%	0.1098676%	0.1133667%	0.1156889%	0.1186950%	0.1238940%	0.1253630%	0.1403674%	0.1325268%	0.1325268%
City's Proportionate Share of the Net Pension Liability	\$ 10,420,724	\$ 6,863,892	\$ 7,728,296	\$ 7,813,617	\$ 9,688,648	\$ 7,603,911	\$ 7,940,367	\$ 9,029,931	\$ 6,865,441	\$ 6,454,471
City's Covered Payroll	\$ 2,483,230	\$ 2,556,881	\$ 2,508,638	\$ 2,491,736	\$ 2,423,447	\$ 2,241,464	\$ 2,364,519	\$ 2,132,115	\$ 2,675,136	\$ 2,885,388
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	419.64%	268.45%	308.07%	313.58%	399.79%	339.24%	335.81%	423.52%	256.64%	223.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

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

See accompanying notes to the required supplementary information

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS - PENSION
 OHIO PUBLIC EMPLOYEE RETIREMENT SYSTEM
 LAST TEN YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 411,362	\$ 360,650	\$ 338,181	\$ 306,956	\$ 297,873	\$ 293,442	\$ 241,006	\$ 262,413	\$ 287,193	\$ 345,918
Combined Plan	12,393	15,505	14,447	13,580	20,407	15,337	12,607	13,700	2,669	4,557
Total Required Contributions	\$ 423,755	\$ 376,155	\$ 352,628	\$ 320,536	\$ 318,280	\$ 308,779	\$ 253,613	\$ 276,113	\$ 289,862	\$ 350,475
Contributions in Relation to the Contractually Required Contribution	(423,755)	(376,155)	(352,628)	(320,536)	(318,280)	(308,779)	(253,613)	(276,113)	(289,862)	(350,475)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>City's Covered Payroll</u>										
Traditional Plan	\$ 2,938,300	\$ 2,576,071	\$ 2,415,579	\$ 2,192,543	\$ 2,127,664	\$ 2,096,014	\$ 1,853,892	\$ 2,186,775	\$ 2,393,275	\$ 2,882,650
Combined Plan	\$ 88,521	\$ 110,750	\$ 103,193	\$ 97,000	\$ 145,764	\$ 109,550	\$ 96,977	\$ 114,167	\$ 22,242	\$ 37,975
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

See accompanying notes to the required supplementary information

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS - PENSION
 OHIO POLICE AND FIRE PENSION FUND
 LAST TEN YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Contractually Required Contributions</u>										
Police	\$ 501,896	\$ 441,870	\$ 468,858	\$ 439,487	\$ 428,137	\$ 393,309	\$ 341,703	\$ 446,116	\$ 465,319	\$ 519,505
Fire	<u>604,541</u>	<u>583,559</u>	<u>600,867</u>	<u>589,530</u>	<u>585,558</u>	<u>569,510</u>	<u>526,744</u>	<u>555,662</u>	<u>501,047</u>	<u>628,657</u>
Total Required Contributions	\$ 1,106,437	\$ 1,025,429	\$ 1,069,725	\$ 1,029,017	\$ 1,013,695	\$ 962,819	\$ 868,447	\$ 1,001,778	\$ 966,366	\$ 1,148,162
Contributions in Relation to the Contractually Required Contribution	<u>(1,106,437)</u>	<u>(1,025,429)</u>	<u>(1,069,725)</u>	<u>(1,029,017)</u>	<u>(1,013,695)</u>	<u>(962,819)</u>	<u>(868,447)</u>	<u>(1,001,778)</u>	<u>(966,366)</u>	<u>(1,148,162)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>City's Covered Payroll</u>										
Police	\$ 2,641,558	\$ 2,325,632	\$ 2,467,674	\$ 2,313,089	\$ 2,253,353	\$ 2,070,047	\$ 1,798,437	\$ 2,347,979	\$ 2,449,047	\$ 2,734,237
Fire	\$ 2,572,515	\$ 2,483,230	\$ 2,556,881	\$ 2,508,638	\$ 2,491,736	\$ 2,423,447	\$ 2,241,464	\$ 2,364,519	\$ 2,132,115	\$ 2,675,136
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Police	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%
Fire	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%

