

City of Shaker Heights
Cuyahoga County, Ohio

*Report Issued Pursuant to
Government Auditing Standards
And Uniform Guidance*

For the Year Ended
December 31, 2016



Dave Yost • Auditor of State

City Council
City of Shaker Heights
3400 Lee Road
Shaker Heights, Ohio 44120

We have reviewed the *Independent Auditor's Report* of the City of Shaker Heights, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period January 1, 2016 through December 31, 2016. 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 Shaker Heights is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 1, 2017

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City of Shaker Heights
Cuyahoga County, Ohio
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December 31, 2016

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June 23, 2017

To the Members of Council
City of Shaker Heights
Cuyahoga County, Ohio
3400 Lee Road
Shaker Heights, OH 44120

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of 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 determination of financial statement amounts. 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*.

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

Hea & Associates, Inc.

Medina, Ohio

June 23, 2017

To the Members of Council
City of Shaker Heights
Cuyahoga County, Ohio
3400 Lee Road
Shaker Heights, OH 44120

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited City of Shaker Heights', Cuyahoga County, Ohio (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 23, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rea & Associates, Inc.

Medina, Ohio

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Expenditures of Federal Awards
For The Fiscal Year Ended December 31, 2016*

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
<i>Direct:</i>				
Fair Housing Assistance Program	14.401	N/A	\$ 1,935	\$0
<i>Passed Through Cuyahoga County Department of Development:</i>				
Community Development Block Grants	14.218	N/A	46,722	0
Total U.S. Department of Housing and Urban Development			48,657	0
U.S. Department of Justice				
<i>Direct:</i>				
Bulletproof Vest Program	16.607	N/A	5,583	0
Total U.S. Department of Justice			5,583	0
U.S. Department of Transportation				
<i>Passed Through the Ohio Department of Transportation:</i>				
Highway Planning and Construction	20.205	PID #94681	154,120	0
Highway Planning and Construction	20.205	PID #95411	289,069	0
Total Highway Planning and Construction			443,189	0
Total U.S. Department of Transportation			443,189	0
U.S. Department of Health and Human Services				
<i>Passed Through the Cuyahoga County Board of Health:</i>				
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	N/A	22,119	0
Total U.S. Department of Health and Human Services			22,119	0
Executive Office of the President - Office of National Drug Control Policy				
<i>Direct:</i>				
High Intensity Drug Trafficking Areas (2014)	95.001	G14OH0001A	108,588	0
High Intensity Drug Trafficking Areas (2015)	95.001	G15OH0001A	1,560,989	0
High Intensity Drug Trafficking Areas (2016)	95.001	G16OH0001A	1,996,836	0
Total High Intensity Drug Trafficking Areas			3,666,413	0
Total Executive Office of the President - Office of National Drug Control Policy			3,666,413	0
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
<i>Direct:</i>				
Assistance to Firefighters Grant	97.044	EMW-2013-FO-05221	22,500	0
Total U.S. Department of Homeland Security			22,500	0
Total Expenditures of Federal Awards			\$ 4,208,461	\$0

**City of Shaker Heights
Cuyahoga County, Ohio**

*Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended December 31, 2016*

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Shaker Heights (the City's) under programs of the federal government for the year ended December 31, 2016. 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, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C- 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.

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Findings and Questioned Costs
2 CFR Section 200.515
December 31, 2016*

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): High Intensity Drug Trafficking Areas	CFDA #95.001
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	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 Noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Noted Noted.

City of Shaker Heights
Cuyahoga County, Ohio
Schedule of Prior Audit Findings and Questioned Costs
2 CFR 200.511(b)
December 31, 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Weakness – Financial Reporting	Corrective Action Taken and Finding is Fully Corrected.	

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SHAKER HEIGHTS

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2016
City of Shaker Heights, Ohio

**City of Shaker Heights
Cuyahoga County, Ohio**

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2016**

**Prepared by: The Department of Finance
Robert Baker, Director of Finance**

**INTRODUCTORY
SECTION**

City of Shaker Heights
Cuyahoga County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016

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Cuyahoga County, Ohio
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Cuyahoga County, Ohio
Comprehensive Annual Financial Report
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SHAKER HEIGHTS

June 23, 2017

Members of City Council and
Residents of the City of Shaker Heights, Ohio
Shaker Heights City Hall
3400 Lee Road
Shaker Heights, Ohio 44120

Re: Submission of 2016 Comprehensive Annual Financial Report

Dear Members of Council, and Residents of Shaker Heights:

We are pleased to submit for your review the City of Shaker Heights' (the City) 2016 Comprehensive Annual Financial Report, commonly referred to as a "CAFR". This report is the City's official annual report for the fiscal year ended December 31, 2016. This CAFR is a more extensive report than the basic financial statements, and we believe that it demonstrates the City's ongoing commitment to be accountable not only to its citizenry but also to excellence in financial reporting. Ohio law requires that the City of Shaker Heights annually publish a complete set of financial statements for the results of its fiscal operations, presented in conformity with generally accepted accounting principles (GAAP). The Finance Department is responsible for the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the City.

This CAFR consists of management's representations concerning the finances of the City of Shaker Heights. Consequently, the management of the City assumes full responsibility for the completeness and reliability of all of the information presented in this report. In order to provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework. This internal control system has been designed to both protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As the management of the City of Shaker Heights, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Shaker Heights' financial statements have been audited by Rea & Associates, Inc., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Shaker Heights for the year ended December 31, 2016, are free of material misstatement. An independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the results of the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Shaker Heights was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal grant awards. These reports are available in the City’s separately issued Reports Issued Pursuant to Governmental Auditing Standards and Uniform Guidance.

Provisions of GAAP require that city management provide an introduction, overview and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditor’s report.

Profile of the City of Shaker Heights, Ohio

The City of Shaker Heights, covering approximately 6.3 square miles and a population of 28,448, (2010 Census) is located approximately ten miles southeast of downtown Cleveland in Cuyahoga County in northeastern Ohio. Incorporated under Ohio law as a village in 1912, Shaker Heights became a city in 1931. As provided by Ohio law, the City operates under the auspices of its own charter, which was adopted by the voters in 1931. The Charter provides for the City to operate under the Mayor-Council form of government with the Mayor serving as the President of Council. The Mayor serves as the City’s Chief Executive Officer and appoints, subject to confirmation by City Council, and removes the City’s Chief Administrative Officer and appoints and removes all department heads. The City is empowered by State statute to levy a property tax on real properties and public utility personal property located within its boundaries. It is also empowered to levy a tax on the income and net profits of all individuals and businesses earned within the boundaries of the City as well as the income of City residents, regardless of where the income was earned.

Legislative authority is vested in a seven-member Council. All council members are elected at-large and serve for four-year terms. Council terms are staggered with four members being elected in one election and three members being elected in the next election two years following. City Council holds its regular monthly council meeting on the fourth Monday of the month. In addition, the Council holds a work session meeting on the second Monday of the month. The various committees of Council meet on a monthly basis at various times throughout the month. The Mayor appoints all Council committees. The Chief Administrative Officer serves as the Clerk of Council with the Director of Law serving as the Clerk of Council Pro-Tem. The City department heads attend regular council meetings and council work sessions whenever required.

Primarily considered to be a residential community, Shaker Heights is the nation’s oldest completely planned community and is recognized in the National Register as the Shaker Village Historical District. Combining the “Garden City” movement with comprehensive planning, the City was initially planned and developed to include housing that was diverse in style and in price, large parcels of land for public and private schools and churches, lakes, parks and a golf course. The City is served by a rail transit system to downtown Cleveland. Originally City-owned and operated, the rail system is now owned and operated by the Greater Cleveland Regional Transit Authority (GCRTA).

The City provides a variety of City services to its residents, including: Police and Fire Protection, Emergency Medical Service, Refuse Collection, Street Maintenance, Recreation, Municipal Court, Public Health, Planning, Economic Development, Inspectional Services, Public Improvements and General Administrative Services. First Energy and the Dominion East Ohio Gas Company, both of which are independent, investor owned utilities regulated by the State of Ohio, provide the City’s residents with electricity and natural gas, respectively. The City also provides a natural gas aggregation program for its residents with Interstate Gas Supply, Inc. which is used by about 6,145 households in the City. The City of Cleveland and the

Northeast Ohio Regional Sewer District provide water and sewage service to the City's residents. In addition to fees paid to the Northeast Ohio Regional Sewer District, City residents also pay a local surcharge based upon water consumption that is used by the City for the maintenance and replacement of the sewer lines within the City.

The City's Police Department is accredited by the Commission on Accreditation of Law Enforcement Agencies (CALEA). The department annually offers a Citizens Police Academy for City residents and is a member of the Eastside Department's Group Enforcement Agency (EDGE) to share police services, including a SWAT Team. The Shaker Heights Fire Department has a joint dispatch center with the neighboring cities of Cleveland Heights and University Heights. In 2017 this EASTCOM joint fire dispatch center and the Police department dispatch functions will merge into the newly-created Heights Hillcrest Communications Center with the City of South Euclid. This regional dispatch center will combine both police and fire dispatch services into one operation for a more efficient and cost effective dispatch operation. The Shaker Heights Fire Department belongs to the Heights Hillcrest Technical Rescue Team (HHTRT) which provides technical rescue capabilities such as Confined Space Rescue, High Angle Rope Rescue, Trench Collapse Rescue and Structural Collapse Rescue. The Fire Department oversees the Community Emergency Response Team (CERT), a group of citizens trained in emergency preparedness and how to assist police and firefighters when called upon during an emergency. The Public Works Department offers backyard collection of refuse, and as such unsightly garbage cans are not placed on residential tree lawns. The City's recycling program allows the comingling of paper, glass, plastic and cans. In addition, the City offers large item drop off and recycling of corrugated cardboard, magazines and other materials at its service center, as well as recycling of discarded computers and electronic equipment. Each year, Public Works oversees several million dollars of street resurfacing and sewer repair and replacement projects.

The City continues to make available superior recreational facilities and programs to its residents. The Thornton Park recreation center is situated on a 13-acre campus and its facilities include an indoor ice arena that provides year-round service, an Olympic size outdoor pool, tot pool, spray pad, sand volleyball court, outdoor tennis courts, skate-park, basketball court, walking trail and sledding hill. Horseshoe Lake Park has trails, picnic pavilions, ADA accessible parking, and a children's playground. There is a multipurpose trail in the Shaker Boulevard median from Warrensville Center Road to the City of Beachwood border, connecting with Beachwood's own multipurpose trail, and sports fields on the Shaker Boulevard median near Warrensville Center Road and on Chagrin in the Shaker Towne Center area, among others. In addition to these facilities, a comprehensive range of recreational programs is offered for children and adults. The City also maintains the Shaker Lakes, a 190-acre area that includes four lakes.

Shaker Heights was designated as a Bicycle Friendly Community in 2016. A regional, multi-purpose Lake-to-Lakes Trail is a 5-mile, off-road paved trail that connects the Shaker Lakes with Lake Erie, traveling through Shaker Heights, Cleveland Heights, Cleveland's University Circle district, Rockefeller Park and into Gordon Park along the Lake Erie shore. Ultimately, the entire trail will connect to the Towpath Trail along the Ohio and Erie Canal. The Shaker Heights' portion includes 10-foot wide striped crosswalks and countdown pedestrian signals, activated flasher beacons, trail signage, bike racks, a bicycle repair station, decorative pavers and landscaping. "Bikes May Use Full Lane/Change Lanes to Pass" signage was installed on Shaker Boulevard in 2014 and will be installed on Van Aken Boulevard in 2017. South Park Boulevard and South Woodland have sharrows and share the road signs. There are 31 bike racks at 21 destinations throughout Shaker Heights.

The annual operating and capital budgets serve as the basis for the City's financial planning and control. The City's Charter requires the Mayor, with the assistance of the Director of Finance, to submit a draft of the following year's proposed budget not less than forty-five days (usually November 16th) prior to the end of each fiscal year. Council is required to adopt either an annual budget for the ensuing year or a temporary budget covering the first ninety days of the ensuing year, by no later than December 31 of the current year. If a temporary budget is adopted, a permanent budget must be adopted by no later than the ninetieth day of the

budget year, normally March 31. In recent years Council has adopted an annual operating and capital budget prior to December 31 of the preceding year.

The appropriated budget is prepared by fund, department, and expenditure category (personal services and all other expenditures). Council must authorize appropriation transfers between departments and between categories within departments and transfers or advances of moneys between funds. Operating budgets expire on December 31. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

Local Economy and Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Shaker Heights operates.

The City of Shaker Heights is an inner-ring suburb of the City of Cleveland, Ohio. Primarily residential in nature, the City of Shaker Heights has a diverse base of residents working in many professions and industries. The City's economic strength is directly linked to this diversity and the strength of northeast Ohio's economy.

While downtown Cleveland is only twenty minutes by car from the heart of the City, the rapid transit, a light rail public transit system, provides even more accessibility to downtown Cleveland's business community and attractions, including a casino, the Global Innovation Center and the Cleveland Convention Center. The Greater Cleveland Regional Transit Authority's (GCRTA) rapid transit rail line serves not only downtown Cleveland and Cleveland Hopkins International Airport but also the Cleveland waterfront area including the recreational/entertainment area known as the "Flats", the Rock & Roll Hall of Fame and Museum, the Great Lakes Science Museum, Quicken Loans Arena (home of the NBA Cleveland Cavaliers), Progressive Field (home of the MLB Cleveland Indians) and First Energy Stadium (home of the NFL Cleveland Browns). Another contributor to the City's economic strength is its proximity to the University Circle area of Cleveland. University Circle is home to major cultural, educational and medical facilities including Severance Hall, the home of the world-renown Cleveland Orchestra, the Cleveland Museum of Art, and Case Western Reserve University. University Hospitals of Cleveland and the Cleveland Clinic are located in University Circle and are both world-renowned for medical research, teaching and treatment facilities. They are the two largest employers in Cuyahoga County.

Educational institutions contribute significantly to the fabric of the community. Of the principal employers in 2016, four of the top seven are schools: the Shaker Heights City School District; Hathaway Brown School; Laurel School; and University School (Shaker Heights Campus). The City of Shaker Heights residents place a noteworthy value on public education. Of the total millage in the City of Shaker Heights for all entities in 2016, approximately 73.2% of residential property taxes support the Shaker Heights City School District. In March 2014, voters approved an additional levy of 6.9 mills for operating expenses of the Shaker Heights City School District. All of these factors have contributed to the continuing economic strength of the community.

In May 2017, voters in the School District passed a \$30 million bond issue and a 1.25 mill continuing permanent improvement levy to improve and renovate school buildings throughout the School District. The County Fiscal Officer estimates that the average annual levy for debt charges on the bond issue will be at a rate of 2.50 mills. These new levies will commence on collection year 2018.

According to the Cuyahoga County Fiscal Officer, the total property assessed valuation for the 2016 tax year was \$777,036,490. For the 2007 tax-year the total property assessed valuation was \$890,818,271. Most of

the decrease during the ten-year period from 2007 to 2016 came as a revaluation of real property in 2009 and a full reappraisal of real property completed in 2012. This revaluation and the latest full reappraisal reflected the reduction in real estate values that had occurred as a result of the recent economic downturn and related decline in the housing market. Revenue derived from the current property collections decreased by 12.4% from 2012 to 2013 as a result of the lower assessed valuations. The ongoing collections of current property taxes increased in 2013 through 2016 and are expected to incrementally improve as property values recover in subsequent years.

On a cash basis, City income tax revenue grew 60.49% during the ten-year period from 2006 to 2016. The significant growth over the period was mostly attributable to the 0.5% increase in the income tax rate that became effective in October 2012. In 2011, the Ohio General Assembly adopted a biennial State budget that cut State aid to the City by 50% in the second year of the biennium, terminated certain other payments to the City to reimburse it for prior State tax cuts and eliminated the estate tax for all deaths occurring on and after January 1, 2013. These State actions were expected to have a significant impact on the City's financial outlook resulting in a 60% reduction in the City's state aid (excluding estate tax). In response to these actions by the State of Ohio, the City submitted a ballot measure to voters at a special election held in August 2012 asking for an increase to the municipal income tax rate of 0.5% to a rate of 2.25%. Shaker voters approved the income tax increase by a 64% to 36% plurality.

Prior to the income tax rate increase, the annual rate of growth averaged approximately 1.0% per year from 2006-2011. While there was a 5.7% decline in income tax revenue in 2009 compared to 2008 as a result of the last recession, income tax revenue increased 4.0% in 2011 compared to 2010 and 2.2% in 2012 compared to 2011. It is important to note that income tax collection results since 2013 include collection of income tax at the increased rate. Income tax revenue grew by 31.3% in 2013 as the new rate was in effect for the full year and increased by 8.2%, 5.6% and 4.2% in 2014, 2015 and 2016, respectively, on strong collections. The majority of income tax collections, 65.3% are from individual tax payers, 31.5% are from withholding from employers and the remaining 3.2% is from taxes on net profits.

The 2014, 2015 and 2016 revenue results included the final distributions of estate tax revenue of \$844,300, \$4,683 and \$105,763, respectively. Future budgets will not include any revenue from this now phased out funding source. The City expects that the revenue from the income tax rate increase will make up for a significant portion of the losses in revenue related to the reductions in State aid and phase out of the estate tax.

Economic Development

The City has historically permitted development only pursuant to carefully developed and implemented general plans. In 2001, the City adopted a Strategic Investment Plan (SIP) which identified areas of the City for commercial and residential development and redevelopment.

In November 2010, the City adopted an Economic Development Strategy to generate income tax to support the City's long term economic strength. The plan focuses on business attraction in specific industry segments (ambulatory care, professional services, technology and information service, and design and engineering); business retention/expansion, such as retail businesses, home-based businesses; financial incentives to commercial property owners and businesses seeking to expand or locate in the City; and an aggressive marketing, branding, and business recruitment effort.

The City's Vision Fund forgivable loan program incentivizes property owners to make building improvements. The City has partnered with the Cuyahoga County/US Small Business Administration Municipal Loan Program, making funds available to companies who want to relocate to or expand in Shaker Heights.

A \$50,000 grant from Cuyahoga County assisted 4 commercial property owners on Lee Road to renovate their storefronts in 2016. This program will be offered again in 2017 to help revitalize a commercial corridor on Lee Road south of Chagrin to the City of Cleveland border.

The non-profit Shaker Heights Development Corporation on whose board sits 6 City-elected and appointed officials, leases a former car dealership from the City for use as its offices and as “The Dealership”, which offers co-working space for entrepreneurs and businesses as well as programming presented by the Economic Community Development Institute (ECDI). The SHDC is investing in buildings on Lee Road, having partnered with some local investors to purchase a former plant nursery which will house a local doggie day care facility. When the City receives commercial property it partners with the Cuyahoga County Land Bank to demolish the vacant building with Cuyahoga County grant dollars, then deeds the land to SHDC to redevelop, enabling additional revitalization of this commercial corridor.

The Van Aken neighborhood spans approximately 20 acres and sits at the beginning of the Van Aken light rail connecting Shaker Heights to Terminal Tower in Downtown Cleveland. The Van Aken district redevelopment will create a gathering place for residents with unique retail shops and restaurants, high quality rental apartments, and second and third floor office space. The first phase of the Van Aken district, on schedule to open in summer 2018, includes 102 apartments and 65,000 square feet of office space over approximately 100,000 square feet of first floor retail. Phase 1A of the Van Aken district is another 200 apartments to be built in a City-owned parking lot on Farnsleigh Road that overlooks Shaker Heights Country Club. It also includes a proposed grocery anchored mixed use development on a 3-acre property owned by the City of Shaker Heights on the southeast corner of Warrensville and Farnsleigh Roads. Phase 2 includes an office tower. The City will contribute \$6.2 million toward the project. The development and use agreement for this project was approved by Council in 2016. The demolition of the former 1960’s shopping center occurred in 2016. Construction began in 2017.

The developer of the Van Aken district has also purchased and renovated a shopping center just south of the new construction, to which a number of retail tenants from the 1960’s center were relocated. This retail strip has also attracted new tenants to Shaker Heights, all of which will complement the new development.

Additional redevelopment in the area includes a new private pre-school (under construction) and a climbing gym (in due diligence phase). Both of these businesses are being built on property deeded to the City in lieu of tax foreclosure and whose buildings were demolished with County grant funds.

Housing and the Neighborhoods

The City of Shaker Heights is known for the excellent quality of its housing, its attractive, Garden City landscape and its vibrant, diverse neighborhoods. These are the characteristics which draw people to the community and which cause them to stay. While all cities seek to be regarded as desirable places to live, for cities like Shaker Heights where 90.5% of the property tax base is residential, and only 9.5% is commercial, maintaining strong property values is an imperative, not a choice. Housing is Product #1 in this City. Throughout the decades, Shaker Heights has been the choice for home seekers looking to move into a community that acknowledges and recognizes the benefits – social, economic, and long-term – of an integrated, diverse suburb.

Shaker’s City Council has adopted the 2016 Housing and Neighborhood Plan which serves as an update to the 2001 Housing Preservation Plan. The goals of the 2016 Plan are:

- Attract New Residents to Shaker Heights, Increase Demand for Houses, and Increase Property Values
- Preserve Existing High Quality Housing, and
- Increase Cohesiveness, Desirability, Attractiveness, and Stability in the Neighborhoods

High quality housing is maintained with a strong code enforcement program. In 2016, the Housing Inspection Department conducted 649 point-of-sale inspections, an 8.3% increase over the prior year. 161 escrow accounts totaling \$3,139,789 were established to correct code violations. The Housing Inspection Department also works to improve the quality of rental housing for safety and habitability by requiring an annual Certificate of Occupancy for each rental property as well as a complete interior and exterior inspection every three years. Owner-occupied single-family homes receive an exterior inspection every five years.

Foreclosures and properties sold at Sheriff's sales are monitored regularly. The City's Vacant Property Ordinance mandates that vacant homes be secured and maintained, and each vacant property is checked monthly by a dedicated Housing Inspector to ensure that it is kept secure and maintained to community standards. Nuisance abatement orders were issued on 39 properties in 2016 for items such as removal of boarded windows, replacement of broken windows, yard cleanups, and demolition of 23 blighted houses and garages.

New and updated housing that meets the needs of Millennials and empty nesters includes a market rate, for sale townhome project under construction in the Moreland neighborhood, the Townhomes of Van Aken, which features a blend of new housing and upgraded energy-efficient housing to capitalize on the location's proximity to transit. The Shaker Renovator Program sells houses obtained by the City through donations and foreclosures for \$1 to approved rehabbers who upgrade them and sell them to owner-occupants. The City's partnership with the Cleveland Restoration Society's Heritage Home Loan Program resulted in almost \$800,000 of reinvestment in 15 homes, including bathroom updates.

The Moreland Rising Project was developed to create a new market in a desirable, cohesive neighborhood. The project is a City and neighborhood-led collaboration with arts, business and development partners to explore new ways for neighbors to connect with each other, catalyze entrepreneurship along the Chagrin-Lee corridor, and encourage innovative housing designs that set the standards for years to come. An infill design competition in 2016 sought architects and builders with innovative ideas for high quality, energy-efficient, owner-occupied housing for middle income housing to be built on City-owned vacant lots in the neighborhood. Negotiations with the teams will begin in 2017 for construction in late 2017 or 2018.

Resident and Business Attract and Retain Strategy

The City's Communications and Marketing Department leads the City's efforts to identify Shaker Heights as a desirable destination for relocation by residential and commercial populations that value a walkable and cosmopolitan City with superior schools, quality amenities and a commitment to growth. A marketing plan that distinguishes Shaker Heights as a desirable destination for retention of and relocation by a population capable of and willing to commit to its preservation and future includes:

- Messaging and advertising campaigns in print, electronic and other media;
- Maintaining an active website shakeronline.com and Facebook page which has approximately 11,000 followers;
- Marketing to prospective residents and area employers;
- Publishing the quarterly, award winning Shaker Life magazine;
- Emailing messages and "e-news" to a list of 10,737 subscribers; and
- Maintaining an active social media presence.

Awards and Acknowledgements

GFOA Certificate of Achievement Award and Auditor of State Award: The City of Shaker Heights was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal years ended December 31, 1996 through 2004. Due to a significant transition of Finance

Department personnel in 2006, application for the CAFR for the fiscal year ending December 31, 2005 was waived. For the fiscal years ended December 31, 2006 through 2015, the City was again awarded the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report.

A Certificate of Achievement is valid for a period of only one-year. We believe that the City's submission for the fiscal year ended December 31, 2016 continues to conform to the Certificate of Achievement program's requirements and, as such, it will be submitted to the GFOA for review, evaluation and consideration.

The City was awarded the Auditor of State Award with Distinction by the Ohio Auditor for the 2014, 2013 and 2012 Audit reports.

Acknowledgements: The successful completion of a report of this scope depends upon the dedicated contributions of many employees. The sincere appreciation of those primarily responsible for the completion of this CAFR is extended to all contributors, but especially those employees in the Finance Department, particularly former Finance Director Matthew Rubino and former Finance Director David Pfaff, Assistant Director of Finance Cheryl Arslanian, CPA, Accountants Paul Beckwith, CPA (inactive), and Lorraine Miller, CPA, Accounting Specialist Beverly Brown, Accounting Technician Linda Sulc, Senior Administrative Assistant Gail Little and Accounting Technician Janet Jones. Without the dedicated assistance of the Finance Department employees, this report would not have been possible. Finally, the Staff wishes to extend its appreciation to the City Council and the Finance Committee for their support and commitment to responsible and transparent financial reporting.

Respectfully submitted,



Earl M. Leiken
Mayor



Jeri E. Chaikin
Chief Administrative Officer



Robert H. Baker
Director of Finance

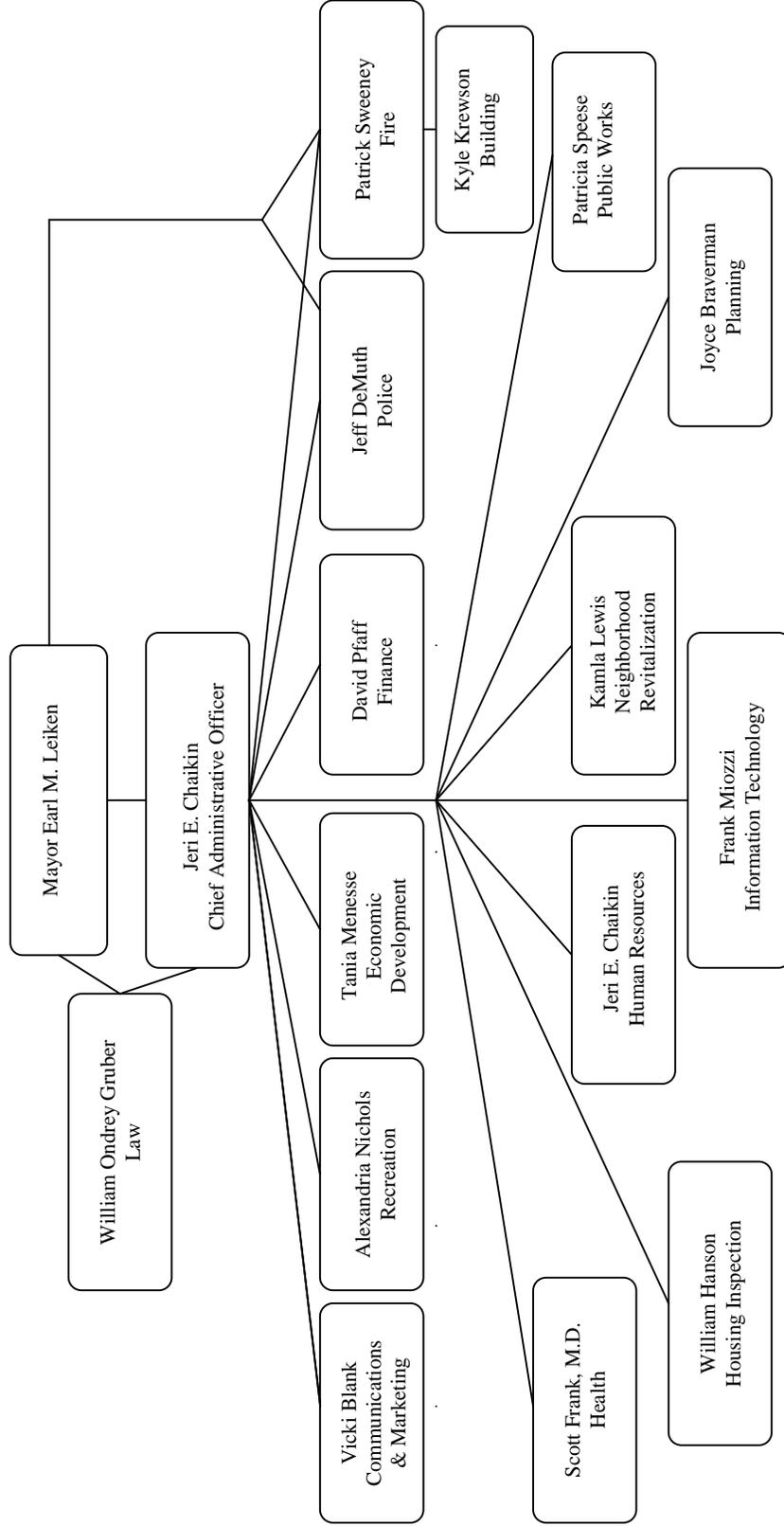
**City of Shaker Heights, Ohio
Cuyahoga County, Ohio
Listing of Principal City Officials
December 31, 2016**

Mayor.....	Earl M. Leiken
Council Member/Vice Mayor.....	Julianna Johnston Senturia
Council Member.....	Sean P. Malone
Council Member.....	Tres Roeder
Council Member.....	Nancy R. Moore
Council Member.....	Rob Zimmerman
Council Member.....	Earl Williams, Jr.
Council Member.....	Anne E. Williams

APPOINTED OFFICIALS

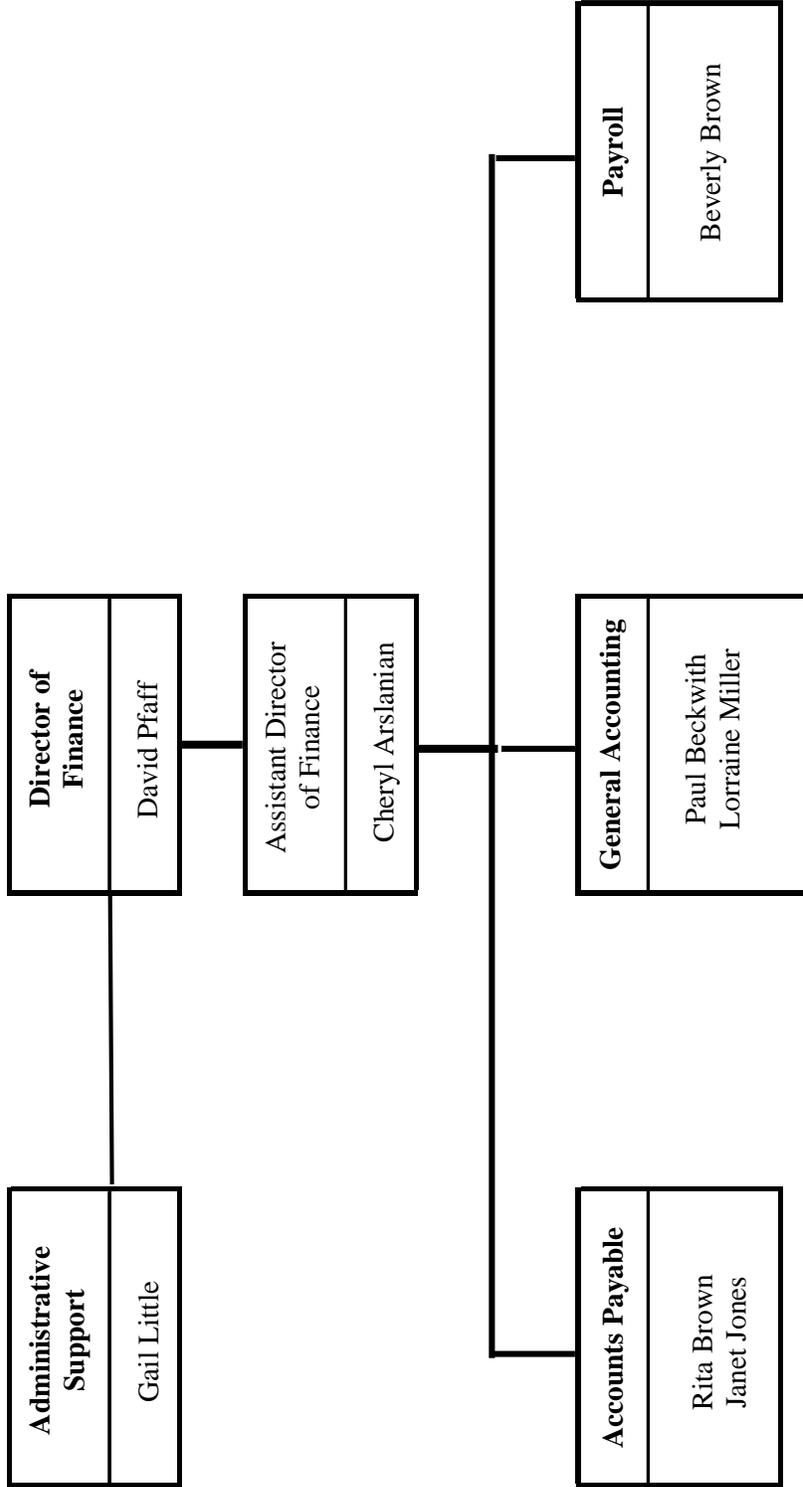
Chief Administrative Officer.....	Jeri E. Chaikin
Director of Finance.....	David Pfaff
Building Commissioner.....	Kyle Krewson
Director of Recreation.....	Alexandria Nichols
Director of Economic Development.....	Tania Menesse
Chief of Fire/Director of Building.....	Patrick Sweeney
Director of Health.....	Dr. Scott H. Frank
Director of Housing Inspection.....	William E. Hanson
Director of Human Resources.....	Jeri E. Chaikin
Director of Law.....	William Ondrey Gruber
Director of Planning and Development.....	Joyce G. Braverman
Chief of Police.....	Jeff DeMuth
Director of Public Works.....	Patricia Speese
Director of Neighborhood Revitalization.....	Kamla Lewis
Director of Communications and Marketing.....	Vicki Blank
Director of Information Technology.....	Frank Miozzi

City of Shaker Heights, Ohio Administrative Organizational Chart December 31, 2016



City of Shaker Heights, Ohio
Finance Department Organizational Chart

December 31, 2016





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Shaker Heights
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

**FINANCIAL
SECTION**

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June 23, 2017

To the Members of Council
City of Shaker Heights
Cuyahoga County, Ohio
3400 Lee Road
Shaker Heights, OH 44120

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Cuyahoga County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions* on pages 5-14, 67, and 68-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 combining and individual nonmajor fund financial statements and schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Medina, Ohio

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City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016

The discussion and analysis of the City of Shaker Heights's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- Net position increased \$3.1 million, which represents an increase of 4 percent from 2015.
- Total capital assets increased \$3.0 million during 2016.
- Outstanding debt decreased from \$21.1 million to \$19.1 million due to principal payments made during the year exceeding new debt issued.

Using this Comprehensive Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City of Shaker Heights as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2016 and how they affected the operations of the City as a whole.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City of Shaker Heights, the general fund is by far the most significant fund.

A question typically asked about the City's finances is "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016

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

In the Statement of Net Position and the Statement of Activities, Governmental Activities include general government, security of persons and property, public health, leisure time services, housing and community development, sanitation and sewer services, street maintenance and repair, public works and interest and fiscal charges.

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 safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund and capital projects fund.

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

Proprietary Funds There are two types of proprietary funds; enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has no activity that fits this category. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains four individual internal service funds. Because these activities benefit governmental rather than business functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The City of Shaker Heights has only agency funds to report within the fiduciary fund category. Agency funds are reported on the accrual basis and only present a statement of fiduciary assets and liabilities.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016

The City as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2016 compared to 2015:

Table 1
Net Position

	Governmental Activities	
	2016	2015
Assets		
Current and Other Assets	\$ 72,925,928	\$ 71,982,527
Net Pension Asset	0	41,794
Capital Assets	92,929,371	89,898,921
<i>Total Assets</i>	<u>165,855,299</u>	<u>161,923,242</u>
Deferred Outflows of Resources		
Deferred Charges on Refunding	989,921	923,802
Pension	13,883,900	5,399,406
<i>Total Deferred Outflows of Resources</i>	<u>14,873,821</u>	<u>6,323,208</u>
Liabilities		
Current and Other Liabilities	5,542,971	5,810,558
Long-Term Liabilities:		
Due within One Year	2,284,369	3,769,814
Due in More Than One Year:		
Net Pension Liability	48,457,154	38,230,794
Other Amounts	25,822,304	26,065,324
<i>Total Liabilities</i>	<u>82,106,798</u>	<u>73,876,490</u>
Deferred Inflows of Resources		
Property Taxes	6,303,838	6,225,515
Payment in Lieu of Taxes	1,004,960	981,524
Pension	1,312,428	229,902
<i>Total Deferred Inflows of Resources</i>	<u>8,621,226</u>	<u>7,436,941</u>
Net Position		
Net Investment in Capital Assets	74,476,459	69,897,453
Restricted	6,615,154	6,993,095
Unrestricted	8,909,483	10,042,471
<i>Total Net Position</i>	<u>\$ 90,001,096</u>	<u>\$ 86,933,019</u>

City of Shaker Heights
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Management's Discussion and Analysis
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Certain funds were reclassified from restricted for debt service and capital projects to unrestricted during 2016. For comparability purposes, the 2015 column was also updated.

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

At year end, capital assets represented 56 percent of total assets. Capital assets include, land, construction in progress, buildings and improvements, land improvements, machinery and equipment and infrastructure. Net investment in capital assets was \$74.5 million at December 31, 2016. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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A portion of the City's net position, \$6.6 million represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position of \$8.9 million may be used to meet the government's ongoing obligations to citizens and creditors.

The \$3 million increase in capital assets was caused by purchases of equipment, the completion of community improvement projects and street resurfacing and improvement projects in 2016. The \$8.5 million increase in long term liabilities, \$1.2 million increase in deferred inflows of resources and \$8.6 million increase in deferred outflows of resources were primarily caused by changes related to net pension liability during 2016.

Table 2 shows the changes in net position for fiscal year 2016 and 2015.

Table 2
Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 10,705,833	\$ 10,587,804
Operating Grants	4,960,216	5,421,645
Capital Grants	376,504	3,067,984
<i>General Revenues:</i>		
Property Taxes	6,712,702	6,312,482
Municipal Income Taxes	31,929,776	31,644,401
Other Taxes	57,205	63,322
Grants and Entitlements	2,761,572	2,541,876
Investment Earnings	273,406	6,863
Miscellaneous	203,510	368,730
<i>Total Revenues</i>	57,980,724	60,015,107

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
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For the Year Ended December 31, 2016

	Governmental Activities	
	2016	2015
Program Expenses		
General Government		
Legislative and Executive	5,477,169	5,381,061
Judicial System	2,311,753	2,173,437
Security of Persons and Property		
Police	16,619,282	14,292,317
Fire	7,743,625	7,858,045
Other	885,739	1,041,819
Public Health	440,827	418,461
Leisure Time Services		
Culture and Recreation	3,076,586	3,019,202
Parks and Public Land Maintenance	1,114,744	894,071
Housing and Community Development	5,318,429	6,149,090
Sanitation and Sewer Services	5,002,530	4,097,422
Street Maintenance and Repair	3,197,767	6,553,316
Public Works	3,034,027	2,343,649
Interest and Fiscal Charges	690,169	643,523
<i>Total Program Expenses</i>	<u>54,912,647</u>	<u>54,865,413</u>
<i>Change in Net Position</i>	3,068,077	5,149,694
<i>Net Position Beginning of Year</i>	<u>86,933,019</u>	<u>81,783,325</u>
<i>Net Position End of Year</i>	<u>\$ 90,001,096</u>	<u>\$ 86,933,019</u>

Certain revenues were reclassified from judicial charges for services to grants and entitlements not restricted during 2016. For comparability purposes, the 2015 column was also updated.

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are charges for services, property taxes, operating grants and grants and entitlements.

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The City's income tax rate was 2.25 percent in 2016 after voters approved an increase in the income tax rate at a special election in August 2012. The rate became effective on October 1, 2012. The City submitted to voters a request to increase its municipal income tax rate as a result of the state legislature reducing state local government fund support of cities by 50 percent and the elimination of the tax on estates of descendants that had died on or after January 1, 2013. Prior to this approval, the tax rate was unchanged at 1.75 percent since the last voter approved increase in 1981. Both residents of the City and nonresidents who work inside the City are subject to the income tax. The City grants an income tax credit to residents who work in a locality that has a municipal income tax. The City provides a credit of 50 percent of the resident's workplace community's income tax rate up to a tax rate of 1.0 percent.

Income tax revenue for 2016 was \$31.9 million, accounting for 55 percent of the City's total 2016 revenue of \$57.9 million. Charges for services of \$10.7 million account for 18 percent of total revenues. Property taxes of \$6.7 million account for 12 percent of total revenues. Unrestricted grants and entitlements of \$2.8 million account for 5 percent of total revenue and all other revenue of \$5.9 million accounts for the remaining 10 percent of the City's 2016 revenue. The City monitors its sources of revenue very closely for fluctuations throughout the year, especially income tax.

The \$2.7 million decrease in capital grants is due to capital grants received in 2015 primarily from The Ohio Department of Transportation for the Warrensville Van Aken project.

Security of persons and property, primarily consisting of police and fire, represent the largest expense of the governmental activities. This expense of \$25.2 million represents 46 percent of the total governmental activities expenses. The \$2.3 million increase in police expense was caused by a change in net pension liability.

General government expenses total \$7.8 million or 14 percent of total governmental expenses. General government expenses include legislative, executive, judicial and financial management departments of the City.

Street maintenance and repair expense of \$3.2 million accounts for 6 percent of total governmental activities expense. These expenses consist of road maintenance and repair projects. The \$3.4 million decrease in street maintenance and repair is caused by the completion of the Warrensville Van Aken Reconfiguration project.

There was a \$0.8 million decrease in housing and community development expense that was due to purchases that were capitalized as assets in land, land improvements and machinery and equipment in 2016 whereas expenses in 2015 did not qualify as capital assets and were recorded as repairs and maintenance expense. The \$0.7 million increase in public works and \$0.9 million increase in sanitation and sewer expenses were caused by various repair projects throughout the City.

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The City's Funds

Governmental Funds

Information about the City's governmental funds begins on page 17. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$60.5 million and expenditures of \$57.0 million. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The general fund's net change in fund balance for 2016 was an increase of \$3.0 million. Total revenues saw a \$2.9 million increase during 2016, which was offset by a \$1.9 million increase in expenditures. Income tax revenue increased \$2.0 million (from improved economic conditions) while property tax revenues increased \$0.3 million. Expenditures increased in correlation to the increased revenues.

The fund balance of the capital improvement fund decreased by \$0.2 million.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. An annual appropriation budget is legally required to be prepared for all funds of the City other than the capital projects and agency funds. The City appropriates for capital projects on a project-by-project basis. Council is provided with a detailed line item budget for all departments and has discussions at several regularly held council meetings and work sessions, which are open to the public. The budget is adopted by City Council at the fund level by department and within each department, broken out between personal services, other expenses and transfers. Appropriations by department may be transferred between departments and between personal services and other expenses within a department with the approval of Council. Council must also approve any revisions to the budget that alter total fund appropriations or that require the transfer of monies between funds. Recommendations for budget revisions are reviewed by the Finance Committee of City Council before being presented to the Council for consideration for enactment by ordinance. During the course of 2016, the City used this process to amend its general fund budget on several occasions.

The most significant budgeted fund is the general fund, which includes the recreation fund and economic development and housing fund. The Chief Administrative Officer and the Finance Department monitor all departmental budgets closely to monitor compliance with allocated budgets and provide quarterly reports to City Council and its Finance Committee depicting monthly and year-to-date activity.

For the general fund, the actual budget basis revenue was \$48.8 million, representing a \$2.8 million increase over the final budget estimate of \$46.0 million. Charges for services revenue exceeded projected amounts.

Final expenditure appropriations of \$40.0 million were \$2.6 million higher than the actual expenditures of \$37.4 million, as cost savings were recognized throughout the year.

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Original budgeted revenues were \$0.2 million higher than final budget. There were no significant changes from original to final expenditure appropriations.

Original budgeted transfers out were \$1.5 million under final estimates and actual transfers as more general fund resources were needed to fund various other services and capital projects of the City. Advances were not budgeted as part of the original appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2016, the City had \$92.9 million in capital assets. Table 3 shows fiscal year 2016 balances compared with 2015.

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

	Governmental Activities	
	2016	2015
Land	\$ 19,946,262	\$ 19,799,204
Construction in Progress	3,820,206	3,578,073
Buildings and Improvements	9,921,445	9,726,270
Land Improvements	6,061,755	5,747,999
Machinery and Equipment	7,483,975	7,450,218
Infrastructure:		
Streets	25,523,140	22,923,486
Storm and Sanitary Sewers	10,676,901	10,841,953
Bridges	47,878	53,813
Culverts	46,977	47,724
Traffic signals	9,400,832	9,730,181
<i>Total</i>	<u>\$ 92,929,371</u>	<u>\$ 89,898,921</u>

The \$3.0 million increase in capital assets of governmental activities was attributable to current year additional purchases exceeding depreciation and disposals which included predominantly an increase in street improvements. See Note 8 for additional information about the capital assets of the City.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016

Debt

The outstanding debt for the City as of December 31, 2016 was \$19.1 million. See Note 11 for additional details. Table 4 summarizes outstanding debt.

Table 4
Outstanding Debt, at December 31

	Governmental Activities	
	2016	2015
General Obligation Bonds	\$ 15,749,588	\$ 16,394,866
OPWC Loans	3,326,439	3,648,133
Bond Anticipation Notes	0	1,025,000
<i>Total</i>	\$ 19,076,027	\$ 21,067,999

Current Financial Related Activities

The City of Shaker Heights is strong financially and well managed, as evidenced by the AA+ bond rating awarded the City by Standard & Poor's in June 2017. The City's AAA rating awarded from Fitch Rating Services was reaffirmed in February 2017. These favorable credit ratings are the result of the City's history of creative planning and the combined cooperation of the elected officials, professional administration and employees and, most importantly, its residents. The City is well prepared to meet the challenges of the future. City management continues to be committed to providing the residents of the City of Shaker Heights with full and timely disclosures of the financial position of the City.

The City of Shaker Heights has committed itself to financial excellence. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting every year since 1996, with the exception of the 2005 audit period due to the transition of finance directors. The City was awarded the Auditor of State Award with Distinction by the Ohio Auditor of State for the 2012, 2013 and 2014 audit reports.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance Robert Baker, at the City of Shaker Heights, 3400 Lee Road, Shaker Heights, Ohio 44120, (216) 491-1420 and by email: robert.baker@shakeronline.com. Additional financial and budgetary reporting for the City of Shaker Heights can be found online at the City's website: <http://shakeronline.com/departments/finance>.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Net Position
December 31, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 43,228,570
Accounts Receivable	2,670,204
Accrued Interest Receivable	6,869
Intergovernmental Receivable	4,050,445
Taxes Receivable	18,268,847
Special Assessments Receivable	2,554,355
Loans Receivable	27,200
Prepaid Items	50,240
Materials and Supplies Inventory	386,195
Leases Receivable	1,683,003
Non-Depreciable Capital Assets	23,766,468
Depreciable Capital Assets, Net	69,162,903
<i>Total Assets</i>	165,855,299
Deferred Outflows of Resources	
Deferred Charges on Refunding	989,921
Pension	13,883,900
<i>Total Deferred Outflows of Resources</i>	14,873,821
Liabilities	
Accounts Payable	1,635,672
Accrued Wages and Benefits	1,745,209
Contracts Payable	120,431
Retainage Payable	269,418
Accrued Interest Payable	53,092
Matured Compensated Absences Payable	36,146
Unearned Revenue	1,683,003
Long-Term Liabilities:	
Due Within One Year	2,284,369
Due In More Than One Year:	
Net Pension Liability (See Note 9)	48,457,154
Other Amounts Due in More Than One Year	25,822,304
<i>Total Liabilities</i>	82,106,798
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	6,303,838
Payment in Lieu of Taxes	1,004,960
Pension	1,312,428
<i>Total Deferred Inflows of Resources</i>	8,621,226
Net Position	
Net Investment in Capital Assets	74,476,459
Restricted for:	
Capital Projects	768,122
Streets	835,057
Public Safety	2,974,436
Judicial Services	862,725
Tree Maintenance	972,982
Other Purposes	201,832
Unrestricted	8,909,483
<i>Total Net Position</i>	\$ 90,001,096

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Activities
For the Year Ended December 31, 2016

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
General Government					
Legislative and Executive	\$ 5,477,169	\$ 120,709	\$ 12,335	\$ 0	\$ (5,344,125)
Judicial System	2,311,753	2,801,504	4,452	0	494,203
Security of Persons and Property					
Police	16,619,282	149,807	3,533,657	0	(12,935,818)
Fire	7,743,625	608,814	0	0	(7,134,811)
Other	885,739	565,234	0	0	(320,505)
Public Health	440,827	63,910	44,650	0	(332,267)
Leisure Time Services					
Culture and Recreation	3,076,586	1,725,480	3,628	0	(1,347,478)
Parks and Public Land Maintenance	1,114,744	0	0	0	(1,114,744)
Housing and Community Development	5,318,429	2,719,958	132,072	0	(2,466,399)
Sanitation and Sewer Services	5,002,530	1,130,083	6,034	0	(3,866,413)
Street Maintenance and Repair	3,197,767	0	1,218,647	376,504	(1,602,616)
Public Works	3,034,027	820,334	4,741	0	(2,208,952)
Interest and Fiscal Charges	690,169	0	0	0	(690,169)
<i>Total Governmental Activities</i>	<u>\$ 54,912,647</u>	<u>\$ 10,705,833</u>	<u>\$ 4,960,216</u>	<u>\$ 376,504</u>	<u>(38,870,094)</u>
General Revenues:					
Property Taxes Levied for:					
					6,305,898
					406,804
Municipal Income Taxes Levied for:					
					31,929,776
Other Taxes Levied for:					
					57,205
Grants and Entitlements not Restricted to Specific Programs					
					2,761,572
Investment Earnings					
					273,406
Miscellaneous					
					203,510
					<u>41,938,171</u>
					Change in Net Position
					3,068,077
					Net Position Beginning of Year
					86,933,019
					Net Position End of Year
					<u>\$ 90,001,096</u>

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 20,148,784	\$ 13,813,688	\$ 6,871,494	\$ 40,833,966
Accounts Receivable	2,257,598	0	412,606	2,670,204
Accrued Interest Receivable	6,869	0	0	6,869
Intergovernmental Receivable	1,573,607	177,602	2,299,236	4,050,445
Taxes Receivable	17,850,455	0	418,392	18,268,847
Special Assessments Receivable	425,844	0	2,128,511	2,554,355
Loans Receivable	27,200	0	0	27,200
Interfund Receivable	2,289,000	0	199,986	2,488,986
Materials and Supplies Inventory	174,420	0	0	174,420
Leases Receivable	1,533,003	150,000	0	1,683,003
<i>Total Assets</i>	<u>\$ 46,286,780</u>	<u>\$ 14,141,290</u>	<u>\$ 12,330,225</u>	<u>\$ 72,758,295</u>
Liabilities				
Accounts Payable	\$ 500,286	\$ 686,413	\$ 331,042	\$ 1,517,741
Accrued Wages and Benefits	1,237,631	0	472,650	1,710,281
Contracts Payable	41,249	79,182	0	120,431
Retainage Payable	0	269,418	0	269,418
Interfund Payable	0	2,169,000	199,986	2,368,986
Matured Compensated Absences Payable	36,146	0	0	36,146
Unearned Revenue	1,533,003	150,000	0	1,683,003
<i>Total Liabilities</i>	<u>3,348,315</u>	<u>3,354,013</u>	<u>1,003,678</u>	<u>7,706,006</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	5,921,728	0	382,110	6,303,838
Payment in Lieu of Taxes	0	0	1,004,960	1,004,960
Unavailable Revenue	8,497,727	84,352	3,329,533	11,911,612
<i>Total Deferred Inflows of Resources</i>	<u>14,419,455</u>	<u>84,352</u>	<u>4,716,603</u>	<u>19,220,410</u>
Fund Balances				
Nonspendable	174,420	0	0	174,420
Restricted	0	205,438	4,048,982	4,254,420
Committed	173,541	10,497,487	2,597,055	13,268,083
Assigned	6,496,316	0	0	6,496,316
Unassigned	21,674,733	0	(36,093)	21,638,640
<i>Total Fund Balances</i>	<u>28,519,010</u>	<u>10,702,925</u>	<u>6,609,944</u>	<u>45,831,879</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 46,286,780</u>	<u>\$ 14,141,290</u>	<u>\$ 12,330,225</u>	<u>\$ 72,758,295</u>

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2016

Total Governmental Fund Balances		\$ 45,831,879
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		92,929,371
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 598,548	
Municipal Income Tax	5,382,830	
Intergovernmental	1,588,961	
Special Assessments	2,554,355	
Charges for Services	1,721,364	
Other	65,554	11,911,612
Internal service funds are used by management to charge the costs of certain activities, such as insurance, worker's compensation, printing supplies, and maintenance and repair of the City's fleet of vehicles to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.		488,155
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(53,092)
Unamortized gain/loss on refunding represents deferred outflows, which do not provide current financial resources and, therefore, are not reported in the funds.		989,921
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension (net of internal service funds)	13,609,639	
Deferred Inflows - Pension (net of internal service funds)	(1,295,510)	
Net Pension Liability (net of internal service funds)	(47,743,832)	(35,429,703)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(15,401,300)	
Loans Payable	(3,326,439)	
Unamortized Bond Premium	(348,288)	
Capital Leases	(1,406,258)	
Compensated Absences (net of internal service funds)*	(6,184,762)	(26,667,047)
<i>Net Position of Governmental Activities</i>		\$ 90,001,096

* Excludes \$97,264 reported in the Internal Service Fund.