See accompanying notes to the required supplementary information

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/ASSET
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST SEVEN YEARS (1)**

	2023	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability/Asset	0.016772%	0.016399%	0.015418%	0.015326%	0.015119%	0.015030%	0.016930%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 105,751	\$ (513,642)	\$ (274,684)	\$ 2,116,919	\$ 1,971,161	\$ 1,632,147	\$ 1,709,988
City's Covered Payroll	\$ 2,788,043	\$ 2,562,179	\$ 2,331,707	\$ 2,315,429	\$ 2,230,365	\$ 2,129,194	\$ 2,339,831
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.79%	-20.05%	-11.78%	91.43%	88.38%	76.66%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 OHIO POLICE AND FIRE PENSION FUND
 LAST SEVEN YEARS (1)**

	2023	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.1953087%	0.1967694%	0.1983785%	0.2011895%	0.2016353%	0.2051470%	0.2259600%
City's Proportionate Share of the Net OPEB Liability	\$ 1,390,542	\$ 2,156,762	\$ 2,101,853	\$ 1,987,295	\$ 1,836,198	\$ 11,623,344	\$ 10,725,813
City's Covered Payroll	\$ 4,808,862	\$ 5,024,555	\$ 4,821,727	\$ 4,745,089	\$ 4,493,494	\$ 4,039,901	\$ 4,712,498
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	28.92%	42.92%	43.59%	41.88%	40.86%	287.71%	227.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.86%	45.42%	47.08%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS - OPEB
 OHIO PUBLIC EMPLOYEE RETIREMENT SYSTEM
 LAST NINE YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 6,541	\$ 4,049	\$ 1,736	\$ 1,687	\$ 1,680	\$ 1,389	\$ 22,988	\$ 47,663	\$ 48,300
Contributions in Relation to the Contractually Required Contribution	<u>(6,541)</u>	<u>(4,049)</u>	<u>(1,736)</u>	<u>(1,687)</u>	<u>(1,680)</u>	<u>(1,389)</u>	<u>(22,988)</u>	<u>(47,663)</u>	<u>(48,300)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 3,153,471	\$ 2,788,043	\$ 2,562,179	\$ 2,331,707	\$ 2,315,429	\$ 2,230,365	\$ 2,129,194	\$ 2,339,831	\$ 2,426,989
Contributions as a Percentage of Covered Payroll	0.21%	0.15%	0.07%	0.07%	0.07%	0.06%	1.08%	2.04%	1.99%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**CITY OF MAPLE HEIGHTS
 CUYAHOGA COUNTY, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS - OPEB
 OHIO POLICE AND FIRE PENSION FUND
 LAST TEN YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 26,071	\$ 24,044	\$ 25,122	\$ 24,108	\$ 23,726	\$ 22,467	\$ 23,573	\$ 23,563	\$ 22,909	\$ 27,300
Contributions in Relation to the Contractually Required Contribution	<u>(26,071)</u>	<u>(24,044)</u>	<u>(25,122)</u>	<u>(24,108)</u>	<u>(23,726)</u>	<u>(22,467)</u>	<u>(23,573)</u>	<u>(23,563)</u>	<u>(22,909)</u>	<u>(27,300)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 5,214,073	\$ 4,808,862	\$ 5,024,555	\$ 4,821,727	\$ 4,745,089	\$ 4,493,494	\$ 4,039,901	\$ 4,712,498	\$ 4,581,162	\$ 5,409,373
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