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 6,254,454	\$ 0	\$ 403,482	\$ 6,657,936
Municipal Income Taxes	34,284,348	0	0	34,284,348
Other Local Taxes	73,283	0	0	73,283
Special Assessments	141,174	0	1,329,792	1,470,966
Charges for Services	5,983,351	7,500	1,141,123	7,131,974
Fees, Licenses and Permits	1,113,953	0	0	1,113,953
Fines and Forfeitures	574,780	0	313,328	888,108
Intergovernmental	1,848,259	343,991	6,121,691	8,313,941
Investment Earnings	275,375	0	18,338	293,713
Other	222,481	0	0	222,481
<i>Total Revenues</i>	<u>50,771,458</u>	<u>351,491</u>	<u>9,327,754</u>	<u>60,450,703</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,363,000	832,765	2,379	5,198,144
Judicial System	2,049,672	0	144,930	2,194,602
Security of Persons and Property:				
Police	9,329,942	363,953	4,738,479	14,432,374
Fire	7,229,519	226,048	1,095,508	8,551,075
Other	89,180	0	784,366	873,546
Public Health	414,282	0	0	414,282
Leisure Time Services:				
Cultural and Recreation	2,606,444	97,717	0	2,704,161
Park and Public Land Development	1,007,721	5,175	0	1,012,896
Housing and Community Development	4,746,481	608,783	783,249	6,138,513
Sanitation and Sewer Services	2,705,309	1,397,660	1,246,728	5,349,697
Street Maintenance and Repair	830,718	2,189,590	1,423,925	4,444,233
Public Works	2,655,269	35,700	0	2,690,969
Debt Service:				
Principal Retirement	121,069	0	2,218,547	2,339,616
Interest and Fiscal Charges	6,112	0	598,038	604,150
Bond Issuance Costs	0	0	45,827	45,827
<i>Total Expenditures</i>	<u>38,154,718</u>	<u>5,757,391</u>	<u>13,081,976</u>	<u>56,994,085</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>12,616,740</u>	<u>(5,405,900)</u>	<u>(3,754,222)</u>	<u>3,456,618</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	940,000	0	0	940,000
Gain from Sale of Capital Assets	16,183	2,584	0	18,767
Issuance of Refunding Bonds	0	0	3,501,300	3,501,300
Payment to Refunded Bond Escrow Agent	0	0	(3,455,473)	(3,455,473)
Transfers In	0	5,240,000	4,375,110	9,615,110
Transfers Out	(10,560,650)	0	0	(10,560,650)
<i>Total Other Financing Sources (Uses)</i>	<u>(9,604,467)</u>	<u>5,242,584</u>	<u>4,420,937</u>	<u>59,054</u>
<i>Net Change in Fund Balance</i>	3,012,273	(163,316)	666,715	3,515,672
<i>Fund Balance Beginning of Year</i>	<u>25,506,737</u>	<u>10,866,241</u>	<u>5,943,229</u>	<u>42,316,207</u>
<i>Fund Balance End of Year</i>	<u>\$ 28,519,010</u>	<u>\$ 10,702,925</u>	<u>\$ 6,609,944</u>	<u>\$ 45,831,879</u>

See accompanying notes to the basic financial statements.

City of Shaker 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, 2016*

Net Change in Fund Balances - Total Governmental Funds		\$ 3,515,672
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 6,385,164	
Current Year Depreciation	<u>(3,142,685)</u>	3,242,479
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.		
		(212,029)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	54,766	
Municipal Income Tax	(2,354,571)	
Intergovernmental	(393,203)	
Special Assessments	107,535	
Charges for Services	105,016	
Other	<u>10,478</u>	(2,469,979)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	800,000	
OPWC Loans	321,694	
Bond Anticipation Notes	1,025,000	
Capital Lease	192,921	
Payment to Refunded Bond Escrow Agent	<u>3,455,473</u>	5,795,088
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
General Obligation Bonds		(3,501,300)
Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(940,000)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	2,584	
Amortization of Premium on Bonds	23,219	
Amortization of Refunding Loss	<u>(65,995)</u>	(40,192)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		3,625,881
Except for amount reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities (net of internal service fund).		
		(6,471,752)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		634,317
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*		<u>(110,108)</u>
<i>Change in Net Position of Governmental Activities</i>		<u>\$ 3,068,077</u>

* Excludes \$2,070 reported in the Internal Service Fund.

See accompanying notes to the basic financial statements.

City of Shaker 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, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes and Other Taxes	\$ 7,274,039	\$ 7,274,039	\$ 7,166,363	\$ (107,676)
Municipal Income Taxes	32,257,825	32,257,825	32,818,535	560,710
Other Local Taxes	53,412	53,412	55,944	2,532
Charges for Services	3,173,794	2,970,663	5,065,724	2,095,061
Fees, Licenses and Permits	1,184,584	1,184,584	1,114,988	(69,596)
Fines and Forfeitures	520,000	520,000	588,268	68,268
Intergovernmental	811,397	795,914	951,344	155,430
Investment Earnings	125,000	125,000	219,189	94,189
Other	798,765	798,765	843,251	44,486
<i>Total Revenues</i>	<u>46,198,816</u>	<u>45,980,202</u>	<u>48,823,606</u>	<u>2,843,404</u>
Expenditures				
Current:				
General Government				
Legislative and Executive	4,646,841	4,774,341	4,418,434	355,907
Judicial System	2,178,997	2,178,997	2,044,918	134,079
Security of Persons and Property				
Police	10,000,569	9,747,504	9,240,233	507,271
Fire	6,372,892	6,478,392	6,309,781	168,611
Other	61,619	61,619	87,500	(25,881)
Public Health	449,564	465,047	415,864	49,183
Leisure Time Services				
Cultural and Recreation	2,829,672	2,800,000	2,672,523	127,477
Park and Public Land Development	1,092,131	1,092,131	1,013,553	78,578
Housing and Community Development	5,381,017	6,335,018	5,401,929	933,089
Sanitation and Sewer Services	2,869,704	2,949,704	2,988,151	(38,447)
Street Maintenance and Repair	966,866	966,866	848,200	118,666
Public Works	2,201,324	2,141,324	1,995,818	145,506
<i>Total Expenditures</i>	<u>39,051,196</u>	<u>39,990,943</u>	<u>37,436,904</u>	<u>2,554,039</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,147,620</u>	<u>5,989,259</u>	<u>11,386,702</u>	<u>5,397,443</u>
Other Financing Sources (Uses)				
Advances In	0	0	50,000	50,000
Advances Out	0	(2,849,000)	(2,289,000)	560,000
Transfers Out	(9,040,650)	(10,560,650)	(10,560,650)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(9,040,650)</u>	<u>(13,409,650)</u>	<u>(12,799,650)</u>	<u>610,000</u>
<i>Net Change in Fund Balance</i>	(1,893,030)	(7,420,391)	(1,412,948)	6,007,443
Beginning Cash Fund Balance	20,008,319	20,008,319	20,008,319	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(107,493)	(107,493)	(107,493)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrances	(899,622)	(899,622)	(899,622)	0
Ending Cash Fund Balance	<u>\$ 17,108,174</u>	<u>\$ 11,580,813</u>	17,588,256	<u>\$ 6,007,443</u>
Encumbrances - All Budget Years			<u>2,246,544</u>	
Total Cash Fund Balance - December 31			<u>\$ 19,834,800</u>	

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Governmental Activities - Internal Service Funds
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,394,604
Prepaid Items	50,240
Materials and Supplies Inventory	211,775
<i>Total Assets</i>	2,656,619
Deferred Outflows of Resources	
Pension	274,261
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	117,931
Accrued Wages and Benefits	34,928
Interfund Payable	120,000
Compensated Absences Payable	6,557
Claims Payable	329,338
<i>Total Current Liabilities</i>	608,754
<i>Long-Term Liabilities:</i>	
Claims Payable - Net of Current Portion	1,013,024
Compensated Absences Payable - Net of Current Portion	90,707
Net Pension Liability	713,322
<i>Total Long-Term Liabilities</i>	1,817,053
<i>Total Liabilities</i>	2,425,807
Deferred Inflows of Resources	
Pension	16,918
Net Position	
Unrestricted	\$ 488,155

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for Services	\$ 6,182,933
Other	41,725
<i>Total Operating Revenues</i>	6,224,658
Operating Expenses	
Personal Services	808,123
Contractual Services	4,965,355
Materials and Supplies	613,899
Other	148,504
<i>Total Operating Expenses</i>	6,535,881
<i>Operating Income (Loss)</i>	(311,223)
Transfers In	945,540
<i>Change in Net Position</i>	634,317
<i>Net Position Beginning of Year</i>	(146,162)
<i>Net Position End of Year</i>	\$ 488,155

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from Internal Services	\$ 6,182,933
Cash Received from Other Operating Receipts	97,336
Cash Payments for Goods and Services	(5,588,055)
Cash Payments to Employees for Services and Benefits	(783,755)
Cash Payments to Suppliers	(601,776)
Other Cash Payments	(154,942)
<i>Net Cash Used for Operating Activities</i>	<u>(848,259)</u>
Cash Flows from Noncapital Financing Activities	
Advances In	120,000
Advances Out	(50,000)
Transfers In	945,540
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>1,015,540</u>
<i>Net Increase in Cash and Cash Equivalents</i>	167,281
<i>Cash and Investments Beginning of Year</i>	<u>2,227,323</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 2,394,604</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Loss	\$ (311,223)
Adjustments:	
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivable	55,611
Materials and Supplies Inventory	8,461
Net Pension Asset	1,763
Deferred Outflows - Pension	(180,337)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(33,866)
Accrued Wages and Benefits	6,432
Claims Payable	(591,610)
Compensated Absences Payable	(2,070)
Matured Compensated Absences Payable	(309)
Deferred Inflows - Pension	7,215
Net Pension Liability	191,674
<i>Net Cash Used For Operating Activities</i>	<u>\$ (848,259)</u>

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

	Agency Funds
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,513,150
Cash in Segregated Accounts	636,231
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	103,174
<i>Total Assets</i>	\$ 3,252,555
Liabilities	
Intergovernmental Payable	\$ 2,013,776
Deposits Held and Due to Others	896,903
Loans Payable	27,200
Undistributed Monies	314,676
<i>Total Liabilities</i>	\$ 3,252,555

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Description of the City and Reporting Entity

The City of Shaker Heights (the “City”) was incorporated under the laws of the State of Ohio in 1912. The City has operated as a home rule municipal corporation under its own charter since the charter’s adoption by the residents in 1931. The charter provides that the City operate under the Mayor/Council form of government, with the legislative power vested in the seven-member Council. The Mayor is the Chief Executive Officer of the City. The Mayor appoints the Chief Administrative Officer of the City, who is confirmed by Council.

Reporting Entity

The City provides various services including police and fire protection, public health, parks and recreation, street maintenance, planning and zoning, community preservation, economic development and other general governmental services. None of these services are provided by legally separate organizations; therefore, these operations are included in the primary government.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the City (the primary government), as well as its component units. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either a) the ability of the primary government to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government.

Based upon the foregoing criteria, these financial statements do not include any component units.

The City participates in jointly governed organizations and a related organization. The jointly governed organizations are the Northeast Ohio Public Energy Council, the First Suburbs Consortium of Northeast Ohio Council of Governments and Heights Hillcrest Communications Center while the Shaker Heights Development Corporation is a related organization. These organizations are presented in Note 16.

Note 2 – Summary of Significant Accounting Policies

The financial reporting practices of the City conform to generally accepted accounting principles as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City’s accounting policies are described below.

A. 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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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. The activity of the internal service funds is eliminated to avoid double-counting revenues and expenses.

The statement of net position presents the financial condition of the governmental 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. 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 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 function 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. Non major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the proprietary fund statements. Fiduciary funds are reported by type.

B. 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. There are three categories of funds: governmental, proprietary and fiduciary.

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

The following are the City's major governmental funds:

General Fund – To account for all financial resources except those required to be accounted for 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 and/or the general laws of Ohio. Within the general fund group are the economic development and housing fund and the recreation fund.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of capital facilities.

The other governmental funds of the City account for grants and other resources whose use is restricted 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 enterprise funds.

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City maintains four separate internal service funds to account for its self-insurance activity, central purchasing, copier management, and its municipal garage (fleet maintenance).

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the City's own programs. The City has no trust funds. The City maintains two other non major funds, the police pension fund and the fire pension fund that are not considered fiduciary funds because the funds are used to make the City's payments to the Ohio Police and Fire Pension Fund but are not used to make payments directly to former employees. The City's agency funds are custodial in nature (assets equal liabilities) and thus do not involve the measurement of the results of operations. The City has twelve agency funds which are used to account for unclaimed monies, deposits held to ensure compliance with building codes, for monies held for individuals and organizations for fines and forfeitures, for donations for public art and economic development throughout the City, scholarships and assets that provide aid to young children and their families for educational, recreational, social and support programs and services, for the design and construction design of water line projects, forgivable SBA loans for businesses and the Heights Area Special Rescue Team.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide statements are prepared using the 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 City are included on the statement of net position, except for fiduciary funds. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements of governmental funds.

All proprietary funds are 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 these funds are included on the statement of fund 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's finances meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

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

Governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: municipal income taxes withheld by employers, estate taxes, sewerage surcharges, investment earnings, fines and forfeitures and state levied locally shared taxes (including motor vehicle fees). 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. Revenues received by the City within 60 days after year-end are deemed to be available. Reimbursements for federally funded grant projects are accrued as revenue at the time the eligible expenditures are made. Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Income taxes and sewerage surcharges are considered to be measurable when billed; however, these revenue sources are not considered to be available until they have been received by the collecting agency. Accordingly, these items are recorded and revenue recognition is deferred until they become available.

All other revenue sources, including licenses and permits, certain charges for services, and non-employer withheld income taxes, are recorded as revenue when received in cash because they generally are not measurable until actually received by the City.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. At December 31, 2016, the City has unearned revenue for lease receivables recorded for rent that will be collected for a future year.

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 deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 9.

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, pension, and unavailable revenue. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 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, special assessments, income taxes, intergovernmental grants and miscellaneous revenues. 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 are reported on the government-wide statement of net position. (See Note 9)

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. Most expenditures are measurable and are recorded when the related liability is incurred except for unmatured principal and interest on general long-term debt which is recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments that are both readily convertible to known amounts of cash, with a maturity of three months or less when purchased to be cash equivalents.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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 City records. Each fund's interest in the pool is presented as "equity in cash and cash equivalents."

During fiscal year 2016, investments were limited to U.S. Treasury Notes, insured depository accounts, insured certificates of deposit, insured bank accounts and U.S. Treasury Money Market Fund holdings.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The City also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2016 amounted to \$275,375, which includes \$116,322 assigned from other City funds. The adjustment to investments for fair market value at December 31, 2016 increased investment income in the general fund by \$15,013 for reporting purposes.

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording an asset for the prepaid item at the time of the purchase and the expenditure/expense in the year in which the services are consumed.

G. Inventory

Inventory is stated at weighted average cost and is expensed/expensed when used. Obsolete inventory has not been valued for financial reporting purposes.

H. Capital Assets

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

All purchased capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City's capitalization threshold is \$10,000. The City's infrastructure consists of curbs, sidewalks, sewers, streets, and other general capital assets that are immovable and of value only to the City. 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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

All 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:

	<u>Estimated Lives</u>
Buildings and Improvements	25 to 60 Years
Machinery and Equipment	5 to 20 Years
Land Improvements	25 to 40 Years
Infrastructure	40 to 100 Years

I. Interfund Balances

During the course of normal operations, the City had numerous transactions between funds, most of which are in the form of transfers of resources to provide services or to service debt. The accompanying financial statements generally reflect such transactions as transfers. The City also advances money between funds throughout the year. To the extent that certain transactions between funds have not been paid or received as of December 31, 2016, interfund amounts receivable or payable have been recorded as interfund payables and interfund receivables. Interfund balance amounts are eliminated in the statement of net position and the statement of activities.

J. Compensated Absences

The City has accrued a liability for compensated absences (vacation and sick leave) at December 31, 2016 along with any salary-related benefit liabilities associated with the payment of compensated absences. The City uses the vesting method to calculate this liability. The entire compensated absence liability is reported on the government-wide financial statements.

K. Pensions

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

L. Payables, 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.

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

M. 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 a formal action (ordinance) 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 (ordinance) 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 is 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.

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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. 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. The Finance Director is authorized to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year'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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

City Council has adopted a minimum fund balance policy for the general fund with the goal of maintaining a fund balance of not less than 20 percent of annual operating expenditures on the non-GAAP budgetary basis of accounting.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 the 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.

O. Interfund Activity

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

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

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P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of item occurred in 2016.

Q. 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.

R. 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 miscellaneous supplies and materials, printing charges, repairs and maintenance fees and the City's worker's compensation. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the funds. All revenue and expenses not meeting these definitions are classified as nonoperating.

S. Budgetary Process

Tax Budget

A budget of estimated cash receipts and disbursements is submitted to the County Fiscal Officer, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission certifies its actions relative to the submitted tax budget to the City by September 1. As a part of this certification, the City receives the official certificate of estimated resources, which states the projected resources of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. The City must then revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. For all operating funds except capital projects and trust and agency funds, an annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. For 2016, the annual appropriation measure was passed by City Council on December 21, 2015.

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The appropriation measure may be amended during the year as new information becomes available provided that total appropriations do not exceed estimated resources as certified. Trust and agency funds are deemed to be appropriated for their intended purpose upon receipt. The City appropriates capital project funds on a project by project basis.

As provided by the City's Charter and State law, amendments to the 2016 appropriation ordinance were approved by City Council. These amendments are reflected in the individual fund schedules of revenue, expenditures, and changes in fund balances – budget (non-GAAP budgetary basis) and actual.

Lapsing of Appropriations

For all funds, except capital project funds, unencumbered appropriation balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus, becoming available for future appropriation. Capital projects are appropriated on a project basis. Project appropriation balances lapse upon completion of the project; therefore, their unencumbered appropriation balances are carried over to the subsequent fiscal year.

Budgeted Level of Expenditure

State law mandates that a fund's total obligations may not exceed the total amount appropriated for the fund. For all funds except fiduciary and capital project funds, the City maintains its legal level of budgetary control at the department level and within each department segregates out expenses between personal services and other expenses. For fiduciary funds, the legal level of budgetary control is maintained at the fund level. For capital project funds, the City maintains its legal level of budgetary control at the project level. Management control is exercised at the department level within each fund. Administrative control is maintained through the establishment of more detailed line-item budgets. Council may authorize the transfer of budgeted amounts between personal service and other expenses within a department and between departments within a fund. Council may also authorize any revision in the budget that alters the fund totals or requires the transfer of moneys between funds.

T. Loan Receivable

The City advanced monies to the Shaker Heights Development Corporation to fund costs associated with professional fund development to assist in raising funds to pursue economic development projects. The loan has a three-year term with an interest rate of 1 percent, all due at maturity.

U. Implementation of New Accounting Principles

For the year ended December 31, 2016, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. These changes were incorporated in the City's fiscal year 2016 note disclosures; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the City.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the City's financial statements as the City does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the City.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the City.

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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable for:				
Inventory	\$ 174,420	\$ 0	\$ 0	\$ 174,420
Restricted for:				
Street Maintenance and Repair	0	0	470,956	470,956
State Highway	0	0	156,743	156,743
Police and Fire Pensions	0	0	1,078,954	1,078,954
Indigent Driver Alcohol Treatment	0	0	57,252	57,252
Court Computer Legal Research	0	0	143,176	143,176
Clerk's Computerization	0	0	539,855	539,855
Housing Grants	0	0	201,832	201,832
Law Enforcement Grant	0	0	15,783	15,783
Court Alternate Dispute Resolution	0	0	71,604	71,604
Ohio Court Security Project	0	0	35,112	35,112
Indigent Driver Interlock	0	0	15,726	15,726
Tree Maintenance Special Assessment	0	0	206,381	206,381
Law Enforcement Trust	0	0	1,055,608	1,055,608
Capital Projects	0	205,438	0	205,438
Total Restricted	0	205,438	4,048,982	4,254,420
Committed to:				
Sewer Maintenance	0	0	361,920	361,920
Housing and Nuisance Abatement	0	0	1,517,040	1,517,040
Capital Projects	0	10,497,487	0	10,497,487
Debt Service	0	0	718,095	718,095
Encumbrances:				
Housing and Community Development	173,541	0	0	173,541
Total Committed	173,541	10,497,487	2,597,055	13,268,083
Assigned for:				
Economic Development	4,889,660	0	0	4,889,660
Recreation	365,755	0	0	365,755
Central Services	268,684	0	0	268,684
Encumbrances:				
General Government	158,193	0	0	158,193
Security of Persons and Property	183,974	0	0	183,974
Public Health	4,315	0	0	4,315
Leisure Time Services	7,862	0	0	7,862
Housing and Community Development	154,717	0	0	154,717
Public Works	160,672	0	0	160,672
Sanitation and Sewer Services	118,933	0	0	118,933
Street Maintenance and Repair	24,914	0	0	24,914
Subsequent Year Appropriations	158,637	0	0	158,637
Total Assigned	6,496,316	0	0	6,496,316
Unassigned (Deficit)	21,674,733	0	(36,093) *	21,638,640
Total Fund Balance (Deficit)	\$ 28,519,010	\$ 10,702,925	\$ 6,609,944	\$ 45,831,879

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* Fund balance at December 31, 2016, included the following individual fund deficits:

		Deficit Fund Balance
Nonmajor Governmental Funds:		
High Intensity Drug Trafficking Area Grant Fund	\$	13,448
Street Lighting Special Assessments Fund		22,645

These fund deficits are the result of the recognition of liabilities in accordance with general accepted accounting principles. The municipal garage fund also reported a deficit fund balance of \$428,902. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 4 – Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund equity on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts and disbursements. The statements of revenues, expenditures, and changes in fund balance-budget (non-GAAP budgetary basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results to 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).
2. Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when susceptible to accrual (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned of fund balance (GAAP).
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).
5. Investments reported at fair value (GAAP) rather than cost (budget).

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The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$ 3,012,273
Net Adjustment for Revenue Accruals	(1,962,035)
Net Adjustment for Expenditure Accruals	(1,045,487)
Funds Budgeted Elsewhere	(71,418)
Adjustment for Encumbrances	<u>(1,346,281)</u>
Budget Basis	<u>\$ (1,412,948)</u>

** As part of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the central services operation fund.

Note 5 – Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 monies 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 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. The City's investment policies are governed by the City's charter and ordinances. The charter authorizes the City to invest in the following securities:

1. Bonds or notes which are issued by and are obligations of the City of Shaker Heights, Ohio.
2. Bonds, notes, certificates of indebtedness, treasury bills or other securities issued by and constituting direct obligations of, or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest thereon.

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3. Bonds or notes which are issued by and are the obligations of the State of Ohio, provided that such bonds or notes have a rating assigned to them by S&P Global Ratings or Moody's Investor Services, Inc. which rating:
 - a: As to bonds, is one of the two highest rating categories that may be assigned; and
 - b. As to notes, is the highest rating category that may be assigned.

In order to be eligible investments under points (2) and (3), there must be no outstanding default for the payment of the principal or interest on such securities and the securities must mature or be subject to redemption at the option of the City within five years of the date the City purchased such security.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Written repurchase agreements in the securities listed above are permitted provided that the fair 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 the market daily. The term of the agreement may not exceed 30 days.

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 Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge security for repayment of all public moneys. In 2013, the City amended its ordinance that governs the deposit of public funds to include the FDIC insurance amount (up to \$250,000) towards the collateral requirement. This change enabled eligible depositories to purchase FDIC insured certificates of deposit and insured bank deposits on behalf of the City and added another option for earning investment income.

Deposits - The carrying value of the City's deposits totaled \$27,684,331 (which includes \$3,170 of cash on hand) and the bank balances of the deposits totaled \$27,809,516. Of the bank balance \$24,493,468 was covered by depository insurance which includes \$7,025,374 held in a STAR Plus account; and \$3,316,048 was exposed to custodial credit risk as described above.

The municipal court bond fund is maintained separately from the City's deposits. The carrying amount of the deposits was \$636,231 ("Cash in Segregated Accounts") and the bank balance was \$637,020. Of the bank balance, \$250,000 was covered by Federal depository insurance and \$387,020 was exposed to custodial credit risk as described above.

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Although the securities serving as collateral (for all deposits) were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments - As of December 31, 2016, the City had the following investments:

Moody's	Investment	Measurement Amount	Investment Maturity			% Total Investments
			Less than One Year	1 - 3 Years	Over 3 Years	
Aaa	U.S. Treasury Notes	\$ 6,491,700	\$ 4,501,380	\$ 1,990,320	\$ 0	35.9%
Aaa	Huntington U.S. Treasury Money Market Fund	8,124,044	8,124,044	0	0	45.0%
Aaa	Huntington Trust CD's	3,441,645	1,489,492	1,699,763	252,390	19.1%
		<u>\$ 18,057,389</u>	<u>\$ 14,114,916</u>	<u>\$ 3,690,083</u>	<u>\$ 252,390</u>	<u>100.0%</u>

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. The above table identifies the City's recurring fair value measurements as of December 31, 2016. All investments of the City are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk requiring 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, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City's investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than five years.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

Credit Risk is addressed in the City's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio according to the specific percentage allocations noted in the policy. The investment percentages are listed above.

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Note 6 – Receivables

Receivables at December 31, 2016, consisted of municipal income taxes, property and other taxes, accounts, loans, special assessments, leases, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. Property taxes receivable totaled \$6,902,386 while income tax and other local taxes receivable were \$11,349,122 and 17,339 respectively. All receivables are deemed collectible in full. Special assessments are expected to be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of the 2015 taxes.

2016 real property taxes were levied after October 1, 2016 on the assessed value as of January 1, 2016, the lien date. Assessed values are established by the Cuyahoga County Fiscal Officer at 35% of the appraised market value, and reappraisal of all property is required every six years with a triennial update. The last triennial update was in 2015 with the next reappraisal scheduled for the year 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due mid-January with the remainder payable by mid-July. Taxes not paid become delinquent after December 31 of the year in which payable. Under certain circumstances, State statute permits earlier or 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. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$9.90 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 763,451,470
Public Utilities - Personal	13,585,020
Total Assessed Value	\$ 777,036,490

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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B. Municipal Income Taxes

The City income tax is applied to the gross salaries, wages and other personal service compensation earned by residents of the City and to the earnings of nonresidents working within the City. The tax also applies to the net income of businesses operating within the City. The tax rate was 2.25 percent in 2016. Both residents of the City and non-residents working inside the City are subject to the income tax. The City grants an income tax credit to residents who work in a locality that has a municipal income tax. The City provides a credit of 50 percent of the resident's workplace community's income tax rate up to a tax rate of 1.0 percent. A receivable totaling \$11,349,122 has been recorded in the general fund. This total includes \$6,215,778 for the portion of taxes that is due prior to December 31, 2016, but is not received until January and February of the following year, and \$5,133,344 estimated to be collectable as of December 31, 2016, but is not available in the current period.

C. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2016 include the following:

<u>Governmental Activities</u>	<u>Amount</u>
Homestead/Rollback	\$ 486,245
Local Government	306,366
Gasoline Tax	386,824
Permissive Tax	93,866
Auto Registration	10,770
Grants	926,365
TIF Receivable	1,004,960
Local Government Contracts	579,969
Fines and Forfeitures	205,677
Other	49,403
	<u>\$ 4,050,445</u>

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Note 7 – Interfund Balances and Transfers

A. Interfund Receivables/Payables

Interfund activity for the year ended December 31, 2016, consisted of the following:

Interfund Receivable	Interfund Payable			Total
	Capital Projects Fund	Non Major Governmental Funds	Internal Service Fund	
General Fund	\$ 2,169,000	\$ 0	\$ 120,000	\$ 2,289,000
Nonmajor Governmental Funds	0	199,986	0	199,986
Total	\$ 2,169,000	\$ 199,986	\$ 120,000	\$ 2,488,986

The interfund receivables and payables listed above result from a difference in the timing of when expenses are recognized in accordance with generally accepted accounting principles and when the related interfund subsidies are budgeted for payment on a cash basis. The \$199,986 represents interfund advances between High Intensity Drug Task Force and the Law Enforcement Trust fund.

B. Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Transfers Out	Transfers In			Total
	Capital Projects Fund	Non Major Governmental Funds	Internal Service Fund	
General Fund	\$ 5,240,000	\$ 4,375,110	\$ 945,540	\$ 10,560,650

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

General fund made transfers to nonmajor governmental funds and the self-insurance internal service fund to cover expenditures.

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Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 19,799,204	\$ 246,473	\$ (99,415)	\$ 19,946,262
Construction in Progress	3,578,073	3,690,961	(3,448,828)	3,820,206
Total Capital Assets, not being depreciated	23,377,277	3,937,434	(3,548,243)	23,766,468
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	17,973,581	582,821	0	18,556,402
Land Improvements	9,656,902	666,049	0	10,322,951
Machinery and Equipment	20,590,702	1,273,836	(515,787)	21,348,751
Infrastructure:				
Streets	31,126,009	3,373,852	0	34,499,861
Storm and Sanitary Sewers	12,348,687	0	0	12,348,687
Bridges	148,389	0	0	148,389
Culverts	56,000	0	0	56,000
Traffic Signals	13,176,550	0	0	13,176,550
Total Capital Assets, being depreciated	105,076,820	5,896,558	(515,787)	110,457,591
Less Accumulated Depreciation:				
Buildings and Improvements	(8,247,311)	(387,646)	0	(8,634,957)
Land Improvements	(3,908,903)	(352,293)	0	(4,261,196)
Machinery and Equipment	(13,140,484)	(1,127,465)	403,173	(13,864,776)
Infrastructure:				
Streets	(8,202,523)	(774,198)	0	(8,976,721)
Storm and Sanitary Sewers	(1,506,734)	(165,052)	0	(1,671,786)
Bridges	(94,576)	(5,935)	0	(100,511)
Culverts	(8,276)	(747)	0	(9,023)
Traffic Signals	(3,446,369)	(329,349)	0	(3,775,718)
Total Accumulated Depreciation	(38,555,176)	(3,142,685)	403,173	(41,294,688)
Total Capital Assets being depreciated, net	66,521,644	2,753,873	(112,614)	69,162,903
Governmental Activities Capital Assets, Net	\$ 89,898,921	\$ 6,691,307	\$ (3,660,857)	\$ 92,929,371

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Depreciation expense was charged to governmental activities as follows:

	<u>Depreciation</u>
General Government	
Legislative and Executive	\$ 271,043
Judicial System	32,627
Security of Persons and Property	577,515
Leisure Time Activities	371,464
Sanitation and Sewer Services	243,720
Street Maintenance and Repair	858,454
Community and Economic Development	85,186
Public Works	702,676
	\$ 3,142,685

Note 9 - Defined Benefit Pension Plans

Net Pension Liability

The net pension liability 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.

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.

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The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued wages and benefits* 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.

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 CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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.

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Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a 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.

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.00 %
Post-employment Health Care Benefits	2.00
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,592,071 for 2016. Of this amount, \$221,709 is reported as an accrued wages and benefits.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF 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.

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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 OPF 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 retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three 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
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2016 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 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$2,098,399 for 2016. Of this amount \$247,818 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability 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		Total
	Traditional Plan	OPF	
Proportionate Share of the Net Pension Liability	\$ 17,582,985	\$ 30,874,169	\$ 48,457,154
Proportion of the Net Pension Liability	0.10151100%	0.47992900%	
Pension Expense	\$ 2,508,648	\$ 4,048,008	\$ 6,556,656

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS		Total
	Traditional Plan	OPF	
Deferred Outflows of Resources			
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 5,168,299	\$ 5,025,131	\$ 10,193,430
City Contributions Subsequent to the Measurement Date	1,592,071	2,098,399	3,690,470
Total Deferred Outflows of Resources	<u>\$ 6,760,370</u>	<u>\$ 7,123,530</u>	<u>\$ 13,883,900</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 339,738	\$ 86,693	\$ 426,431
Changes in Proportionate Share	77,270	808,727	885,997
Total Deferred Inflows of Resources	<u>\$ 417,008</u>	<u>\$ 895,420</u>	<u>\$ 1,312,428</u>

\$3,690,470 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or addition of the net pension asset in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS		Total
	Traditional Plan	OPF	
2017	\$ 1,094,704	\$ 1,150,726	\$ 2,245,430
2018	1,177,344	1,150,726	2,328,070
2019	1,309,657	1,150,725	2,460,382
2020	1,169,586	882,842	2,052,428
2021	0	(172,528)	(172,528)
Thereafter	0	(32,780)	(32,780)
	<u>\$ 4,751,291</u>	<u>\$ 4,129,711</u>	<u>\$ 8,881,002</u>

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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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 percent to 10.05 percent, including wage inflation at 3.75 percent
COLA or Ad Hoc COLA	3.00 percent, simple
Investment Rate of Return	8.00 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term 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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust 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 and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

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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 table below displays the Board-approved asset allocation policy for 2015 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 (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	<u>18.00</u>	<u>4.59</u>
Total	<u>100.00 %</u>	<u>5.27 %</u>

Discount Rate The discount rate used to measure the total pension liability was eight percent. 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 statutorily required rates. 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 to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of eight percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (seven percent) or one-percentage-point higher (nine percent) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's proportionate share of the net pension liability:	\$ 28,013,991	17,582,985	\$ 8,784,762

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF'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. 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.

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Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11.00 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

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 OPF's target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Domestic Equity	16.00	4.47 %	7.80 %
Non-US Equity	16.00	4.47	8.00
Core Fixed Income*	20.00	1.62	5.35
Global Inflation Protected*	20.00	1.33	4.73
High Yield	15.00	3.39	7.21
Real Estate	12.00	3.93	7.43
Private Markets	8.00	6.98	10.73
Timber	5.00	4.92	7.35
Master Limited Partnerships	8.00	7.03	10.75
Total	120.00 %		

Note: Assumptions are geometric.

* levered 2x

** Numbers include inflation

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OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’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 8.25 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 earnings were calculated using the longer-term assumed investment rate of return 8.25 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 8.25 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 (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability:	\$ 40,718,894	\$ 30,874,169	\$ 22,534,719

Note 10 – Post-Employment Benefits

Ohio Public Employees Retirement System

Plan Description – 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.

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 post-retirement health care through their contributions to OPERS. 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 the earnable salary of active members. In 2016, 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.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016 as recommended by OPERS’ actuary. The 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 to the VEBA for participants in the Member-Directed Plan for 2016 was 4.0 percent.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$265,345, \$260,578 and \$272,204, respectively. For 2016, 86 percent has been contributed with the balance being reported as accrued wages and benefits. The full amount has been contributed for 2015 and 2014.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

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OPF provides access to post-retirement 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 OPF meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OPF, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OPF's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

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. The portion of employer contribution allocated to health care was 0.5 percent of covered payroll from January 1, 2016 through December 31, 2016. 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 OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OPF, which were allocated to fund post-employment health care benefits, for police and firefighters were \$27,170 and \$22,680 for the year ended December 31, 2016, \$26,758 and \$22,172 for the year ended December 31, 2015, and \$24,772 and \$25,389 for the year ended December 31, 2014. 88 percent has been contributed for police and 88 percent has been contributed for firefighters for 2016. The full amount has been contributed for 2015 and 2014.

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Note 11 – Long-Term Obligations

Changes in the City’s long-term obligations during the year were as follows:

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
Urban Renewal Bonds, Series 2009, 4.30% due 12/1/2018	\$ 3,705,000	\$ 0	\$ 3,360,000	\$ 345,000	\$ 170,000
Premium on Urban Renewal Bonds	128,359	0	128,359	0	0
Urban Renewal Refunding Bonds, Series 2012 3.58%, due 12/1/2031	11,845,000	0	615,000	11,230,000	620,000
Premium on Urban Renewal Refunding Bonds	371,507	0	23,219	348,288	0
Urban Renewal Refunding Bonds, Series 2016 1.97%, due 12/1/2031	0	3,501,300	0	3,501,300	48,400
Van Aken Sewer Line Improvement Bonds Series 2013, 2.90%, due 6/1/18	345,000	0	20,000	325,000	25,000
Total General Obligation Bonds	16,394,866	3,501,300	4,146,578	15,749,588	863,400
<i>Loans</i>					
OPWC - CA08F - Water System Improvements, 0%, maturing 7/1/2025	1,468,078	0	139,816	1,328,262	139,817
OPWC - CA17E - City Water Line Improvements, 0%, maturing 7/1/2025	617,026	0	64,950	552,076	64,950
OPWC – CA17K – South Woodland Area Infrastructure Improvements, 0%, maturing 1/1/2029	1,147,604	0	88,278	1,059,326	88,277
OPWC – CA18M – Hildana-Ludgate Sanitary Sewer Improvements, 0%, maturing 7/1/2030	415,425	0	28,650	386,775	28,650
Total Loans	3,648,133	0	321,694	3,326,439	321,694
Net Pension Liability					
OPERS	12,360,475	5,222,510	0	17,582,985	0
OPF	25,870,319	5,003,850	0	30,874,169	0
Total Net Pension Liability	38,230,794	10,226,360	0	48,457,154	0
Notes Payable	1,025,000	0	1,025,000	0	0
Capital Leases	659,179	940,000	192,921	1,406,258	346,804
Compensated Absences	6,173,988	2,793,007	2,684,969	6,282,026	423,133
Claims Payable	1,933,972	3,927,371	4,518,981	1,342,362	329,338
Total Governmental Long Term Liabilities	\$ 68,065,932	\$ 21,388,038	\$ 12,890,143	\$ 76,563,827	\$ 2,284,369

As of December 31, 2016, the City’s future debt service requirements consisted of bonds, four non-interest bearing Ohio Public Works Commission Loans numbered CA08F, CA17E, CA17K and CA18M, capital leases, compensated absences and claims payable. For governmental activities, compensated absences are generally liquidated by the general fund and claims payable are generally liquidated from the self-insurance internal service fund. The City pays obligation related to employee compensation from the fund benefitting from their service.

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In 2007, the City transferred ownership of its waterlines to the City of Cleveland, but retained its obligation to pay the Ohio Public Works Commission Loans CA08F and CA17E.

Notes payable consisted of various purpose improvement notes. The notes have a term of one year or less, and were issued to finance improvements to City owned property and to acquire equipment. The City retired the various purpose improvement notes as they matured. The notes were dated April 28, 2015, and were due April 27, 2016, at an interest rate of 1.0%. These notes were paid off as of at December 31, 2016.

On April 11, 2012, the City issued \$13,460,000 in general obligation bonds for the purpose of advance refunding general obligation bonds outstanding in order to take advantage of lower interest rates. The interest rates of the bonds ranged from 1.0% to 4.0% and the bonds were sold at a premium of \$464,383. Proceeds of \$13,744,754 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the general obligation bonds. The City decreased its total debt service payments by \$1,332,007 as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$1,021,201. The final defeased bonds were called in December 2013.

On May 9, 2013, the City issued \$385,000 in general obligation bonds for the purpose of improving sewer lines along Van Aken Boulevard. The bonds bear an interest rate of 2.9% with semi-annual interest payments on June 1 and December 31 of each year, commencing December 1, 2013. The bonds mature on June 1, 2018.

On December 1, 2016, the City issued \$3,501,300 in general obligation bonds for the purpose of advance refunding general obligation bonds outstanding in order to take advantage of lower interest rates. The interest rates of the bonds is 1.97 percent. The City decreased its total debt service payments by \$609,036 as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$526,511.

The annual debt service requirements are as follows:

Year Ending December 31,	Governmental Activities			OPWC Loans Principal
	General Obligation Bonds Principal	Interest	Total	
2017	\$ 863,400	\$ 478,788	\$ 1,342,188	\$ 321,694
2018	864,300	461,860	1,326,160	321,694
2019	890,300	439,763	1,330,063	321,694
2020	907,600	418,627	1,326,227	321,694
2021	967,800	397,096	1,364,896	321,694
2022 - 2026	5,042,600	1,551,787	6,594,387	1,441,138
2027 - 2031	5,865,300	628,406	6,493,706	276,831
Total	\$ 15,401,300	\$ 4,376,327	\$ 19,777,627	\$ 3,326,439

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Legal Debt Margin Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2016, the City's overall debt limitation is \$81,588,831 (10.5% of the City's total assessed property valuation of \$777,036,490) of which the entire \$81,588,831 is available for additional voted and unvoted general obligation debt. Of this total general obligation debt capacity, the City's unvoted general obligation debt capacity is \$42,737,007 (5.5% of the City's total assessed property valuation) at December 31, 2016, of which the entire \$42,737,007 is available.

Note 12 – Lease Obligations

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the capital assets and the long-term debt liabilities in the governmental activities. Capitalized assets acquired under capital leases amount to \$1,953,055 and are all classified as machinery and equipment with accumulated depreciation of \$221,712. All items are long-term agreement leases, which meets the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee.

The future minimum lease payments required under capital leases are as follows:

Year Ending December 31,	Lease Payments
2017	\$ 370,735
2018	282,646
2019	256,555
2020	144,054
2021	144,054
2022 - 2023	288,109
Total Minimum Lease Payments	1,486,153
Less: Amount Representing Interest	(79,895)
Present Value of Minimum Lease Payments	\$ 1,406,258

Principal payments in the current year totaled \$192,921 in the governmental activities.

Note 13 – Compensated Absences

Vacation is earned by City employees at varying rates based upon length of service. Vacation accumulates based on the bargaining units, and the maximum amounts vary from a range of 160 hours to 600 hours. In the case of death, termination or retirement, an employee (or the employee's estate) is paid for the accumulated, unused vacation leave.

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All full-time employees earn sick leave at a rate of fifteen (15) workdays per year. In November of each year, full-time employees of the City have the right to convert accumulated sick leave days earned but not used for the previous year in excess of a total accumulation of ninety (90) days at the ratio of three days of accumulated sick leave for one day's pay. Sick leave not converted under this option may be used through time off from work. Dependent upon bargaining unit membership, full-time employees with minimum continuous service with the City ranging from five to ten years who terminate employment for other than disciplinary reasons may receive payment for their accumulated sick leave according to various formulae with maximums ranging from 520 to 1,300 hours. Compensated absences are charged to various funds of the City in accordance to where an employee's salary is charged.

Note 14 – Lease Receivable

As of December 31, 2016, the City has leased multiple pieces of real property. All of the leases are accounted for as operating leases. The value of the City's investment in the operating leases is reflected as lease receivable and unearned revenue in the general fund and capital projects fund.

Former Moreland School Building: This property was leased to the Shaker Heights Public Library during 1991 to serve as the library districts' new main library facility. The initial lease term expired in 2013 and was renewed for two ten-year periods, until August 29, 2033. The lease provides for two additional ten-year renewal options. Under the terms of the lease, the Library Board of Directors completed approximately \$4.3 million in renovations to the facility. The annual basic lease payment is \$100.

Warrensville Center Road Parking Lots: This lease was entered into with University Hospitals Health System, Inc. as of December 16, 2006 for a term of 15 years. Under the terms of the lease, the City constructed and made necessary improvements to existing parking lots on City-owned property along Warrensville Center Road. The lease requires annual payments of \$1 through 2016, with annual step increases of \$10,000 in subsequent years through 2021.

Former Sussex School Building: The former Sussex School Building, which the City now owns, is leased to the "Family Connections of Northeast Ohio" for the operation of an early learning and day care center for children. The initial term was for two years, from August 1, 2014 through July 31, 2016, with rent being \$1 per year. The lease is renewable for subsequent two year terms by agreement of the parties. This lease was renewed in 2016 and will expire on July 31, 2018.

3558 Lee Road: The City entered into a Lease of this property with the Shaker Heights Development Corporation (SHDC) on July 1, 2016. The Lease expires on December 31, 2017. It is renewable by the Lessee SDHC for one additional 12 month period. Rental for the initial term is \$1.50. The City has paid for various improvements to the property.

Former Malvern School Building: The City purchased this property in 1992 from the Shaker Heights Municipal School District. The building was then sold to Hannah Perkins School, but the City retained the land. Hannah Perkins School and the City then signed a ground lease on the land for a period of 50 years beginning October 1, 2002, with an annual base rent of \$100 per lease year. There is an option for the lessee to renew for an additional 50-year term. This ground lease is recorded with the Cuyahoga County Fiscal Office.

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Cell Phone Tower: The City entered into a Site Lease Agreement for the rental of the cell phone tower in the Shaker Heights City Hall parking lot with New Cingular Wireless PCS, LLC and this agreement calls for five-year terms that renew automatically, through 2028. The lease was amended on September 17, 2012 to reflect an increase in rent effective as of April 1, 2012 due to the addition of a second cell site on the same tower leased by New Cingular. In 2015, the lease was extended for an additional 18 years expiring in 2046 with rent increases scheduled at 5 year increments. In 2016, the City received \$35,000 in rent.

Duck Creek Energy: The City entered into an Oil and Gas Lease with Duck Creek Energy on April 12, 2010, that continues so long as oil or gas continue to be produced, but the lease expires July 1, 2030. Prior to drilling, Lessee paid the City a spud fee of \$20,000. Other compensation includes royalties in the amount of 12.5% of the gross proceeds of all oil and gas produced. In-kind benefits to the City per the lease include a certain amount of free gas to Thornton Park per year. No receivable is recorded as the amount to be received in the future cannot be determined as of December 31, 2016. In 2016, the City received \$2,027 in the general fund related to the oil and gas produced.

The following lists the components of the net investment in the operating leases as of December 31, 2016:

Leases Receivable

Year Ending December 31,	General Fund	Capital Projects Fund	Total
2017	\$ 35,100	\$ 10,000	\$ 45,100
2018	35,100	20,000	55,100
2019	35,100	30,000	65,100
2020	35,100	40,000	75,100
2021	35,100	50,000	85,100
2022 - 2026	201,750	0	201,750
2027 - 2031	231,537	0	231,537
2032 - 2036	266,153	0	266,153
2037 - 2041	306,075	0	306,075
2042 - 2046	351,988	0	351,988
	<u>\$ 1,533,003</u>	<u>\$ 150,000</u>	<u>\$ 1,683,003</u>

Note 15 – Risk Management

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. During 2016, the City contracted with the following insurance companies:

Argonaut (Trident) – provided public entity broad form liability insurance. This insurance included law enforcement, public officials, and emergency medical liability insurance, and is limited to \$1,000,000 per occurrence with a deductible of \$25,000 for general liability only and a \$50,000 deductible for all other claims. This insurance also included excess insurance for automobile liability with no retention limit. American Alternative Insurance Corporation provided the excess liability (umbrella) insurance with a limit of \$10,000,000.

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Trident – provided liability insurance for all City-owned vehicles (excluding refuse collection scooters) and physical damage insurance for all units valued at \$50,001 and above with a deductible of \$500. Any vehicle valued below \$50,001 does not carry comprehensive or collision insurance. The vehicles not carried under the plan are self-insured by the City. This coverage includes \$1,000,000 for liability, \$25,000 for uninsured/under insured motorist, \$1,000,000 for leased or rented vehicles, and a \$500 comprehensive and collision deductible.

Trident – provided commercial insurance for property and inland marine. Property insurance, with a deductible of \$10,000, was limited to \$55,504,432 for property and contents and \$1,390,804 for contractor's equipment. This coverage also included valuable papers and records limited to \$100,000 and computer equipment limited to \$712,000.

Trident – provided commercial crime and public employee dishonesty insurance with an aggregate limit of \$500,000 and a deductible of \$5,000.

Trident – provided catastrophic loss coverage for the City's vehicle fleet (provided for all vehicles valued \$50,000 and under for catastrophic loss). This insurance coverage has a maximum limit of \$500,000 and deductible of \$5,000.

The City accounts for its general liability and property insurance premiums in the self-insurance fund (an internal service fund). At December 31, 2016, the general and property liabilities balance is zero. The amount of the liability, if any, cannot be reasonably estimated at this time. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no reductions of coverage in 2016 when compared to the prior year.

Historically, under the Ohio Workers' Compensation System for public employer taxing districts, a city could be fully insured against worker compensation claims. The city paid a premium determined by the "base rate" as modified by the "experience factor."

On September 1, 2008, the City elected to provide worker's compensation coverage through a partially self-insured program. The City is accounting for the worker's compensation self-insurance through the self-insurance fund (an internal service fund). Compensable Benefits LLC is the City's third-party administrator. The retention point for excess insurance is \$500,000, which is through Midwest Employers Casualty Corporation. The insurance will cover the City for each incident that goes beyond \$500,000.

On January 1, 2012 the City began providing medical and dental insurance to its employees through a self-insurance plan. The City pays a monthly administrative premium, including a stop-loss fee, for the self-insurance plan. The City contracts with a third-party administrator to direct this program. During 2016, self-insurance was in effect for claims up to \$120,000 per covered individual. Any claims exceeding this threshold are covered by a stop-loss insurance policy.

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At December 31, 2016, \$1,342,362 has been accrued for self-insurance claims. The claims liability reported in the self-insurance fund is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This represents estimates to be paid for property and casualty, workers' compensation, and hospitalization unpaid claims costs, including an estimate of costs relating to incurred but not yet reported claims based on the current information available.

A reconciliation of changes in the balances of claims liabilities during the fiscal years 2016 and 2015 were as follows:

	Property and Casualty		Workers' Compensation		Hospitalization	
	2016	2015	2016	2015	2016	2015
Beginning of the Year Liability	\$ 0	\$ 0	\$ 831,326	\$ 1,142,311	\$ 1,102,646	\$ 287,086
Current Year Claims and						
Changes in Estimates	153,853	20,825	171,400	(220,488)	3,755,971	4,494,195
Claim Payments	(153,853)	(20,825)	(108,378)	(90,497)	(4,410,603)	(3,678,635)
End of the Year Liability	\$ 0	\$ 0	\$ 894,348	\$ 831,326	\$ 448,014	\$ 1,102,646

Note 16 – Jointly Governed Organizations and Related Organizations

A. Jointly Governed Organizations

Northeast Ohio Public Energy Council (NOPEC)

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 a number of 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 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 ten-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 did not contribute to NOPEC during 2016. Financial information can be obtained by contacting NOPEC, 31320 Solon Rd, Suite 20, Solon, Ohio 44139.

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First Suburbs Consortium of Northeast Ohio Council of Governments

The City is a member of the First Suburbs Consortium of Northeast Ohio Council of Governments (Council). The Council is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council is currently comprised of 19 communities. The Council was formed to foster cooperation between municipalities in matters of mutual concern, including but not limited to initiation and support of policies and practices which protect, maintain and redevelop mature communities and other matters which affect health, welfare, education, economic conditions and regional development.