See accompanying notes to the required supplementary information

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability/ (Asset)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2023.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2023.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2023.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2021, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date. For 2022, the investment rate of return was reduced from 8.00 percent to 7.50 percent. For 2023, Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates 68 adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below Medium Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018 and 2020-2023. For 2019, see below regarding changes to stipend-based model.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Changes in assumptions: For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 percent. For 2020, the single discount rate changed from 4.66 to 3.56. For 2021, the single discount rate changed from 3.56 to 2.96. For 2022, the single discount rate changed from 2.96 to 2.84. For 2023, the changes of assumptions were: (a) the single discount rate changed from 2.84% to 4.27% (b) the depletion year of OPEB assets is projected in year 2036 (c) mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Prepared by Management)**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures	Non- Cash Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Cuyahoga County:</i>			
Community Development Block Grants/ Entitlement Grants	14.218	\$ 150,000	\$ -
Total U.S. Department of Housing and Urban Development		150,000	\$ -
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Program:			
Public Safety Partnership and Community Policing Grants	16.710	175,451	-
<i>Passed Through Ohio Office of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	3,185	-
Total U.S. Department of Justice		178,636	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Northeast Ohio Areawide Coordinating Agency (NOACA):</i>			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	54,400	-
<i>Passed Through Ohio Department of Public Safety:</i>			
National Priority Safety Programs	20.616	999	-
Total U.S. Department of Transportation		55,399	-
<u>U.S. DEPARTMENT OF TREASURY</u>			
Direct Program NEU:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	2,321,927	-
<i>Passed Through Ohio Office of Budget and Management:</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	20,315	-
<i>Passed Through Cuyahoga County:</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	64,826	-

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures	Non- Cash Expenditures
<i>Passed Through Ohio Department of Public Safety-Emergency Management Agency:</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	124,000	-
<i>Passed Through Ohio Office of Criminal Justice:</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	207,049	-
<i>Passed Through Western Reserve Area Agency on Aging:</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>32,890</u>	<u>-</u>
Total U.S. Department of Treasury		<u>2,771,007</u>	<u>-</u>
 <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Program:			
Assistance to Firefighters	97.044	<u>15,447</u>	<u>-</u>
Total U.S. Department of Homeland Security		<u>15,447</u>	<u>-</u>
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Western Reserve Area Agency on Aging:</i>			
Aging Cluster:			
Special Programs for the Aging- Title III-B	93.044	20,526	-
Nutrition Services- Title III-C1	93.045	7,992	20,124
Nutrition Services- Title III-C2	93.045	<u>9,871</u>	<u>53,835</u>
Total Special Programs for the Aging- Title III C		17,863	73,959
Nutrition Services Incentive Program	93.053	<u>-</u>	<u>18,354</u>
Total Aging Cluster		<u>38,389</u>	<u>92,313</u>
Total U.S. Department of Health and Human Services		<u>38,389</u>	<u>92,313</u>
Total Expenditures of Federal Awards		<u>\$ 3,208,878</u>	<u>\$ 92,313</u>

The accompanying notes are an integral part of this schedule.

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Maple Heights (the City) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

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

NOTE D – FOOD DONATION PROGRAM

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

NOTE E - MATCHING REQUIREMENTS

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

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

City of Maple Heights
Cuyahoga County
5353 Lee Road
Maple Heights, Ohio 44137

To the Members of the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Heights, Cuyahoga County, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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. However, material weaknesses or significant deficiencies may exist that were not identified.

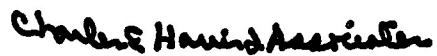
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

However, we noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated July 3, 2024.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 3, 2024

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

City of Maple Heights
Cuyahoga County
5353 Lee Road
Maple Heights, Ohio 44137

To the Members of the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Maple Heights, Cuyahoga County, Ohio's (the City) 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 the City's major federal program for the year ended December 31, 2023. The City's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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 City 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 opinion on compliance the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The City'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 City'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 City'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 City's compliance with the requirements of the 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 City'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 City'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 City'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.

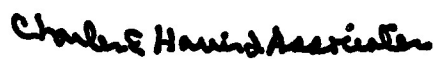
Report on Internal Control Over Compliance

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



Charles E. Harris & Associates, Inc.

July 3, 2024

**CITY OF MAPLE HEIGHTS
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(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)?	No
(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?	No
(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	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus State and Local Fiscal Recovery Funds (SLFRF) – AL# 21.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF MAPLE HEIGHTS

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/19/2024

65 East State 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