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the Council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2016, the City of Shaker Heights contributed \$3,000 to the Council. Financial information may be obtained by contacting First Suburbs Consortium of Northeast Ohio Council of Governments, 40 Severance Circle, Cleveland Heights, Ohio 44118.

Heights Hillcrest Communications Center (HHCC)

On June 28, 2016, the City entered into an Agreement with three other political subdivisions, Cleveland Heights, University Heights and South Euclid, to form a Council of Governments, pursuant to the authority granted by Chapter 167 of the Ohio Revised Code and Article XVIII, Section 3 of the Ohio Constitution. The name of the Regional Council of Governments shall be the *Heights-Hillcrest Communications Center* ("HHCC"). The purpose of HHCC is to provide a joint Police, Fire and Emergency Medical Services ("EMS") communications system for the dispatch of Police, Fire and EMS services in and for the communities of all of the Members to this Agreement, which shall be operated and maintained in and by HHCC. The HHCC Dispatch Center will be operated by the new entity, and paid for by all four cities, based on formulae set forth in the Agreement. The Center is under construction and due to open by the end of 2017.

B. Related Organizations

Shaker Heights Development Corporation (SHDC)

In 1980, the City formed the Community Improvement Corporation of Shaker Heights, Ohio (CIC) which is now known as the Shaker Heights Development Corporation. The CIC was formed and designated by the City as its agent for industrial, commercial, distribution and research development in the City, but was largely inactive. In 2011, the CIC was reactivated and reorganized to be involved in the economic development of the City, and the Internal Revenue Service determined that the CIC was a 501(c) (3) organization. The City acts as fiscal agent for the Shaker Heights Development Corporation.

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Note 17 – Construction and Other Significant Commitments

As of December 31, 2016, the City’s construction commitments were as follows:

	Contractual Commitment	Expended	Remaining Commitment
Street Improvement Projects	\$ 2,316,761	\$ 2,105,052	\$ 211,709
Parking Lots	101,207	73,669	27,538
Storm & Sanitary Sewer Improvements	94,231	55,035	39,196
	\$ 2,512,199	\$ 2,233,756	\$ 278,443

Other significant commitments include the encumbrances outstanding at year-end. The amount of the encumbrances expected to be honored upon performance by the corresponding vendor in the next year were as follows:

Fund	Amount
General Fund	\$ 1,871,092
Capital Projects Fund	2,245,059
Nonmajor Governmental Funds	304,610
	\$ 4,420,761

Note 18 – Claims and Judgments

The City is a defendant in various lawsuits. The amount of the liability, if any, cannot be reasonably estimated at this time. However, it is in the opinion of management that such claims and lawsuits will not have a material adverse effect on the financial condition of the City.

The City has received federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The City is the fiscal agent for are HIDTA grant. During 2017, the 2015 and 2016 grants will be going through an audit for allowable activities. This audit could also lead to requests for reimbursements to the grantor agency. However, it is the opinion of management that any such disallowances would be immaterial.

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Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Three Years (1)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>			
City's Proportion of the Net Pension Liability	0.1015110%	0.1024820%	0.1024820%
City's Proportionate Share of the Net Pension Liability	\$ 17,582,985	\$ 12,360,475	\$ 12,081,293
City's Covered-Employee Payroll	\$ 12,631,533	\$ 12,564,683	\$ 12,185,785
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	139.20%	98.37%	99.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%
<i>Ohio Police and Fire Pension Fund (OPF)</i>			
City's Proportion of the Net Pension Liability	0.4799290%	0.4993868%	0.4993868%
City's Proportionate Share of the Net Pension Liability	\$ 30,874,169	\$ 25,870,319	\$ 24,321,704
City's Covered-Employee Payroll	\$ 9,785,692	\$ 9,926,202	\$ 9,919,601
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	315.50%	260.63%	245.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

City of Shaker Heights
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Required Supplementary Information
Schedule of City Contributions
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 1,592,071	\$ 1,515,784	\$ 1,507,762	\$ 1,584,152
Contributions in Relation to the Contractually Required Contribution	<u>(1,592,071)</u>	<u>(1,515,784)</u>	<u>(1,507,762)</u>	<u>(1,584,152)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 13,267,258	\$ 12,631,533	\$ 12,564,683	\$ 12,185,785
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 2,098,399	\$ 2,058,882	\$ 2,089,901	\$ 1,757,814
Contributions in relation to the contractually required contribution	<u>(2,098,399)</u>	<u>(2,058,882)</u>	<u>(2,089,901)</u>	<u>(1,757,814)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 9,969,898	\$ 9,785,692	\$ 9,926,202	\$ 9,919,601
Contributions as a percentage of covered-employee payroll	21.05%	21.04%	21.05%	17.72%

(n/a) Information prior to 2013 is not available.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
\$ 1,447,978	\$ 1,507,305	\$ 1,517,593	\$ 1,571,254	\$ 2,092,172	\$ 2,244,685
<u>(1,447,978)</u>	<u>(1,507,305)</u>	<u>(1,517,593)</u>	<u>(1,571,254)</u>	<u>(2,092,172)</u>	<u>(2,244,685)</u>
<u>\$ 0</u>					
\$ 9,860,569	\$ 10,264,580	\$ 10,334,641	\$ 10,700,066	\$ 14,247,459	\$ 15,286,056
14.68%	14.68%	14.68%	14.68%	14.68%	14.68%

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**COMBINING STATEMENTS FOR
NONMAJOR GOVERNMENTAL FUNDS
AND
INDIVIDUAL FUND SCHEDULES FOR
GOVERNMENTAL FUNDS**

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City of Shaker Heights
Cuyahoga County, Ohio
Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific sources that are legally restricted or committed to expenditure for specified purposes other than debt service or capital projects. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

Street Maintenance and Repair Fund

One of two funds legally required by the Ohio Revised Code (the other being the state highway maintenance fund) to account for revenue from the state gasoline tax and motor vehicle registration fees. The Revised Code requires that 92.5% of these revenues be used for the maintenance and repair of streets within the City.

State Highway Fund

One of two funds legally required by the Ohio Revised Code (the other being the street maintenance and repair fund) to account for revenue from the state gasoline tax and motor vehicle registration fees. The Revised Code requires that 7.5% of these revenues be used exclusively for the maintenance and repair of state highways within the City.

Sewer Maintenance Fund

To account for funds derived from a surcharge levied upon all users of the sewer system with the City. This surcharge pays for sewer system maintenance, replacement and repair. The surcharge is levied in addition to the treatment and disposal rate set by the Northeast Ohio Regional Sewer District.

Police Pension Fund

To account for the payment of current and accrued police pension liability to the Police and Fireman's Disability and Pension Fund of Ohio. The Ohio Revised Code requires that the City levy .3 mills of property tax annually for the partial payment of this liability. The remaining liability is financed by a transfer primarily from the City's general fund.

Fire Pension Fund

To account for the payment of current and accrued fire pension liability to the Police and Firemen's Disability and Pension Fund of Ohio. The Ohio Revised Code requires that the City levy .3 mills of property tax annually for the partial payment of this liability. The remaining liability is financed by a transfer primarily from the City's general fund.

Indigent Driver/Alcohol Treatment Fund

To account for reinstatement fees collected by the State Bureau of Motor Vehicles and \$1.50 per traffic case paid in connection with driving under the influence offenses. Ohio Revised Code Section 4511.191(L) provides that payments are to be made only upon order of the Municipal Court Judge for alcohol and other drug treatment costs for indigent drivers.

Court Computer Legal Research Fund

To account for revenues from court costs assessed under the authority of Ohio Revised Code Section 1901.261(A) by the Municipal Court on the filing of each cause of action or appeal for the purposes of computerizing the court and to make available computerized legal research services.

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statements – Nonmajor Funds

Non-Major Special Revenue Funds (Continued)

Clerk's Computerization Fund

To account for revenues from court costs assessed under the authority of Ohio Revised Code Section 1901.261(B) by the Municipal Court on the filing of each cause of action or appeal, certificate of judgment or modification of judgment for the purpose of procuring and maintaining computer systems for the office of the clerk of the Municipal Court.

Housing Grant (Neighborhood Revitalization) Fund

To account for monies received from grants from various sources to be used to provide funding for housing within the City.

Fair Housing Grant Fund

To account for monies received from the Department of Housing and Urban Development. The funds are to be used to monitor fair housing practices within the City.

Law Enforcement Grant Fund

To account for grants received by the Shaker Heights Police Department whose primary purpose is to reduce the amounts and effects of external harm to individuals and property.

Court Alternate Dispute Resolution Fund

To account for the collection and use of an additional court cost imposed by the Shaker Heights Municipal Court, under the authority of Ohio Revised Code Section 1901.26, on each civil and small claims case to fund alternate dispute resolution programming and materials.

Ohio Court Security Project Fund

To account for a grant received from the State of Ohio to be used to upgrade court security by replacing door entry locks with a computerized keyless entry system. This also accounts for \$1.00 collected per criminal and traffic case collected which came into effect September 2003.

High Intensity Drug Trafficking Area Grant Fund (HIDTA)

The City is the grantee and acts as the fiscal agent for the federally funded Ohio HIDTA. The HIDTA Program functions as a coordination umbrella by forging partnerships among local, state, and federal law enforcement agencies in designated areas to combine resources and efforts in order to reduce drug trafficking and distribution.

Housing and Nuisance Abatement Fund

To account for funds received from the levy of special assessments against nuisance properties and charges for services from nuisance properties for the maintenance of such properties.

Indigent Driver Interlock Device Fund

To account for funds received from court costs that are collected on each DUI offense. The fund was created with the purpose of funding interlock and SCRAM (Secure Continuous Remote Alcohol Monitoring) for indigent drivers. In addition, the court receives monthly checks from the Bureau of Motor Vehicles for reinstatement fees collected.

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statements – Nonmajor Funds

Non-Major Special Revenue Funds (Continued)

Street Lighting Assessment Fund

To account for funds received from the levy of special assessments against property with frontage on public streets for the legally restricted purpose of paying the cost of street lighting with the City.

Tree Maintenance Assessment Fund

To account for funds received from the levy of special assessments against property with frontage on public streets for the legally restricted purpose of paying the cost of tree care on the City's public right-of-way.

Law Enforcement Trust Fund

To account for the proceeds of property deemed contraband by the courts and ordered forfeited to the City. The Ohio Revised Code permits these funds to be expended only for the cost of protracted or complex investigations or prosecutions, to provide reasonable technical training or expertise or other such law enforcement purposes as determined by Council. The fund may not be used to meet operating costs of the City that are not related to law enforcement.

Central Services Operation Fund

To provide a central cost center for work for other governmental agencies, utilities, and individuals that is not considered to be a normal City function and is billable back to the responsible party. Included in this fund is the maintenance of the rapid transit tracks for the Greater Cleveland Regional Transit Authority, street openings and closing, public property damage repaid, sidewalk repair and replacement and other miscellaneous activities. Due to the implementation of GASB Statement No. 54, this fund was combined with the general fund on the governmental fund financial statements but remained a separate fund in the budgetary schedules because it has a legally adopted budget.

Non-Major Debt Service Funds

Debt Service Administration Fund

To account for the accumulation of resources for, and the payment of all general long-term debt principal and interest except for urban renewal debt.

Urban Renewal Debt Service Fund

To account for the accumulation of resources for and the payment of urban renewal debt issued pursuant to Ohio Revised Code Section 725 to finance improvements secured by a general obligation pledge of the City and repaid with revenue from semi-annual tax increment payments including the Sussex Area revitalization project and the Shaker Towne Centre Community Development District revitalization project.

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,752,380	\$ 2,119,114	\$ 6,871,494
Accounts Receivable	412,606	0	412,606
Intergovernmental Receivable	1,294,276	1,004,960	2,299,236
Taxes Receivable	418,392	0	418,392
Special Assessments Receivable	2,128,511	0	2,128,511
Interfund Receivable	199,986	0	199,986
<i>Total Assets</i>	<u>\$ 9,206,151</u>	<u>\$ 3,124,074</u>	<u>\$ 12,330,225</u>
Liabilities			
Accounts Payable	\$ 331,042	\$ 0	\$ 331,042
Accrued Wages and Benefits	472,650	0	472,650
Interfund Payable	199,986	0	199,986
<i>Total Liabilities</i>	<u>1,003,678</u>	<u>0</u>	<u>1,003,678</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	382,110	0	382,110
Payment in Lieu of Taxes	0	1,004,960	1,004,960
Unavailable Revenue	3,329,533	0	3,329,533
<i>Total Deferred Inflows of Resources</i>	<u>3,711,643</u>	<u>1,004,960</u>	<u>4,716,603</u>
Fund Balances			
Restricted	4,048,982	0	4,048,982
Committed	477,941	2,119,114	2,597,055
Unassigned	(36,093)	0	(36,093)
<i>Total Fund Balances</i>	<u>4,490,830</u>	<u>2,119,114</u>	<u>6,609,944</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 9,206,151</u>	<u>\$ 3,124,074</u>	<u>\$ 12,330,225</u>

City of Shaker Heights
Cuyahoga County, Ohio

*Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2016*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$ 403,482	\$ 0	\$ 403,482
Special Assessments	1,329,792	0	1,329,792
Charges for Services	1,141,123	0	1,141,123
Fees, Licenses and Permits	313,328	0	313,328
Intergovernmental	5,207,461	914,230	6,121,691
Investment Earnings	18,338	0	18,338
<i>Total Revenues</i>	<u>8,413,524</u>	<u>914,230</u>	<u>9,327,754</u>
Expenditures			
Current:			
General Government:			
Legislative and Executive	2,082	297	2,379
Judicial System	144,930	0	144,930
Security of Persons and Property:			
Police	4,738,479	0	4,738,479
Fire	1,095,508	0	1,095,508
Other	784,366	0	784,366
Housing and Community Development	783,249	0	783,249
Sanitation and Sewer Services	1,246,728	0	1,246,728
Street Maintenance and Repair	1,423,925	0	1,423,925
Debt Service:			
Principal Retirement	71,853	2,146,694	2,218,547
Interest and Fiscal Charges	4,401	593,637	598,038
Issuance Costs	0	45,827	45,827
<i>Total Expenditures</i>	<u>10,295,521</u>	<u>2,786,455</u>	<u>13,081,976</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,881,997)</u>	<u>(1,872,225)</u>	<u>(3,754,222)</u>
Other Financing Sources (Uses)			
Issuance of Refunding Bonds	0	3,501,300	3,501,300
Payment to Refunded Bond Escrow Agent	0	(3,455,473)	(3,455,473)
Transfers In	3,041,410	1,333,700	4,375,110
<i>Total Other Financing Sources (Uses)</i>	<u>3,041,410</u>	<u>1,379,527</u>	<u>4,420,937</u>
<i>Net Change in Fund Balance</i>	1,159,413	(492,698)	666,715
<i>Fund Balance Beginning of Year</i>	<u>3,331,417</u>	<u>2,611,812</u>	<u>5,943,229</u>
<i>Fund Balance End of Year</i>	<u>\$ 4,490,830</u>	<u>\$ 2,119,114</u>	<u>\$ 6,609,944</u>

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Street Maintenance and Repair Fund	State Highway Fund	Sewer Maintenance Fund	Police Pension Fund	Fire Pension Fund
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 327,329	\$ 154,386	\$ 362,822	\$ 867,160	\$ 591,474
Accounts Receivable	0	0	409,934	0	0
Intergovernmental Receivable	461,640	29,819	0	14,734	14,734
Taxes Receivable	0	0	0	209,196	209,196
Special Assessments Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 788,969</u>	<u>\$ 184,205</u>	<u>\$ 772,756</u>	<u>\$ 1,091,090</u>	<u>\$ 815,404</u>
Liabilities					
Accounts Payable	\$ 15,952	\$ 8,290	\$ 70,177	\$ 0	\$ 0
Accrued Wages and Benefits	12,010	0	23,713	200,174	179,506
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>27,962</u>	<u>8,290</u>	<u>93,890</u>	<u>200,174</u>	<u>179,506</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	191,055	191,055
Unavailable Revenue	290,051	19,172	316,946	32,875	32,875
<i>Total Deferred Inflows of Resources</i>	<u>290,051</u>	<u>19,172</u>	<u>316,946</u>	<u>223,930</u>	<u>223,930</u>
Fund Balance					
Restricted	470,956	156,743	0	666,986	411,968
Committed	0	0	361,920	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>470,956</u>	<u>156,743</u>	<u>361,920</u>	<u>666,986</u>	<u>411,968</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 788,969</u>	<u>\$ 184,205</u>	<u>\$ 772,756</u>	<u>\$ 1,091,090</u>	<u>\$ 815,404</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Indigent Driver/Alcohol Treatment Fund	Court Computer Legal Research Fund	Clerk's Computerization Fund	Housing Grant Fund	Fair Housing Grant Fund
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 60,210	\$ 140,935	\$ 546,237	\$ 170,008	\$ 31,824
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	1,059	2,241	7,004	0	0
Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 61,269</u>	<u>\$ 143,176</u>	<u>\$ 553,241</u>	<u>\$ 170,008</u>	<u>\$ 31,824</u>
Liabilities					
Accounts Payable	\$ 4,017	\$ 0	\$ 13,386	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>4,017</u>	<u>0</u>	<u>13,386</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance					
Restricted	57,252	143,176	539,855	170,008	31,824
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>57,252</u>	<u>143,176</u>	<u>539,855</u>	<u>170,008</u>	<u>31,824</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 61,269</u>	<u>\$ 143,176</u>	<u>\$ 553,241</u>	<u>\$ 170,008</u>	<u>\$ 31,824</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Law Enforcement Grant Fund	Court Alternate Dispute Resolution Fund	Ohio Court Security Project Fund	HIDTA Grant Fund	Housing and Nuisance Abatement Fund
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 16,717	\$ 69,528	\$ 34,454	\$ 125,052	\$ 116,021
Accounts Receivable	0	0	0	0	2,672
Intergovernmental Receivable	0	2,076	658	748,539	0
Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	620,807
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 16,717</u>	<u>\$ 71,604</u>	<u>\$ 35,112</u>	<u>\$ 873,591</u>	<u>\$ 739,500</u>
Liabilities					
Accounts Payable	\$ 934	\$ 0	\$ 0	\$ 147,249	\$ 0
Accrued Wages and Benefits	0	0	0	42,523	0
Interfund Payable	0	0	0	199,986	0
<i>Total Liabilities</i>	<u>934</u>	<u>0</u>	<u>0</u>	<u>389,758</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	0	0
Unavailable Revenue	0	0	0	497,281	623,479
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>497,281</u>	<u>623,479</u>
Fund Balance					
Restricted	15,783	71,604	35,112	0	0
Committed	0	0	0	0	116,021
Unassigned	0	0	0	(13,448)	0
<i>Total Fund Balance</i>	<u>15,783</u>	<u>71,604</u>	<u>35,112</u>	<u>(13,448)</u>	<u>116,021</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 16,717</u>	<u>\$ 71,604</u>	<u>\$ 35,112</u>	<u>\$ 873,591</u>	<u>\$ 739,500</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Indigent Driver Interlock Device Fund	Street Lighting Assessment Fund	Tree Maintenance Assessment Fund	Law Enforcement Trust Fund	Totals
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 14,755	\$ 42,240	\$ 222,059	\$ 859,169	\$ 4,752,380
Accounts Receivable	0	0	0	0	412,606
Intergovernmental Receivable	971	0	0	10,801	1,294,276
Taxes Receivable	0	0	0	0	418,392
Special Assessments Receivable	0	648,207	859,497	0	2,128,511
Interfund Receivable	0	0	0	199,986	199,986
<i>Total Assets</i>	<u>\$ 15,726</u>	<u>\$ 690,447</u>	<u>\$ 1,081,556</u>	<u>\$ 1,069,956</u>	<u>\$ 9,206,151</u>
Liabilities					
Accounts Payable	\$ 0	\$ 64,885	\$ 954	\$ 5,198	\$ 331,042
Accrued Wages and Benefits	0	0	14,724	0	472,650
Interfund Payable	0	0	0	0	199,986
<i>Total Liabilities</i>	<u>0</u>	<u>64,885</u>	<u>15,678</u>	<u>5,198</u>	<u>1,003,678</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	0	382,110
Unavailable Revenue	0	648,207	859,497	9,150	3,329,533
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>648,207</u>	<u>859,497</u>	<u>9,150</u>	<u>3,711,643</u>
Fund Balance					
Restricted	15,726	0	206,381	1,055,608	4,048,982
Committed	0	0	0	0	477,941
Unassigned	0	(22,645)	0	0	(36,093)
<i>Total Fund Balance</i>	<u>15,726</u>	<u>(22,645)</u>	<u>206,381</u>	<u>1,055,608</u>	<u>4,490,830</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 15,726</u>	<u>\$ 690,447</u>	<u>\$ 1,081,556</u>	<u>\$ 1,069,956</u>	<u>\$ 9,206,151</u>

**City of Shaker Heights
Cuyahoga County, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016*

	Street Maintenance and Repair Fund	State Highway Fund	Sewer Maintenance Fund	Police Pension Fund	Fire Pension Fund
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 201,741	\$ 201,741
Special Assessments	0	0	0	0	0
Charges for Services	111	0	1,139,600	0	0
Fees, Licenses and Permits	0	0	0	0	0
Intergovernmental	1,095,202	69,802	0	29,414	29,414
Investment Earnings	711	752	6,034	0	0
<i>Total Revenues</i>	<u>1,096,024</u>	<u>70,554</u>	<u>1,145,634</u>	<u>231,155</u>	<u>231,155</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	147	0	0
Judicial System	0	0	0	0	0
Security of Persons and Property:					
Police	0	0	10,694	1,069,160	0
Fire	0	0	0	0	1,095,508
Other	0	0	0	0	0
Housing and Community Development	0	0	0	0	0
Sanitation and Sewer Services	0	0	1,246,728	0	0
Street Maintenance and Repair	1,351,860	72,065	0	0	0
Debt Service:					
Principal Retirement	0	0	71,853	0	0
Interest and Fiscal Charges	0	0	4,401	0	0
<i>Total Expenditures</i>	<u>1,351,860</u>	<u>72,065</u>	<u>1,333,823</u>	<u>1,069,160</u>	<u>1,095,508</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(255,836)	(1,511)	(188,189)	(838,005)	(864,353)
Other Financing Sources (Uses)					
Transfers In	330,000	0	502,000	859,041	865,369
<i>Net Change in Fund Balance</i>	74,164	(1,511)	313,811	21,036	1,016
<i>Fund Balance Beginning of Year</i>	<u>396,792</u>	<u>158,254</u>	<u>48,109</u>	<u>645,950</u>	<u>410,952</u>
<i>Fund Balance End of Year</i>	<u>\$ 470,956</u>	<u>\$ 156,743</u>	<u>\$ 361,920</u>	<u>\$ 666,986</u>	<u>\$ 411,968</u>

(continued)

**City of Shaker Heights
Cuyahoga County, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016*

	Indigent Driver/Alcohol Treatment Fund	Court Computer Legal Research Fund	Clerk's Computerization Fund	Housing Grant Fund	Fair Housing Grant Fund
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	0	0
Fees, Licenses and Permits	16,118	30,651	96,575	0	0
Intergovernmental	0	0	0	57,338	1,000
Investment Earnings	339	743	2,786	674	166
<i>Total Revenues</i>	<u>16,457</u>	<u>31,394</u>	<u>99,361</u>	<u>58,012</u>	<u>1,166</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	1,935
Judicial System	24,068	33,252	52,818	0	0
Security of Persons and Property:					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Housing and Community Development	0	0	0	6,983	0
Sanitation and Sewer Services	0	0	0	0	0
Street Maintenance and Repair	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>24,068</u>	<u>33,252</u>	<u>52,818</u>	<u>6,983</u>	<u>1,935</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(7,611)	(1,858)	46,543	51,029	(769)
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balance</i>	(7,611)	(1,858)	46,543	51,029	(769)
<i>Fund Balance Beginning of Year</i>	<u>64,863</u>	<u>145,034</u>	<u>493,312</u>	<u>118,979</u>	<u>32,593</u>
<i>Fund Balance End of Year</i>	<u>\$ 57,252</u>	<u>\$ 143,176</u>	<u>\$ 539,855</u>	<u>\$ 170,008</u>	<u>\$ 31,824</u>

(continued)

**City of Shaker Heights
Cuyahoga County, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016*

	Law Enforcement Grant Fund	Court Alternate Dispute Resolution Fund	Ohio Court Security Project Fund	HIDTA Grant Fund	Housing and Nuisance Abatement Fund
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Assessments	0	0	0	0	21,047
Charges for Services	1,120	0	0	0	292
Fees, Licenses and Permits	0	30,284	9,063	0	0
Intergovernmental	6,000	0	0	3,919,291	0
Investment Earnings	82	353	183	0	586
<i>Total Revenues</i>	<u>7,202</u>	<u>30,637</u>	<u>9,246</u>	<u>3,919,291</u>	<u>21,925</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	0
Judicial System	0	21,934	7,232	0	0
Security of Persons and Property:					
Police	5,784	0	0	3,579,610	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Housing and Community Development	0	0	0	0	0
Sanitation and Sewer Services	0	0	0	0	0
Street Maintenance and Repair	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>5,784</u>	<u>21,934</u>	<u>7,232</u>	<u>3,579,610</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,418	8,703	2,014	339,681	21,925
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balance</i>	1,418	8,703	2,014	339,681	21,925
<i>Fund Balance Beginning of Year</i>	<u>14,365</u>	<u>62,901</u>	<u>33,098</u>	<u>(353,129)</u>	<u>94,096</u>
<i>Fund Balance End of Year</i>	<u>\$ 15,783</u>	<u>\$ 71,604</u>	<u>\$ 35,112</u>	<u>\$ (13,448)</u>	<u>\$ 116,021</u>

(continued)

**City of Shaker Heights
Cuyahoga County, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016*

	Indigent Driver Interlock Device Fund	Street Lighting Assessment Fund	Tree Maintenance Assessment Fund	Law Enforcement Trust Fund	Totals
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 403,482
Special Assessments	0	562,999	745,746	0	1,329,792
Charges for Services	0	0	0	0	1,141,123
Fees, Licenses and Permits	15,171	0	0	115,466	313,328
Intergovernmental	0	0	0	0	5,207,461
Investment Earnings	48	0	0	4,881	18,338
<i>Total Revenues</i>	<u>15,219</u>	<u>562,999</u>	<u>745,746</u>	<u>120,347</u>	<u>8,413,524</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	2,082
Judicial System	5,626	0	0	0	144,930
Security of Persons and Property:					
Police	0	0	0	73,231	4,738,479
Fire	0	0	0	0	1,095,508
Other	0	784,366	0	0	784,366
Housing and Community Development	0	0	776,266	0	783,249
Sanitation and Sewer Services	0	0	0	0	1,246,728
Street Maintenance and Repair	0	0	0	0	1,423,925
Debt Service:					
Principal Retirement	0	0	0	0	71,853
Interest and Fiscal Charges	0	0	0	0	4,401
<i>Total Expenditures</i>	<u>5,626</u>	<u>784,366</u>	<u>776,266</u>	<u>73,231</u>	<u>10,295,521</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	9,593	(221,367)	(30,520)	47,116	(1,881,997)
Other Financing Sources (Uses)					
Transfers In	0	248,000	237,000	0	3,041,410
<i>Net Change in Fund Balance</i>	9,593	26,633	206,480	47,116	1,159,413
<i>Fund Balance Beginning of Year</i>	<u>6,133</u>	<u>(49,278)</u>	<u>(99)</u>	<u>1,008,492</u>	<u>3,331,417</u>
<i>Fund Balance End of Year</i>	<u>\$ 15,726</u>	<u>\$ (22,645)</u>	<u>\$ 206,381</u>	<u>\$ 1,055,608</u>	<u>\$ 4,490,830</u>

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2016

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 718,095	\$ 1,401,019	\$ 2,119,114
Intergovernmental Receivable	0	1,004,960	1,004,960
<i>Total Assets</i>	<u>\$ 718,095</u>	<u>\$ 2,405,979</u>	<u>\$ 3,124,074</u>
Deferred Inflows of Resources			
Payment in Lieu of Taxes	0	1,004,960	1,004,960
Fund Balance			
Committed	718,095	1,401,019	2,119,114
<i>Total Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 718,095</u>	<u>\$ 2,405,979</u>	<u>\$ 3,124,074</u>

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
Revenues			
Intergovernmental	\$ 0	\$ 914,230	\$ 914,230
<i>Total Revenues</i>	<u>0</u>	<u>914,230</u>	<u>914,230</u>
Expenditures			
Current:			
General Government:			
Legislative and Executive	0	297	297
Debt Service:			
Principal Retirement	1,366,694	780,000	2,146,694
Interest and Fiscal Charges	19,937	573,700	593,637
Issuance Costs	0	45,827	45,827
<i>Total Expenditures</i>	<u>1,386,631</u>	<u>1,399,824</u>	<u>2,786,455</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,386,631)	(485,594)	(1,872,225)
Other Financing Sources (Uses)			
Issuance of Refunding Bonds	0	3,501,300	3,501,300
Payment to Refunded Bond Escrow Agent	0	(3,455,473)	(3,455,473)
Transfers In	810,000	523,700	1,333,700
<i>Total Other Financing Sources (Uses)</i>	<u>810,000</u>	<u>569,527</u>	<u>1,379,527</u>
<i>Net Change in Fund Balance</i>	(576,631)	83,933	(492,698)
<i>Fund Balance Beginning of Year</i>	<u>1,294,726</u>	<u>1,317,086</u>	<u>2,611,812</u>
<i>Fund Balance End of Year</i>	<u>\$ 718,095</u>	<u>\$ 1,401,019</u>	<u>\$ 2,119,114</u>

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**INDIVIDUAL FUND
SCHEDULES OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN FUND BALANCE/EQUITY –
BUDGET (NON-GAAP BASIS) AND ACTUAL**

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City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund*

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 7,274,039	\$ 7,274,039	\$ 7,166,363	\$ (107,676)
Municipal Income Taxes	32,257,825	32,257,825	32,818,535	560,710
Other Local Taxes	53,412	53,412	55,944	2,532
Charges for Services	3,173,794	2,970,663	5,065,724	2,095,061
Fees, Licenses and Permits	1,184,584	1,184,584	1,114,988	(69,596)
Fines and Forfeitures	520,000	520,000	588,268	68,268
Intergovernmental	811,397	795,914	951,344	155,430
Investment Earnings	125,000	125,000	219,189	94,189
Other Revenues	798,765	798,765	843,251	44,486
Total Revenues	46,198,816	45,980,202	48,823,606	2,843,404
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Personal Services	8,997,966	8,702,314	8,446,057	256,257
Other	1,002,603	1,045,190	794,176	251,014
Total Police	10,000,569	9,747,504	9,240,233	507,271
Fire:				
Personal Services	5,647,641	5,753,141	5,602,775	150,366
Other	725,251	725,251	707,006	18,245
Total Fire	6,372,892	6,478,392	6,309,781	168,611
Other:				
Other	61,619	61,619	87,500	(25,881)
Total Other	61,619	61,619	87,500	(25,881)
Total Security of Persons and Property	16,435,080	16,287,515	15,637,514	650,001
Public Health Services:				
Personal Services	376,290	391,168	365,230	25,938
Other	73,274	73,879	50,634	23,245
Total Public Health Services	449,564	465,047	415,864	49,183
Leisure Time Activities:				
Culture and Recreation:				
Personal Services	1,943,574	1,878,902	1,803,384	75,518
Other	886,098	921,098	869,139	51,959
Total Culture and Recreation	2,829,672	2,800,000	2,672,523	127,477
Parks and Public Lands Maintenance:				
Personal Services	686,468	686,468	614,313	72,155
Other	405,663	405,663	399,240	6,423
Total Parks and Public Lands Maintenance	1,092,131	1,092,131	1,013,553	78,578
Total Leisure Time Activities:	3,921,803	3,892,131	3,686,076	206,055

(continued)

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund*

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Housing and Community Development:				
Housing Inspection:				
Personal Services	895,805	907,805	886,689	21,116
Other	76,880	76,880	46,892	29,988
Total Housing Inspection	972,685	984,685	933,581	51,104
Building Inspection:				
Personal Services	405,701	390,701	366,954	23,747
Other	114,313	161,313	152,316	8,997
Total Building Inspection	520,014	552,014	519,270	32,744
Planning and Development:				
Personal Services	582,109	574,109	544,178	29,931
Other	361,748	436,749	202,197	234,552
Total Planning and Development	943,857	1,010,858	746,375	264,483
Neighborhood Revitalization:				
Personal Services	144,732	147,732	144,177	3,555
Other	237,516	237,516	202,579	34,937
Total Neighborhood Revitalization	382,248	385,248	346,756	38,492
Economic Development:				
Personal Services	177,506	177,506	172,530	4,976
Other	675,410	1,475,410	1,099,185	376,225
Total Economic Development	852,916	1,652,916	1,271,715	381,201
Community Life:				
Personal Services	275,570	305,570	287,255	18,315
Other	165,845	175,845	153,429	22,416
Total Community Life	441,415	481,415	440,684	40,731
Communications and Marketing:				
Personal Services	317,184	329,184	320,203	8,981
Other	485,745	473,745	377,241	96,504
Total Communications and Outreach	802,929	802,929	697,444	105,485
Tree Maintenance and Leaf Collection:				
Personal Services	268,960	268,960	255,799	13,161
Other	195,993	195,993	190,305	5,688
Total Tree Maintenance and Leaf Collection	464,953	464,953	446,104	18,849
Total Housing and Community Development	5,381,017	6,335,018	5,401,929	933,089

(continued)

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund*

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Sanitation and Sewer Services:				
Sewer Maintenance:				
Other	46,351	46,351	41,065	5,286
Total Waterline Maintenance	46,351	46,351	41,065	5,286
Refuse Collection and Disposal:				
Personal Services	1,134,682	1,134,682	1,155,305	(20,623)
Other	946,110	946,110	962,440	(16,330)
Total Refuse Collection and Disposal	2,080,792	2,080,792	2,117,745	(36,953)
Solid Waste Recycling:				
Personal Services	86,810	86,810	105,962	(19,152)
Other	24,677	24,677	35,120	(10,443)
Total Solid Waste Recycling	111,487	111,487	141,082	(29,595)
Brush Collection and Disposal:				
Personal Services	372,195	452,195	471,347	(19,152)
Other	258,879	258,879	216,912	41,967
Total Brush Collection and Disposal	631,074	711,074	688,259	22,815
Total Sanitation and Sewer Services	2,869,704	2,949,704	2,988,151	(38,447)
Street Maintenance and Repair:				
Personal Services	358,002	358,002	284,570	73,432
Other	608,864	608,864	563,630	45,234
Total Street Maintenance and Repair	966,866	966,866	848,200	118,666
Public Works:				
Public Works Administration:				
Personal Services	630,778	630,778	644,946	(14,168)
Other	81,339	81,339	50,989	30,350
Total Public Works Administration	712,117	712,117	695,935	16,182
Public Building Maintenance:				
Personal Services	587,700	587,700	556,172	31,528
Other	901,507	841,507	743,711	97,796
Total Public Building Maintenance	1,489,207	1,429,207	1,299,883	129,324
Total Public Works	2,201,324	2,141,324	1,995,818	145,506
General Government:				
Legislative and Executive:				
Mayor's Office:				
Personal Services	203,973	206,973	203,413	3,560
Other	27,305	28,805	27,175	1,630
Total Mayor's Office	231,278	235,778	230,588	5,190

(continued)

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund*

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Council:				
Personal Services	130,875	130,875	130,863	12
Other	15,083	15,083	6,243	8,840
Total Council	<u>145,958</u>	<u>145,958</u>	<u>137,106</u>	<u>8,852</u>
Chief Administrative Officer:				
Personal Services	232,672	236,172	232,315	3,857
Other	13,979	13,979	6,569	7,410
Total Chief Administrative Officer	<u>246,651</u>	<u>250,151</u>	<u>238,884</u>	<u>11,267</u>
Information Technology:				
Personal Services	412,393	427,393	415,666	11,727
Other	140,597	140,597	106,679	33,918
Total Information Technology	<u>552,990</u>	<u>567,990</u>	<u>522,345</u>	<u>45,645</u>
Contract Charges and Statutory Expenses:				
Personal Services	36,000	35,500	30,467	5,033
Other	1,451,674	1,521,674	1,388,089	133,585
Total Contract Charges and Statutory Expenses	<u>1,487,674</u>	<u>1,557,174</u>	<u>1,418,556</u>	<u>138,618</u>
Legal Administration:				
Personal Services	575,982	575,982	561,118	14,864
Other	144,864	144,864	105,919	38,945
Total Legal Administration	<u>720,846</u>	<u>720,846</u>	<u>667,037</u>	<u>53,809</u>
Finance:				
Personal Services	678,033	708,033	695,582	12,451
Other	158,752	158,752	152,433	6,319
Total Finance	<u>836,785</u>	<u>866,785</u>	<u>848,015</u>	<u>18,770</u>
Human Resources:				
Personal Services	249,080	254,080	248,679	5,401
Other	175,579	175,579	107,224	68,355
Total Human Resources	<u>424,659</u>	<u>429,659</u>	<u>355,903</u>	<u>73,756</u>
Total Legislative and Executive	<u>4,646,841</u>	<u>4,774,341</u>	<u>4,418,434</u>	<u>355,907</u>
Judicial System:				
Personal Services	2,076,534	2,076,534	1,956,495	120,039
Other	102,463	102,463	88,423	14,040
Total Judicial System	<u>2,178,997</u>	<u>2,178,997</u>	<u>2,044,918</u>	<u>134,079</u>
Total General Government	<u>6,825,838</u>	<u>6,953,338</u>	<u>6,463,352</u>	<u>489,986</u>
Total Expenditures	<u>39,051,196</u>	<u>39,990,943</u>	<u>37,436,904</u>	<u>2,554,039</u>
Excess of Revenues Over (Under) Expenditures	<u>7,147,620</u>	<u>5,989,259</u>	<u>11,386,702</u>	<u>5,397,443</u>

(continued)

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund*

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers - Out	(9,040,650)	(10,560,650)	(10,560,650)	0
Advances - In	0	0	50,000	50,000
Advances - Out	0	(2,849,000)	(2,289,000)	560,000
Total Other Financing Sources (Uses)	<u>(9,040,650)</u>	<u>(13,409,650)</u>	<u>(12,799,650)</u>	<u>610,000</u>
Net Change in Fund Balance	(1,893,030)	(7,420,391)	(1,412,948)	6,007,443
Beginning Cash Fund Balance	20,008,319	20,008,319	20,008,319	(0)
Prior Year's Reserve For Encumbrances Outstanding At December 31	(107,493)	(107,493)	(107,493)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(899,622)</u>	<u>(899,622)</u>	<u>(899,622)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 17,108,174</u>	<u>\$ 11,580,813</u>	17,588,256	<u>\$ 6,007,443</u>
Reserved for Encumbrances - All Budget Years			<u>2,246,544</u>	
Total Cash Fund Balance - December 31			<u>\$ 19,834,800</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Central Services Operations Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 853,919	\$ 853,919	\$ 871,900	\$ 17,981
Other Revenues	35,092	35,092	29,339	(5,753)
Total Revenue	889,011	889,011	901,239	12,228
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	21,630	21,630	19,383	2,247
Street Maintenance and Repair	794,993	794,993	700,785	94,208
Public Works - Other	99,529	49,529	38,892	10,637
General Government:				
Legislative and Executive	8,600	8,600	3,822	4,778
Total Expenditures	924,752	874,752	762,882	111,870
Net Change in Fund Balance	(35,741)	14,259	138,357	124,098
Beginning Cash Fund Balance	209,628	209,628	209,628	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(133,422)	(133,422)	(133,422)	0
Ending Unreserved Cash Fund Balance	\$ 40,465	\$ 90,465	214,563	\$ 124,098
Reserved for Encumbrances - All Budget Years			84,411	
Total Cash Fund Balance - December 31			\$ 298,974	

City of Shaker Heights

Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State Levied Shared Taxes	\$ 893,141	\$ 857,369	\$ (35,772)
Intergovernmental	44,455	207,859	163,404
Charges for Services	0	111	111
Investment Earnings	304	711	407
Total Revenues	<u>937,900</u>	<u>1,066,050</u>	<u>128,150</u>
Expenditures:			
Current:			
Street Maintenance and Repair	<u>1,516,239</u>	<u>1,405,774</u>	<u>110,465</u>
Excess of Revenues Over (Under) Expenditures	(578,339)	(339,724)	238,615
Other Financing Sources (Uses):			
Transfers - In	<u>330,000</u>	<u>330,000</u>	<u>0</u>
Net Change in Fund Balance	(248,339)	(9,724)	238,615
Beginning Cash Fund Balance	344,456	344,456	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(68,497)</u>	<u>(68,497)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 27,620</u>	266,235	<u>\$ 238,615</u>
Reserved for Encumbrances - All Budget Years		<u>61,094</u>	
Total Cash Fund Balance - December 31		<u><u>\$ 327,329</u></u>	

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2016*

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues:			
State Levied Shared Taxes	\$ 63,890	\$ 69,516	\$ 5,626
Investment Earnings	<u>110</u>	<u>752</u>	<u>642</u>
Total Revenues	64,000	70,268	6,268
Expenditures:			
Current:			
Street Maintenance and Repair	<u>69,023</u>	<u>63,280</u>	<u>5,743</u>
Net Change in Fund Balance	(5,023)	6,988	12,011
Beginning Cash Fund Balance	148,195	148,195	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(30,647)</u>	<u>(30,647)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 112,525</u>	124,536	<u>\$ 12,011</u>
Reserved for Encumbrances - All Budget Years		<u>29,850</u>	
Total Cash Fund Balance - December 31		<u>\$ 154,386</u>	

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Sewer Maintenance Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,000,362	\$ 1,147,652	\$ 147,290
Investment Earnings	125	6,034	5,909
Total Revenues	<u>1,000,487</u>	<u>1,153,686</u>	<u>153,199</u>
Expenditures:			
Current:			
Sanitation and Sewer Services	<u>1,502,743</u>	<u>1,394,570</u>	<u>108,173</u>
Excess of Revenues Over (Under) Expenditures	(502,256)	(240,884)	261,372
Other Financing Sources (Uses):			
Transfers - In	502,000	502,000	0
Transfers - Out	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(256)	261,116	261,372
Beginning Cash Fund Balance	34,467	34,467	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(31,471)</u>	<u>(31,471)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 2,740</u>	264,112	<u>\$ 261,372</u>
Reserved for Encumbrances - All Budget Years		<u>98,710</u>	
Total Cash Fund Balance - December 31		<u>\$ 362,822</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 221,399	\$ 231,155	\$ 9,756
Other Revenues	959	0	(959)
Total Revenues	<u>222,358</u>	<u>231,155</u>	<u>8,797</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>1,081,066</u>	<u>1,058,999</u>	<u>22,067</u>
Excess of Revenues Over (Under) Expenditures	(858,708)	(827,844)	30,864
Other Financing Sources (Uses):			
Transfers - In	<u>859,041</u>	<u>859,041</u>	<u>0</u>
Net Change in Fund Balance	333	31,197	30,864
Beginning Cash Fund Balance	<u>835,963</u>	<u>835,963</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 836,296</u>	<u>\$ 867,160</u>	<u>\$ 30,864</u>

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 221,399	\$ 231,155	\$ 9,756
Other Revenues	4,631	0	(4,631)
Total Revenues	<u>226,030</u>	<u>231,155</u>	<u>5,125</u>
Expenditures:			
Current:			
Security of Persons and Property - Fire	<u>1,118,026</u>	<u>1,082,238</u>	<u>35,788</u>
Excess of Revenues Over (Under) Expenditures	(891,996)	(851,083)	40,913
Other Financing Sources (Uses):			
Transfers - In	<u>865,369</u>	<u>865,369</u>	<u>0</u>
Net Change in Fund Balance	(26,627)	14,286	40,913
Beginning Cash Fund Balance	<u>577,188</u>	<u>577,188</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 550,561</u>	<u>\$ 591,474</u>	<u>\$ 40,913</u>

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Indigent Driver/Alcohol Treatment Fund
For the Year Ended December 31, 2016*

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services	\$ 16,550	\$ 16,371	\$ (179)
Investment Earnings	50	339	289
Total Revenues	<u>16,600</u>	<u>16,710</u>	<u>110</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>45,358</u>	<u>32,385</u>	<u>12,973</u>
Net Change in Fund Balance	(28,758)	(15,675)	13,083
Beginning Cash Fund Balance	66,726	66,726	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(3,175)</u>	<u>(3,175)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 34,793</u>	47,876	<u>\$ 13,083</u>
Reserved for Encumbrances - All Budget Years		<u>12,334</u>	
Total Cash Fund Balance - December 31		<u>\$ 60,210</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Court Computer Legal Research Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 26,150	\$ 30,821	\$ 4,671
Investment Earnings	100	742	642
Total Revenues	<u>26,250</u>	<u>31,563</u>	<u>5,313</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>68,452</u>	<u>33,625</u>	<u>34,827</u>
Net Change in Fund Balance	(42,202)	(2,062)	40,140
Beginning Cash Fund Balance	143,057	143,057	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(719)</u>	<u>(719)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 100,136</u>	140,276	<u>\$ 40,140</u>
Reserved for Encumbrances - All Budget Years		<u>659</u>	
Total Cash Fund Balance - December 31		<u>\$ 140,935</u>	

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Clerk's Computerization Fund
For the Year Ended December 31, 2016*

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 85,400	\$ 97,141	\$ 11,741
Investment Earnings	300	2,786	2,486
Total Revenues	<u>85,700</u>	<u>99,927</u>	<u>14,227</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>162,415</u>	<u>38,252</u>	<u>124,163</u>
Net Change in Fund Balance	(76,715)	61,675	138,390
Beginning Cash Fund Balance	485,744	485,744	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(2,468)</u>	<u>(2,468)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 406,561</u>	544,951	<u>\$ 138,390</u>
Reserved for Encumbrances - All Budget Years		<u>1,286</u>	
Total Cash Fund Balance - December 31		<u>\$ 546,237</u>	

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Housing Grant Fund
For the Year Ended December 31, 2016*

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 19,600	\$ 57,338	\$ 37,738
Investment Earnings	0	674	674
Total Revenues	<u>19,600</u>	<u>58,012</u>	<u>38,412</u>
Expenditures:			
Current:			
Housing and Community Development	<u>115,998</u>	<u>107,450</u>	<u>8,548</u>
Net Change in Fund Balance	(96,398)	(49,438)	46,960
Beginning Cash Fund Balance	<u>118,979</u>	<u>118,979</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 22,581</u>	69,541	<u>\$ 46,960</u>
Reserved for Encumbrances - All Budget Years		<u>100,467</u>	
Total Cash Fund Balance - December 31		<u>\$ 170,008</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Fair Housing Grant Fund
For the Year Ended December 31, 2016*

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 85	\$ 1,000	\$ 915
Investment Earnings	15	166	151
Total Revenues	<u>100</u>	<u>1,166</u>	<u>1,066</u>
Expenditures:			
Current:			
General Government:			
Legislative and Executive	<u>17,104</u>	<u>2,362</u>	<u>14,742</u>
Net Change in Fund Balance	(17,004)	(1,196)	15,808
Beginning Cash Fund Balance	<u>32,592</u>	<u>32,592</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u><u>\$ 15,588</u></u>	31,396	<u><u>\$ 15,808</u></u>
Reserved for Encumbrances - All Budget Years		<u>428</u>	
Total Cash Fund Balance - December 31		<u><u>\$ 31,824</u></u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Law Enforcement Grant Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 6,000	\$ 6,000	\$ 0
Charges for Services	100	1,120	1,020
Investment Earnings	0	82	82
Total Revenues	<u>6,100</u>	<u>7,202</u>	<u>1,102</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>13,624</u>	<u>5,784</u>	<u>7,840</u>
Net Change in Fund Balance	(7,524)	1,418	8,942
Beginning Cash Fund Balance	<u>14,365</u>	<u>14,365</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 6,841</u>	15,783	<u>\$ 8,942</u>
Reserved for Encumbrances - All Budget Years		<u>934</u>	
Total Cash Fund Balance - December 31		<u>\$ 16,717</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Court Alternate Dispute Resolution Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 25,310	\$ 30,859	\$ 5,549
Investment Earnings	40	353	313
Total Revenues	<u>25,350</u>	<u>31,212</u>	<u>5,862</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>24,545</u>	<u>21,934</u>	<u>2,611</u>
Net Change in Fund Balance	805	9,278	8,473
Beginning Cash Fund Balance	<u>60,250</u>	<u>60,250</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u><u>\$ 61,055</u></u>	<u><u>\$ 69,528</u></u>	<u><u>\$ 8,473</u></u>

**City of Shaker Heights
Cuyahoga County, Ohio**

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Ohio Court Security Project Fund
For the Year Ended December 31, 2016*

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services	\$ 8,975	\$ 9,111	\$ 136
Investment Earnings	25	183	158
Total Revenues	<u>9,000</u>	<u>9,294</u>	<u>294</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>9,608</u>	<u>7,231</u>	<u>2,377</u>
Net Change in Fund Balance	(608)	2,063	2,671
Beginning Cash Fund Balance	32,524	32,524	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(133)</u>	<u>(133)</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 31,783</u>	34,454	<u>\$ 2,671</u>
Reserved for Encumbrances - All Budget Years		<u>0</u>	
Total Cash Fund Balance - December 31		<u>\$ 34,454</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
High Intensity Drug Trafficking Area Grant Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 3,610,000	\$ 3,668,033	\$ 58,033
Expenditures:			
Current:			
Security of Persons and Property - Police	3,710,000	3,665,911	44,089
Excess of Revenues Over (Under) Expenditures	(100,000)	2,122	102,122
Other Financing Sources (Uses):			
Advances - In	90,000	100,000	10,000
Advances - Out	(10,000)	(10,000)	0
Net Change in Fund Balance	(20,000)	92,122	112,122
Beginning Cash Fund Balance	34,536	34,536	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(8,040)	(8,040)	0
Total Cash Fund Balance - December 31	<u>\$ 6,496</u>	118,618	<u>\$ 112,122</u>
Reserved for Encumbrances - All Budget Years		<u>6,434</u>	
Total Cash Fund Balance - December 31		<u>\$ 125,052</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Housing Nuisance Abatement Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 0	\$ 21,339	\$ 21,339
Investment Earnings	0	586	586
Total Revenues	0	21,925	21,925
Expenditures:			
Current:			
Housing and Community Development	30,000	0	30,000
Net Change in Fund Balance	(30,000)	21,925	51,925
Beginning Cash Fund Balance	94,096	94,096	0
Ending Unreserved Cash Fund Balance	\$ 64,096	\$ 116,021	\$ 51,925

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Indigent Interlock Device Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 12,500	\$ 16,247	\$ 3,747
Investment Earnings	10	48	38
Total Revenues	<u>12,510</u>	<u>16,295</u>	<u>3,785</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>9,000</u>	<u>8,971</u>	<u>29</u>
Net Change in Fund Balance	3,510	7,324	3,814
Beginning Cash Fund Balance	<u>7,431</u>	<u>7,431</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u><u>\$ 10,941</u></u>	<u><u>\$ 14,755</u></u>	<u><u>\$ 3,814</u></u>

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Street Lighting Assessment Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 557,725	\$ 562,999	\$ 5,274
Expenditures:			
Current:			
Security of Persons and Property - Other	812,872	804,984	7,888
Excess of Revenues Over (Under) Expenditures	(255,147)	(241,985)	13,162
Other Financing Sources (Uses):			
Transfers - In	248,000	248,000	0
Net Change in Fund Balance	(7,147)	6,015	13,162
Beginning Cash Fund Balance	14,545	14,545	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(7,398)	(7,398)	0
Ending Unreserved Cash Fund Balance	<u>\$ 0</u>	13,162	<u>\$ 13,162</u>
Reserved for Encumbrances - All Budget Years		<u>29,078</u>	
Total Cash Fund Balance - December 31		<u>\$ 42,240</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Tree Maintenance Assessment Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 744,996	\$ 745,746	\$ 750
Expenditures:			
Current:			
Housing and Community Development	982,060	806,900	175,160
Excess of Revenues Over (Under) Expenditures	(237,064)	(61,154)	175,910
Other Financing Sources (Uses):			
Transfers - In	237,000	237,000	0
Net Change in Fund Balance	(64)	175,846	175,910
Beginning Cash Fund Balance	17,633	17,633	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(17,568)	(17,568)	0
Ending Unreserved Cash Fund Balance	<u>\$ 1</u>	175,911	<u>\$ 175,910</u>
Reserved for Encumbrances - All Budget Years		<u>46,148</u>	
Total Cash Fund Balance - December 31		<u>\$ 222,059</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 0	\$ 4,881	\$ 4,881
Fines and Forfeitures	0	113,814	113,814
Total Revenues	<u>0</u>	<u>118,695</u>	<u>118,695</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>373,501</u>	<u>177,014</u>	<u>196,487</u>
Excess of Revenues Over(Under) Expenditures	(373,501)	(58,319)	315,182
Other Financing Sources (Uses):			
Advances - In	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Net Change in Fund Balance	(373,501)	(48,319)	325,182
Beginning Cash Fund Balance	911,551	911,551	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(4,063)</u>	<u>(4,063)</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 533,987</u>	<u>\$ 859,169</u>	<u>\$ 325,182</u>

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Debt Service Administration Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures:			
Current:			
General Government:			
Legislative and Executive	17,000	0	17,000
Debt Service:			
Principal Retirements	1,366,694	1,366,694	0
Interest and Fiscal Charges	19,940	19,937	3
Total Expenditures	<u>1,403,634</u>	<u>1,386,631</u>	<u>17,003</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,403,634)</u>	<u>(1,386,631)</u>	<u>17,003</u>
Other Financing Sources (Uses):			
Transfers - In	<u>810,000</u>	<u>810,000</u>	<u>0</u>
Net Change in Fund Balance	(593,634)	(576,631)	17,003
Beginning Cash Fund Balance	<u>1,294,726</u>	<u>1,294,726</u>	<u>0</u>
Ending Cash Fund Balance	<u>\$ 701,092</u>	<u>\$ 718,095</u>	<u>\$ 17,003</u>

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Urban Renewal Debt Service Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 830,000	\$ 914,230	\$ 84,230
Expenditures:			
Current:			
General Government:			
Legislative and Executive	53,827	46,124	7,703
Debt Service:			
Principal Retirements	4,235,473	4,235,473	0
Interest and Fiscal Charges	573,700	573,700	0
Total Expenditures	4,863,000	4,855,297	7,703
Excess of Revenues Over(Under) Expenditures	(4,033,000)	(3,941,067)	91,933
Other Financing Sources (Uses):			
Proceeds from the Sale of Bonds	3,956,300	3,501,300	(455,000)
Transfers - In	0	523,700	523,700
Total Other Financing Sources	3,956,300	4,025,000	68,700
Net Change in Fund Balance	(76,700)	83,933	160,633
Beginning Cash Fund Balance	1,317,086	1,317,086	0
Total Cash Fund Balance - December 31	\$ 1,240,386	\$ 1,401,019	\$ 160,633

City of Shaker Heights
Cuyahoga County, Ohio
Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Central Purchasing Fund
For the Year Ended December 31, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other Revenues	\$ 706,000	\$ 566,499	\$ (139,501)
Expenses:			
Contractual Services	35,490	23,964	11,526
Materials and Supplies	631,830	625,204	6,626
Total Expenses	<u>667,320</u>	<u>649,168</u>	<u>18,152</u>
Operating Income (Loss)	38,680	(82,669)	(121,349)
Other Financing Sources (Uses):			
Advances Out	(40,000)	(40,000)	0
Advances - In	<u>0</u>	<u>110,000</u>	<u>110,000</u>
Net Change in Fund Equity	(1,320)	(12,669)	(11,349)
Beginning Cash Fund Equity	<u>15,053</u>	<u>15,053</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 13,733</u>	2,384	<u>\$ (11,349)</u>
Reserved for Encumbrances - All Budget Years		<u>96,919</u>	
Total Cash Fund Balance - December 31		<u>\$ 99,303</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Copier Management Fund
For the Year Ended December 31, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other Revenues	\$ 56,000	\$ 37,799	\$ (18,201)
Expenses:			
Contractual Services	41,000	36,857	4,143
Operating Income (Loss)	15,000	942	(14,058)
Other Financing Sources (Uses):			
Advances Out	(10,000)	(10,000)	0
Advances - In	0	10,000	10,000
Net Change in Fund Equity	5,000	942	(4,058)
Beginning Cash Fund Equity	15,592	15,592	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(14,674)	(14,674)	0
Ending Unreserved Cash Fund Equity	\$ 5,918	1,860	\$ (4,058)
Reserved for Encumbrances - All Budget Years		13,732	
Total Cash Fund Balance - December 31		\$ 15,592	

City of Shaker Heights
Cuyahoga County, Ohio
Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Municipal Garage Fund
For the Year Ended December 31, 2016

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other Revenues	\$ 1,065,000	\$ 991,824	\$ (73,176)
Expenses:			
Personal Services	782,843	702,761	80,082
Travel and Education	2,402	270	2,132
Contractual Services	300,960	267,762	33,198
Materials and Supplies	73,105	68,774	4,331
Total Expenditures	<u>1,159,310</u>	<u>1,039,567</u>	<u>119,743</u>
Net Change in Fund Equity	(94,310)	(47,743)	46,567
Beginning Cash Fund Equity	153,475	153,475	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(25,966)</u>	<u>(25,966)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 33,199</u>	79,766	<u>\$ 46,567</u>
Reserved for Encumbrances - All Budget Years		<u>73,709</u>	
Total Cash Fund Equity - December 31		<u>\$ 153,475</u>	

City of Shaker Heights
Cuyahoga County, Ohio

*Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2016*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other Revenues	\$ 4,492,460	\$ 4,684,149	\$ 191,689
Expenses:			
Personal Services	83,754	80,787	2,967
Travel and Education	453	0	453
Contractual Services	5,873,440	5,276,870	596,570
Materials and Supplies	872	866	6
Other Expenditures	100,000	123,741	(23,741)
Total Expenditures	<u>6,058,519</u>	<u>5,482,264</u>	<u>576,255</u>
Operating Income (Loss)	(1,566,059)	(798,115)	767,944
Other Financing Sources (Uses):			
Transfers - in	<u>945,540</u>	<u>945,540</u>	<u>0</u>
Net Change in Fund Equity	(620,519)	147,425	767,944
Beginning Cash Fund Equity	2,043,200	2,043,200	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(35,248)	(35,248)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(564,459)</u>	<u>(564,459)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 822,974</u>	1,590,918	<u>\$ 767,944</u>
Reserved for Encumbrances - All Budget Years		<u>535,316</u>	
Total Cash Fund Equity - December 31		<u>\$ 2,126,234</u>	

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City of Shaker Heights
Cuyahoga County, Ohio
Combining Statements – Internal Service Funds

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis.

Central Purchasing Fund

To provide a central cost center to account for the purchasing of office supplies, road materials, sidewalk materials, fuel, fire hydrants, and other miscellaneous supplies to be charged back to the individual City departments as the supplies are drawn.

Copier Management Fund

To provide a central cost center to account for the cost of copying performed by City departments.

Municipal Garage Fund

To provide a central cost center to account for the cost of repairing and maintaining the City's fleet of vehicles and heavy equipment. Operating costs are charged back to City departments based upon the number of vehicles and equipment maintained and upon the department's actual utilization of the garage.

Self-Insurance Fund

To account for monies charged to the governmental funds of the City by the self-insurance reserve fund. Since 1986 the City has directly assumed the risk of loss from general liability claims. The self-insurance reserve fund was created by Council to provide for a loss reserve for the administration of the self-insurance activity and to account for the workers' compensation and hospitalization claims. The self-insurance reserve fund is not available to fund the general operations of the City.

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Fund Net Position
Nonmajor Internal Service Funds
December 31, 2016

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Totals
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 99,303	\$ 15,592	\$ 153,475	\$ 2,126,234	\$ 2,394,604
Prepaid Items	0	0	0	50,240	50,240
Materials and Supplies Inventory	211,775	0	0	0	211,775
<i>Total Assets</i>	<u>311,078</u>	<u>15,592</u>	<u>153,475</u>	<u>2,176,474</u>	<u>2,656,619</u>
Deferred Outflows of Resources					
Pension	0	0	246,623	27,638	274,261
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	43,946	1,157	40,155	32,673	117,931
Accrued Wages and Benefits	0	0	34,928	0	34,928
Interfund Payable	110,000	10,000	0	0	120,000
Claims Payable	0	0	0	329,338	329,338
Compensated Absences Payable	0	0	6,557	0	6,557
<i>Total Current Liabilities</i>	<u>153,946</u>	<u>11,157</u>	<u>81,640</u>	<u>362,011</u>	<u>608,754</u>
<i>Long-Term Liabilities:</i>					
Claims Payable - Net of Current Portion	0	0	0	1,013,024	1,013,024
Compensated Absences Payable - Net of Current Portion	0	0	90,707	0	90,707
Net Pension Liability	0	0	641,440	71,882	713,322
<i>Total Long-Term Liabilities</i>	<u>0</u>	<u>0</u>	<u>732,147</u>	<u>1,084,906</u>	<u>1,817,053</u>
<i>Total Liabilities</i>	<u>153,946</u>	<u>11,157</u>	<u>813,787</u>	<u>1,446,917</u>	<u>2,425,807</u>
Deferred Inflows of Resources					
Pension	0	0	15,213	1,705	16,918
Net Position					
Unrestricted	157,132	4,435	(428,902)	755,490	488,155
<i>Total Net Position</i>	<u>\$ 157,132</u>	<u>\$ 4,435</u>	<u>\$ (428,902)</u>	<u>\$ 755,490</u>	<u>\$ 488,155</u>

City of Shaker Heights
Cuyahoga County, Ohio
*Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Nonmajor Internal Service Funds
For the Year Ended December 31, 2016*

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Totals
Operating Revenues					
Charges for Services	\$ 566,086	\$ 0	\$ 991,823	\$ 4,625,024	\$ 6,182,933
Other Revenues	413	37,799	0	3,513	41,725
<i>Total Operating Revenues</i>	<u>566,499</u>	<u>37,799</u>	<u>991,823</u>	<u>4,628,537</u>	<u>6,224,658</u>
Operating Expenses					
Personal Services	0	0	724,215	83,908	808,123
Contractual Services	16,571	36,339	236,948	4,675,497	4,965,355
Materials and Supplies	546,355	1,157	65,521	866	613,899
Other	0	0	0	148,504	148,504
<i>Total Operating Expenses</i>	<u>562,926</u>	<u>37,496</u>	<u>1,026,684</u>	<u>4,908,775</u>	<u>6,535,881</u>
Operating Income (Loss)	3,573	303	(34,861)	(280,238)	(311,223)
Non-Operating Revenues (Expenses)					
Transfers In	0	0	0	945,540	945,540
<i>Change in Net Position</i>	3,573	303	(34,861)	665,302	634,317
<i>Net Position Beginning of Year</i>	<u>153,559</u>	<u>4,132</u>	<u>(394,041)</u>	<u>90,188</u>	<u>(146,162)</u>
<i>Net Position End of Year</i>	<u>\$ 157,132</u>	<u>\$ 4,435</u>	<u>\$ (428,902)</u>	<u>\$ 755,490</u>	<u>\$ 488,155</u>

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended December 31, 2016

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Internal Services	\$ 566,086	\$ 0	\$ 991,823	\$ 4,625,024	\$ 6,182,933
Cash Payments for Goods and Services	(15,291)	(37,799)	(224,478)	(5,310,487)	(5,588,055)
Cash Payments to Suppliers	(536,960)	0	(64,378)	(438)	(601,776)
Cash Payments to Employees	0	0	(702,968)	(80,787)	(783,755)
Other Operating Revenue	413	37,799	0	59,124	97,336
Other Cash Payments	0	0	0	(154,942)	(154,942)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>14,248</u>	<u>0</u>	<u>(1)</u>	<u>(862,506)</u>	<u>(848,259)</u>
Cash Flows from Noncapital Financing Activities					
Advances In	110,000	10,000	0	0	120,000
Advances Out	(40,000)	(10,000)	0	0	(50,000)
Transfers In	0	0	0	945,540	945,540
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>70,000</u>	<u>0</u>	<u>0</u>	<u>945,540</u>	<u>1,015,540</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	84,248	0	(1)	83,034	167,281
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>15,055</u>	<u>15,592</u>	<u>153,476</u>	<u>2,043,200</u>	<u>2,227,323</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 99,303</u>	<u>\$ 15,592</u>	<u>\$ 153,475</u>	<u>\$ 2,126,234</u>	<u>\$ 2,394,604</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ 3,573	\$ 303	\$ (34,861)	\$ (280,238)	\$ (311,223)
Adjustments:					
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	0	0	0	55,611	55,611
Materials and Supplies Inventory	8,461	0	0	0	8,461
Net Pension Asset	0	0	1,590	173	1,763
Deferred Outflows - Pension	0	0	(161,932)	(18,405)	(180,337)
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	2,214	(303)	13,613	(49,390)	(33,866)
Accrued Wages and Benefits	0	0	6,432	0	6,432
Compensated Absences Payable	0	0	(2,070)	0	(2,070)
Matured Compensated Absences Payable	0	0	(309)	0	(309)
Deferred Inflows - Pension	0	0	6,464	751	7,215
Net Pension Liability	0	0	171,072	20,602	191,674
Claims Payable	0	0	0	(591,610)	(591,610)
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 14,248</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ (862,506)</u>	<u>\$ (848,259)</u>

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statements – Agency Funds

Agency Funds

Agency funds are purely custodial (assets equals liabilities) and thus do not involve measurement of results of operations.

Public Art Deposit Fund

To encourage public art throughout the City and to allow residents to make donations in honor of services rendered by various City departments.

Obstruction Permit Deposit Fund

To account for the receipt of refundable deposits required of individuals to insure that obstructions or openings in public property created during construction are returned to pre-construction condition.

Excavating Permit Deposit Fund

To account for the receipt of refundable deposits required of individuals who wish to excavate and/or haul material over public property. The deposit is to guarantee that the public property will be cleaned and restored to its original condition and that the excavation, if any, will be properly guarded in accordance with applicable provisions of the City Code.

Unclaimed Monies Fund

Fund required by Ohio Revised Code to account for monies received or collected and not otherwise paid out according to law. Monies that are deemed to be unclaimed and credited to this fund that are not claimed within a five-year period revert to the general fund.

Municipal Court Fund

To account for assets received and disbursed by the Shaker Heights Municipal Court as agent or custodian related to civil and criminal court matters.

Contractor Deposit Fund

To account for the receipt of refundable deposits required of individuals who perform construction electrical, plumbing, sewer or HVAC work. The deposit is to guarantee that the work will be performed and inspected according to City Code.

Recreation Scholarship Fund

To account for funds solicited to be used for the purpose of providing financial aid and/or services to assist disadvantaged youth who otherwise could not afford to participate in various Recreation Department programs. The scholarship program is a non-profit corporation established under the authority of section 501(c) of the Internal Revenue Service Code.

Shaker Family Resource Center Fund

To account for assets held by the City as fiscal agent for the Shaker Family Resource Center, Inc. The purpose of this non-profit corporation is to enhance the quality of life for families with young children in the Shaker Heights City School District by providing educational, social, and recreational and support programs and services.

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statements – Agency Funds

Agency Funds (continued)

Board of Building Standards Fund

To account for state mandated fees collected by the City's Building Department relating to the acceptance, review and approval of building plans and specifications. An amount equal to 3% of fees imposed must be remitted on a monthly basis to the State of Ohio Department of Industrial Relations.

Heights Area Special Rescue Team Fund

To account for assets held by the City for the Heights Area Special Rescue Team (HASRT).

Cleveland Waterline Projects Fund

In 2007, the City transferred ownership and replacement responsibilities of its waterlines to the City of Cleveland. The City also entered into an agreement with the Cleveland Division of Water under which the City of Shaker Heights would manage and design the projects of which the Division of Water would pay for. This fund is to account for funds received by the Cleveland Division of Water to be expensed for the design and construction of such projects.

Shaker Heights Development Corporation Fund

To account for the purposes of the Community Improvement Corporation, also known as the Shaker Heights Development Corporation which includes seeking corporate and other private sponsorships and contributions and foundation, federal and state grants to be used for economic development in the City.

Shaker Cuyahoga Credit Enhancement Fund

To account for the purposes of the agreement with Cuyahoga County for the City County SBA loan program. Funding from the City and County to fund forgivable loans is deposited into the fund. Loan payments are made from the fund for credit enhanced SBA loans to local businesses that meet the qualifications of the City County loan program.

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Beginning Balance 1/1/2016	Additions	Reductions	Ending Balance 12/31/2016
Public Art Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 8,331	\$ 2,025	\$ 0	\$ 10,356
<i>Total Assets</i>	<u>\$ 8,331</u>	<u>\$ 2,025</u>	<u>\$ 0</u>	<u>\$ 10,356</u>
Liabilities				
Deposits Held and Due to Others	\$ 8,331	\$ 2,025	\$ 0	\$ 10,356
<i>Total Liabilities</i>	<u>\$ 8,331</u>	<u>\$ 2,025</u>	<u>\$ 0</u>	<u>\$ 10,356</u>
Obstruction Permit Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 57,030	\$ 23,380	\$ 0	\$ 80,410
<i>Total Assets</i>	<u>\$ 57,030</u>	<u>\$ 23,380</u>	<u>\$ 0</u>	<u>\$ 80,410</u>
Liabilities				
Deposits Held and Due to Others	\$ 57,030	\$ 23,380	\$ 0	\$ 80,410
<i>Total Liabilities</i>	<u>\$ 57,030</u>	<u>\$ 23,380</u>	<u>\$ 0</u>	<u>\$ 80,410</u>
Excavating Permit Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 13,835	\$ 1,110	\$ 0	\$ 14,945
<i>Total Assets</i>	<u>\$ 13,835</u>	<u>\$ 1,110</u>	<u>\$ 0</u>	<u>\$ 14,945</u>
Liabilities				
Deposits Held and Due to Others	\$ 13,835	\$ 1,110	\$ 0	\$ 14,945
<i>Total Liabilities</i>	<u>\$ 13,835</u>	<u>\$ 1,110</u>	<u>\$ 0</u>	<u>\$ 14,945</u>
Unclaimed Monies Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 97,158	\$ 68,414	\$ 97,147	\$ 68,425
<i>Total Assets</i>	<u>\$ 97,158</u>	<u>\$ 68,414</u>	<u>\$ 97,147</u>	<u>\$ 68,425</u>
Liabilities				
Deposits Held and Due to Others	\$ 97,158	\$ 0	\$ 28,733	\$ 68,425
<i>Total Liabilities</i>	<u>\$ 97,158</u>	<u>\$ 0</u>	<u>\$ 28,733</u>	<u>\$ 68,425</u>
Municipal Court Fund				
Assets				
Cash in Segregated Accounts	\$ 707,584	\$ 636,231	\$ 707,584	\$ 636,231
<i>Total Assets</i>	<u>\$ 707,584</u>	<u>\$ 636,231</u>	<u>\$ 707,584</u>	<u>\$ 636,231</u>
Liabilities				
Intergovernmental Payable	\$ 360,427	\$ 341,817	\$ 360,427	\$ 341,817
Deposits Held and Due to Others	347,157	294,414	347,157	294,414
<i>Total Liabilities</i>	<u>\$ 707,584</u>	<u>\$ 636,231</u>	<u>\$ 707,584</u>	<u>\$ 636,231</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Beginning Balance 1/1/2016	Additions	Reductions	Ending Balance 12/31/2016
Contractor Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 74,070	\$ 0	\$ 0	\$ 74,070
<i>Total Assets</i>	<u>\$ 74,070</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,070</u>
Liabilities				
Deposits Held and Due to Others	\$ 74,070	\$ 0	\$ 0	\$ 74,070
<i>Total Liabilities</i>	<u>\$ 74,070</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,070</u>
Recreation Scholarship Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 23,168	\$ 2,326	\$ 6,480	\$ 19,014
<i>Total Assets</i>	<u>\$ 23,168</u>	<u>\$ 2,326</u>	<u>\$ 6,480</u>	<u>\$ 19,014</u>
Liabilities				
Deposits Held and Due to Others	\$ 23,168	\$ 0	\$ 4,154	\$ 19,014
<i>Total Liabilities</i>	<u>\$ 23,168</u>	<u>\$ 0</u>	<u>\$ 4,154</u>	<u>\$ 19,014</u>
Shaker Family Resource Center Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 938,277	\$ 938,277	\$ 0
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 938,277</u>	<u>\$ 938,277</u>	<u>\$ 0</u>
Liabilities				
Deposits Held and Due to Others	\$ 0	\$ 938,277	\$ 938,277	\$ 0
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 938,277</u>	<u>\$ 938,277</u>	<u>\$ 0</u>
Board of Building Standards Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,938	\$ 5,210	\$ 4,948	\$ 3,200
<i>Total Assets</i>	<u>\$ 2,938</u>	<u>\$ 5,210</u>	<u>\$ 4,948</u>	<u>\$ 3,200</u>
Liabilities				
Intergovernmental Payable	\$ 2,938	\$ 262	\$ 0	\$ 3,200
<i>Total Liabilities</i>	<u>\$ 2,938</u>	<u>\$ 262</u>	<u>\$ 0</u>	<u>\$ 3,200</u>
Heights Area Special Rescue Team Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 63,623	\$ 44,304	\$ 32,945	\$ 74,982
<i>Total Assets</i>	<u>\$ 63,623</u>	<u>\$ 44,304</u>	<u>\$ 32,945</u>	<u>\$ 74,982</u>
Liabilities				
Intergovernmental Payable	\$ 63,623	\$ 11,359	\$ 0	\$ 74,982
<i>Total Liabilities</i>	<u>\$ 63,623</u>	<u>\$ 11,359</u>	<u>\$ 0</u>	<u>\$ 74,982</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Beginning Balance 1/1/2016	Additions	Reductions	Ending Balance 12/31/2016
<i>Cleveland Waterline Projects Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 260,363	\$ 1,496,319	\$ 162,905	\$ 1,593,777
<i>Total Assets</i>	<u>\$ 260,363</u>	<u>\$ 1,496,319</u>	<u>\$ 162,905</u>	<u>\$ 1,593,777</u>
Liabilities				
Intergovernmental Payable	\$ 260,363	\$ 1,333,414	\$ 0	\$ 1,593,777
<i>Total Liabilities</i>	<u>\$ 260,363</u>	<u>\$ 1,333,414</u>	<u>\$ 0</u>	<u>\$ 1,593,777</u>
<i>Shaker Heights Development Corporation Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 268,202	\$ 324,024	\$ 332,931	\$ 259,295
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	105,133	0	1,959	103,174
<i>Total Assets</i>	<u>\$ 373,335</u>	<u>\$ 324,024</u>	<u>\$ 334,890</u>	<u>\$ 362,469</u>
Liabilities				
Deposits Held and Due to Others	\$ 346,135	\$ 0	\$ 10,866	\$ 335,269
Loans Payable	27,200	0	0	27,200
<i>Total Liabilities</i>	<u>\$ 373,335</u>	<u>\$ 0</u>	<u>\$ 10,866</u>	<u>\$ 362,469</u>
<i>Shaker Cuyahoga Credit Enhancement Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 440,988	\$ 0	\$ 126,312	\$ 314,676
<i>Total Assets</i>	<u>\$ 440,988</u>	<u>\$ 0</u>	<u>\$ 126,312</u>	<u>\$ 314,676</u>
Liabilities				
Undistributed Monies	\$ 440,988	\$ 0	\$ 126,312	\$ 314,676
<i>Total Liabilities</i>	<u>\$ 440,988</u>	<u>\$ 0</u>	<u>\$ 126,312</u>	<u>\$ 314,676</u>
<i>Total Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,309,706	\$ 2,905,389	\$ 1,701,945	\$ 2,513,150
Cash in Segregated Accounts	707,584	636,231	707,584	636,231
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	105,133	0	1,959	103,174
<i>Total Assets</i>	<u>\$ 2,122,423</u>	<u>\$ 3,541,620</u>	<u>\$ 2,411,488</u>	<u>\$ 3,252,555</u>
Liabilities				
Intergovernmental Payable	\$ 687,351	\$ 1,686,852	\$ 360,427	\$ 2,013,776
Deposits Held and Due to Others	966,884	1,259,206	1,329,187	896,903
Loans Payable	27,200	0	0	27,200
Undistributed Monies	440,988	0	126,312	314,676
<i>Total Liabilities</i>	<u>\$ 2,122,423</u>	<u>\$ 2,946,058</u>	<u>\$ 1,815,926</u>	<u>\$ 3,252,555</u>

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**STATISTICAL
SECTION**

Statistical Section

This part of the City of Shaker Heights's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S-2 - S-9
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and municipal income tax.	S-10 - S-17
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S-18 - S-23
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S-25 - S-27
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S-28 - S-35

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year.

With the implementation of GASB 68 in 2015, the calculation of pension expense has changed; however, government-wide expenses for 2014 and prior years were not restated to reflect this change.

City of Shaker Heights, Ohio
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)

	2016	2015	Restated 2014	2013	2012
Governmental Activities					
Net Investment in Capital Assets	\$ 74,476,459	\$ 69,897,453	\$ 67,676,056	\$ 66,942,897	\$ 64,688,653
Restricted:					
Capital Projects	768,122	11,284,974	12,231,909	11,678,193	11,050,910
Debt Service	0	1,269,277	1,170,127	699,569	788,674
Streets	835,057	719,628	930,033	1,109,236	613,312
Public Safety	2,974,436	2,990,023	2,447,391	2,396,924	2,247,417
Judicial Services	862,725	805,341	763,332	759,162	724,055
Tree Maintenance	972,982	774,319	794,291	0	0
Other	201,832	151,572	134,469	155,184	25,124
Unrestricted	8,909,483	(959,568)	(4,364,283)	28,656,421	22,894,998
Total Governmental Activities Net Position	\$ 90,001,096	\$ 86,933,019	\$ 81,783,325	\$ 112,397,586	\$ 103,033,143

In 2013, the City implemented GASB 65, which resulted in the bond issuance costs to be expenses in the year incurred. Prior year information has been adjusted for the implementation of the Statement.

Note: Restricted for tree maintenance has been separately displayed starting in 2014. It was previously included in unrestricted.

Source: City Financial Records

	2011	2010	2009	2008	2007
\$	63,654,963	\$ 61,972,614	\$ 61,712,406	\$ 58,708,166	\$ 44,729,593
	12,883,372	16,187,786	18,947,218	25,606,578	31,339,125
	468,541	1,745,316	1,237,432	915,681	0
	611,464	690,153	724,281	906,871	0
	2,125,142	1,492,645	1,724,661	1,342,216	0
	641,793	710,352	637,338	555,708	0
	0	0	0	0	0
	58,137	0	0	0	193,610
	24,708,622	20,655,757	19,904,961	15,311,338	26,003,445
\$	<u>105,152,034</u>	<u>\$ 103,454,623</u>	<u>\$ 104,888,297</u>	<u>\$ 103,346,558</u>	<u>\$ 102,265,773</u>

City of Shaker Heights, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2016	2015	2014	2013	2012
Program Revenues					
Governmental Activities:					
Charges for Services:					
Security of Persons and Property	\$ 1,323,855	\$ 1,390,008	\$ 1,612,394	\$ 1,541,393	\$ 1,412,424
Public Health Services	63,910	64,469	47,160	45,760	77,494
Leisure Time Activities	1,725,480	1,784,639	1,888,776	1,765,547	1,803,925
Housing and Community Development	2,719,958	2,730,614	2,976,704	2,504,699	733,415
Sanitation and Sewer Services	1,130,083	1,051,180	1,092,872	1,108,678	1,144,334
Street Maintenance and Repair	0	113	147	0	1,804
Public Works - Other	820,334	727,391	658,313	748,217	567,532
General Government	2,922,213	2,839,390	2,488,869	2,690,130	2,399,937
Operating Grants and Contributions:					
Security of Persons and Property	3,533,657	4,132,929	3,934,416	3,827,620	3,744,393
Public Health Services	44,650	33,119	36,711	59,981	35,562
Leisure Time Activities	3,628	15,807	0	0	0
Housing and Community Development	132,072	52,615	40,719	637,217	161,430
Sanitation and Sewer Services	6,034	308	0	16,277	0
Street Maintenance and Repair	1,218,647	1,114,270	0	0	0
Public Works - Other	4,741	0	0	0	45,000
General Government	16,787	72,597	17,000	42,294	26,794
Capital Grants and Contributions:					
Security of Persons and Property	0	0	0	2,500	2,489
Public Health Services	0	0	0	0	0
Housing and Community Development	0	0	0	5,252	283,790
Sanitation and Sewer Services	0	0	0	0	0
Street Maintenance and Repair	376,504	3,067,984	0	0	0
Public Works - Other	0	0	0	0	0
General Government	0	0	0	0	150,000
<i>Total Governmental Activities Program Revenues</i>	<u>16,042,553</u>	<u>19,077,433</u>	<u>14,794,081</u>	<u>14,995,565</u>	<u>12,590,323</u>
Expenses					
Governmental Activities:					
Security of Persons and Property	25,248,646	23,192,181	23,341,934	22,898,446	22,958,313
Public Health and Welfare	440,827	418,461	420,084	378,658	579,141
Leisure Time Activities	4,191,330	3,913,273	3,993,567	4,166,858	3,980,612
Housing and Community Development	5,318,429	6,149,090	5,658,971	5,473,863	5,947,226
Sanitation and Sewer Services	5,002,530	4,097,422	5,314,960	4,964,310	4,781,961
Street Maintenance and Repair	3,197,767	6,553,316	3,462,608	2,504,237	2,896,453
Public Works - Other	3,034,027	2,343,649	2,474,210	2,092,510	2,496,087
General Government	7,788,922	7,554,498	7,309,823	7,455,094	7,362,601
Interest and Fiscal Charges	690,169	643,523	658,444	671,152	713,001
<i>Total Governmental Activities Expenses</i>	<u>54,912,647</u>	<u>54,865,413</u>	<u>52,634,601</u>	<u>50,605,128</u>	<u>51,715,395</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(38,870,094)</u>	<u>(35,787,980)</u>	<u>(37,840,520)</u>	<u>(35,609,563)</u>	<u>(39,125,072)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes	6,712,702	6,312,482	6,212,760	6,402,845	6,760,102
Income and Other Taxes	31,986,981	31,707,723	29,236,804	33,202,434	23,274,622
Grants, Entitlements and Estate Taxes	2,761,572	2,541,876	4,244,813	5,221,684	6,711,782
Investment Earnings	273,406	6,863	58,812	26,440	39,437
Miscellaneous Income	203,510	368,730	219,399	120,603	220,238
Special Item	0	0	0	0	0
<i>Total Governmental Activities</i>	<u>41,938,171</u>	<u>40,937,674</u>	<u>39,972,588</u>	<u>44,974,006</u>	<u>37,006,181</u>
Change in Net Position					
Governmental Activities	<u>\$ 3,068,077</u>	<u>\$ 5,149,694</u>	<u>\$ 2,132,068</u>	<u>\$ 9,364,443</u>	<u>\$ (2,118,891)</u>

In 2013, the City implemented GASB 65, which resulted in the bond issuance costs to be expenses in the year incurred. Prior year information has been adjusted for the implementation of the Statement.

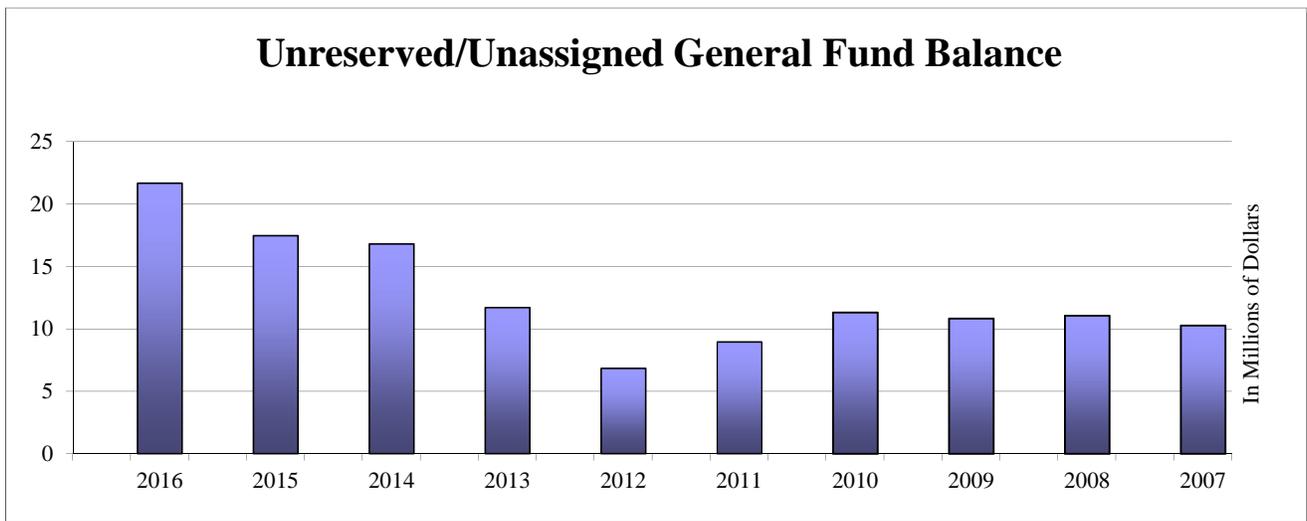
In 2015, gasoline tax and motor vehicle license fees were reclassified from general revenues - grants, entitlements and estate taxes to program revenues - operating grants and contributions offset against street maintenance and repair.

Source: City Financial Records

	2011	2010	2009	2008	2007
\$	1,410,277	\$ 1,228,766	\$ 1,013,943	\$ 1,340,465	\$ 860,784
	70,806	88,852	70,133	80,210	82,688
	1,843,213	1,758,484	1,754,838	1,827,419	1,884,955
	2,199,232	2,412,588	2,504,195	2,117,015	1,528,272
	1,093,240	1,187,478	1,333,696	1,541,510	1,504,818
	1,480	2,322	8,231	8,238	219,668
	627,503	671,940	707,206	711,143	545,830
	3,047,272	2,916,571	2,708,388	2,613,369	2,602,509
	3,689,869	3,670,356	4,293,912	4,895,746	2,218,326
	43,876	103,824	4,780	0	26,114
	0	0	0	0	1,683
	207,980	331,218	44,215	35,976	116,139
	0	277,697	295,303	5,901	0
	0	0	0	0	0
	0	0	0	0	0
	45,202	15,294	13,000	40,987	75
	3,950	6,169	4,000	5,000	0
	0	0	0	0	0
	559,951	47,504	188,689	1,701,268	163,667
	0	0	298,216	1,467,333	0
	0	0	1,940	508,705	0
	0	0	0	0	465,443
	145,468	0	0	0	0
	<u>14,989,319</u>	<u>14,719,063</u>	<u>15,244,685</u>	<u>18,900,285</u>	<u>12,220,971</u>
	22,250,251	21,919,064	23,988,819	23,458,781	23,903,946
	572,027	590,758	692,906	448,703	563,495
	4,036,350	3,847,435	4,039,556	3,877,476	3,664,496
	5,377,610	6,381,587	7,441,799	6,989,574	7,240,967
	4,433,164	4,737,490	4,024,723	5,018,134	2,167,731
	2,983,859	2,923,298	2,388,186	2,817,752	2,181,766
	2,502,961	2,913,412	2,971,552	3,905,495	2,938,506
	7,476,927	7,169,311	6,729,574	7,087,741	6,427,598
	902,508	1,012,429	928,950	1,001,492	1,048,868
	<u>50,535,657</u>	<u>51,494,784</u>	<u>53,206,065</u>	<u>54,605,148</u>	<u>50,137,373</u>
	<u>(35,546,338)</u>	<u>(36,775,721)</u>	<u>(37,961,380)</u>	<u>(35,704,863)</u>	<u>(37,916,402)</u>
	6,811,309	6,990,638	8,579,190	8,224,540	8,966,264
	21,442,300	19,777,714	19,523,078	20,819,652	23,244,676
	8,459,326	6,721,784	7,372,760	5,670,500	7,752,673
	345,261	528,639	289,963	629,378	1,963,517
	185,553	485,557	451,678	232,203	218,240
	0	0	0	0	(1,731,108)
	<u>37,243,749</u>	<u>34,504,332</u>	<u>36,216,669</u>	<u>35,576,273</u>	<u>40,414,262</u>
\$	<u>1,697,411</u>	<u>\$ (2,271,389)</u>	<u>\$ (1,744,711)</u>	<u>\$ (128,590)</u>	<u>\$ 2,497,860</u>

City of Shaker Heights, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2016	2015	2014	2013	2012
General Fund					
Nonspendable	\$ 174,420	\$ 162,467	\$ 145,338	\$ 79,771	\$ 195,565
Committed	173,541	61,746	86,712	197,711	292,726
Assigned	6,496,316	7,797,286	6,318,448	8,162,882	12,451,743
Unassigned	21,674,733	17,485,238	16,818,500	11,712,915	6,836,659
Reserved	0	0	0	0	0
Unreserved	0	0	0	0	0
Total General Fund	28,519,010	25,506,737	23,368,998	20,153,279	19,776,693
All Other Governmental Funds					
Restricted	4,254,420	4,784,536	3,881,400	4,236,402	3,783,070
Committed	13,094,542	12,427,440	14,584,343	14,331,748	13,791,986
Unassigned	(36,093)	(402,506)	(155,539)	(89,848)	(374,370)
Reserved	0	0	0	0	0
Unreserved, Undesignated, Reported in:					
Special Revenue funds	0	0	0	0	0
Debt Service funds	0	0	0	0	0
Capital Projects funds	0	0	0	0	0
Total All Other Governmental Funds	17,312,869	16,809,470	18,310,204	18,478,302	17,200,686
Total Governmental Funds	\$ 45,831,879	\$ 42,316,207	\$ 41,679,202	\$ 38,631,581	\$ 36,977,379



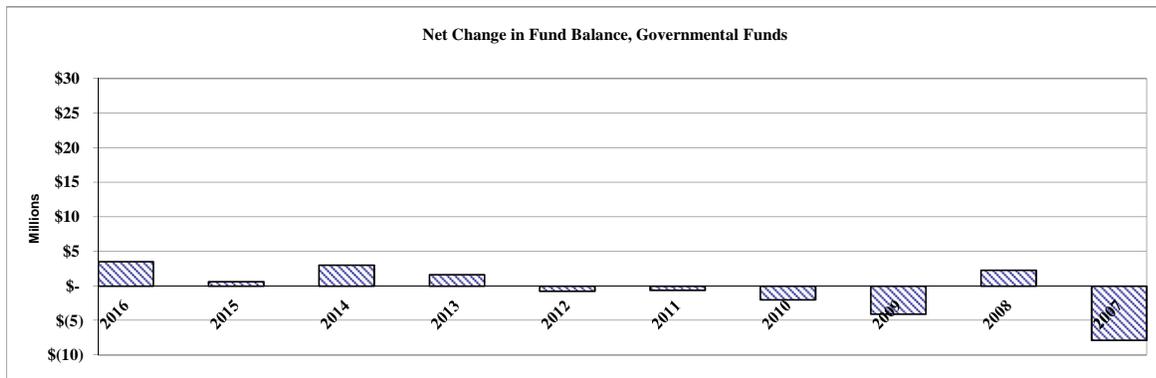
Note: The City implemented GASB Statement No. 54 in 2011, resulting in the reclassification of fund balances.

2011	2010	2009	2008	2007
\$ 150,924	\$ 0	\$ 0	\$ 0	\$ 0
443,724	0	0	0	0
9,150,763	0	0	0	0
8,957,461	0	0	0	0
0	635,380	672,271	658,094	737,765
0	11,325,272	10,832,936	11,068,444	10,277,756
18,702,872	11,960,652	11,505,207	11,726,538	11,015,521
3,623,543	0	0	0	0
15,805,315	0	0	0	0
(411,512)	0	0	0	0
0	5,385,836	5,917,500	8,286,921	21,462,206
0	7,617,822	8,165,918	5,830,175	3,638,148
0	1,657,429	1,043,472	793,110	(6,320,440)
0	11,679,020	13,653,858	17,703,298	10,321,345
19,017,346	26,340,107	28,780,748	32,613,504	29,101,259
\$ 37,720,218	\$ 38,300,759	\$ 40,285,955	\$ 44,340,042	\$ 40,116,780

City of Shaker Heights, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2016	2015	2014	2013	2012
Revenues					
Property taxes	\$ 6,657,936	\$ 6,318,907	\$ 6,435,800	\$ 6,350,984	\$ 6,754,730
Municipal Income Taxes	34,284,348	32,322,789	31,341,737	28,058,616	22,230,968
Other Local Taxes	73,283	47,244	65,231	78,817	48,432
Special Assessments	1,470,966	1,492,221	1,485,323	1,489,288	1,476,080
Charges for Services	7,131,974	6,850,563	6,648,614	6,659,388	7,106,179
Fees, Licenses and Permits	1,113,953	1,272,257	1,186,841	1,023,505	684,178
Fines and Forfeitures	888,108	570,441	813,715	1,018,393	914,175
Intergovernmental	8,313,941	10,022,274	8,319,959	10,295,949	11,348,788
Interest Earnings	293,713	2,500	63,187	40,290	61,853
Other Revenue	222,481	343,664	319,100	225,324	286,778
Total Revenues	60,450,703	59,242,860	56,679,507	55,240,554	50,912,161
Expenditures					
Current:					
Security of Persons and Property	23,856,995	22,357,798	23,536,042	23,148,941	21,899,899
Public Health and Welfare	414,282	414,237	421,555	401,993	559,412
Leisure Time Activities	3,717,057	3,764,184	3,574,222	3,853,301	3,508,357
Housing and Community Development	6,138,513	6,217,708	5,645,429	7,030,086	6,106,375
Sanitation and Sewer Services	5,349,697	4,799,429	4,805,347	4,631,355	4,359,148
Street Maintenance and Repair	4,444,233	7,425,932	3,876,660	3,268,737	3,609,356
Public Works - Other	2,690,969	2,856,532	2,826,772	2,680,815	2,557,354
General Government	7,392,746	7,704,541	7,332,496	7,197,757	6,895,735
Debt Service:					
Principal Retirement	2,339,616	2,576,173	2,784,346	3,209,712	3,582,069
Interest and Fiscal Charges	604,150	628,358	636,275	641,869	542,033
Debt Issuance Costs	45,827	0	0	0	176,460
Total Expenditures	56,994,085	58,744,892	55,439,144	56,064,566	53,796,198
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,456,618</u>	<u>497,968</u>	<u>1,240,363</u>	<u>(824,012)</u>	<u>(2,884,037)</u>
Other Financing Sources (Uses)					
Transfers In	9,615,110	8,743,637	7,536,702	8,156,438	4,671,495
Transfers Out	(10,560,650)	(9,661,637)	(7,536,702)	(8,156,438)	(4,671,495)
Issuance of Notes	0	1,025,000	1,230,000	1,955,000	15,370,000
Inception of Capital Leases	940,000	0	540,000	488,389	0
Proceeds from Sale of Capital Assets	18,767	29,759	29,534	34,825	51,569
Issuance of Refunding Bonds	3,501,300	0	0	0	0
Payment to Refunded Bond Escrow Agent	(3,455,473)	0	0	0	(13,744,754)
Premium on Sale of Bonds	0	0	0	0	464,383
Premium on Sale of Notes	0	2,278	7,724	0	0
Total Other Financing Sources (Uses)	59,054	139,037	1,807,258	2,478,214	2,141,198
Net Change in Fund Balances	\$ 3,515,672	\$ 637,005	\$ 3,047,621	\$ 1,654,202	\$ (742,839)

Debt Service as a Percentage of Noncapital Expenditures	5.82%	6.29%	6.51%	7.52%	8.09%
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	2011	2010	2009	2008	2007
\$	6,768,107	\$ 6,992,558	\$ 8,399,301	\$ 8,256,559	\$ 8,889,841
	21,185,654	19,562,027	20,144,932	20,840,303	20,246,324
	63,867	46,219	53,478	55,599	68,772
	1,559,342	1,805,098	1,830,121	1,767,705	1,437,429
	6,949,653	7,042,983	6,538,429	6,591,980	6,508,530
	639,272	674,820	577,437	764,096	746,352
	940,688	740,453	1,069,127	995,703	1,007,083
	13,177,336	11,158,151	12,338,984	14,936,366	10,218,683
	352,822	514,234	254,263	585,912	1,851,297
	321,243	694,612	669,754	490,070	633,891
	<u>51,957,984</u>	<u>49,231,155</u>	<u>51,875,826</u>	<u>55,284,293</u>	<u>51,608,202</u>
	21,747,850	22,096,210	23,577,387	24,202,081	23,574,673
	596,372	584,712	572,755	529,080	558,251
	3,513,027	4,155,613	3,634,079	3,750,314	7,555,496
	5,935,701	6,748,290	7,555,641	8,985,556	7,347,631
	4,023,249	4,697,166	5,031,160	7,498,220	4,242,460
	3,552,894	3,598,187	3,345,052	3,280,365	4,300,875
	2,515,800	2,428,497	2,692,495	2,611,414	3,454,788
	7,510,586	6,952,171	6,400,685	7,113,939	6,645,189
	3,983,104	1,993,420	9,239,281	2,407,571	2,960,142
	903,912	903,720	990,355	966,611	1,084,763
	0	0	107,854	0	0
	<u>54,282,495</u>	<u>54,157,986</u>	<u>63,146,744</u>	<u>61,345,151</u>	<u>61,724,268</u>
	<u>(2,324,511)</u>	<u>(4,926,831)</u>	<u>(11,270,918)</u>	<u>(6,060,858)</u>	<u>(10,116,066)</u>
	5,149,498	4,249,037	9,351,044	3,993,546	3,748,042
	(5,775,498)	(4,249,037)	(10,151,044)	(4,293,546)	(3,748,042)
	2,250,000	2,902,697	7,775,852	8,660,000	2,265,000
	0	0	0	0	0
	119,970	38,938	64,482	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	176,497	0	0
	0	0	0	0	0
	<u>1,743,970</u>	<u>2,941,635</u>	<u>7,216,831</u>	<u>8,360,000</u>	<u>2,265,000</u>
\$	<u>(580,541)</u>	<u>(1,985,196)</u>	<u>(4,054,087)</u>	<u>\$ 2,299,142</u>	<u>\$ (7,851,066)</u>
	9.60%	3.97%	17.77%	6.30%	7.36%

City of Shaker Heights, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Tax Year/ Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2016/2017	\$ 702,364,870	\$ 61,086,600	\$ 2,181,289,914	\$ 13,585,020	\$ 15,982,376
2015/2016	703,768,590	61,360,410	2,186,082,857	12,856,760	15,125,600
2014/2015	667,543,300	60,600,020	2,080,409,486	12,608,470	14,833,494
2013/2014	672,548,880	65,420,350	2,108,483,514	12,043,740	14,169,106
2012/2013	673,206,300	65,937,850	2,111,840,429	11,032,190	12,979,047
2011/2012	732,444,900	68,203,140	2,287,565,829	10,219,200	12,022,588
2010/2011	742,089,560	69,308,540	2,318,280,286	9,886,420	11,631,082
2009/2010	742,998,900	72,785,870	2,330,813,629	9,657,800	11,362,118
2008/2009	801,142,110	75,467,590	2,504,599,143	9,080,760	10,683,247
2007/2008	803,262,820	72,752,030	2,502,899,571	8,674,200	10,204,941

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property was phased out by the State of Ohio. For collection year 2007 both types of general business tangible personal property were assessed at 12.5 percent. The percentage was 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed.

(1) Tax rates are per \$1,000 of assessed value

Source: Cuyahoga County Fiscal Officer

<u>Tangible Personal Property</u>						
General Business			Total Direct Rate (1)	Total		
Assessed Value	Estimated Actual Value			Assessed Value	Estimated Actual Value	Ratio
\$ 0	\$ 0	9.90	\$ 777,036,490	\$ 2,197,272,290	35.36%	
0	0	9.90	777,985,760	2,201,208,457	35.34%	
0	0	9.90	740,751,790	2,095,242,980	35.35%	
0	0	9.90	750,012,970	2,122,652,620	35.33%	
0	0	9.90	750,176,340	2,124,819,476	35.31%	
0	0	9.90	810,867,240	2,299,588,417	35.26%	
0	0	9.90	821,284,520	2,329,911,368	35.25%	
0	0	9.90	825,442,570	2,342,175,747	35.24%	
3,788,537	30,308,296	9.90	889,478,997	2,545,590,686	34.94%	
6,129,221	49,033,768	9.90	890,818,271	2,562,138,280	34.77%	

City of Shaker Heights, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2016	2015	2014	2013	2012
Unvoted Millage					
Operating	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
Fire Pension	0.30	0.30	0.30	0.30	0.30
Police Pension	0.30	0.30	0.30	0.30	0.30
<i>Total Unvoted Millage</i>	<u>\$ 4.40</u>				
Charter Millage					
1976 Charter/Current Expense	2.50	2.50	2.50	2.50	2.50
1976 Charter/Current expense	3.00	3.00	3.00	3.00	3.00
<i>Total Charter Millage</i>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>
Total Millage	<u>\$ 9.90</u>				
Overlapping Rates by Taxing District					
Shaker Heights City School District Voted Millage	\$ 186.73	\$ 186.73	\$ 186.83	\$ 179.93	\$ 180.13
Effective Millage Rates					
Residential/Agricultural Real	94.72	94.56	99.07	91.73	91.80
Commercial/Industrial and Public Utility	127.93	127.86	126.99	117.12	116.21
Tangible/Public Utility Personal	186.73	186.73	186.83	179.93	180.13
Cuyahoga County Voted Millage	20.93	20.93	20.93	20.03	18.30
Effective Millage Rates					
Residential/Agricultural Real	20.65	20.64	20.90	20.00	18.28
Commercial/Industrial and Public Utility	20.86	20.92	20.90	19.80	17.96
Tangible/Public Utility Personal	20.93	20.93	20.93	20.03	18.30
Shaker Heights Public Library Voted Millage	4.00	4.00	4.00	4.00	4.00
Effective Millage Rates					
Residential/Agricultural Real	3.81	4.00	4.00	4.00	4.00
Commercial/Industrial and Public Utility	4.00	4.00	4.00	4.00	4.00
Tangible/Public Utility Personal	4.00	4.00	4.00	4.00	4.00

Source: Cuyahoga County Fiscal Office

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.
The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Charter millage is consistently applied to all types of property.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

Overlapping rates are those of local and county governments that apply to property owners within the City.

Cuyahoga County millage for 2015 includes voted rate of 14.05 mills for County government, 2.75 mills for Cleveland Metroparks, 4.0 mills for Cuyahoga Community College and 0.13 mills for the Cleveland Cuyahoga Port Authority.

2011	2010	2009	2008	2007
\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
0.30	0.30	0.30	0.30	0.30
0.30	0.30	0.30	0.30	0.30
<u>\$ 4.40</u>				
2.50	2.50	2.50	2.50	2.50
3.00	3.00	3.00	3.00	3.00
<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>
<u>\$ 9.90</u>				
\$ 180.13	\$ 180.13	\$ 170.60	\$ 170.60	\$ 170.30
86.45	85.74	76.10	71.00	70.47
114.08	113.05	100.74	98.68	96.61
180.13	180.13	170.60	170.60	170.30
18.30	18.40	18.10	18.10	18.20
18.12	18.18	17.69	16.82	16.03
17.65	17.69	17.26	17.21	16.83
18.30	18.40	18.10	18.10	18.20
4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	3.18
4.00	4.00	4.00	4.00	3.83
4.00	4.00	4.00	4.00	4.00

City of Shaker Heights, Ohio
Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2016	\$ 9,067,125	\$ 8,285,107	91.38%	\$ 257,796	\$ 8,542,903
2015	8,186,675	7,766,018	94.86%	289,463	8,055,481
2014	8,113,207	7,682,072	94.69%	301,800	7,983,872
2013	8,198,891	7,472,109	91.14%	277,981	7,750,090
2012	9,080,731	8,531,384	93.95%	329,361	8,860,745
2011	9,891,562	8,736,283	88.32%	340,098	9,076,381
2010	9,786,293	8,739,013	89.30%	453,454	9,192,467
2009	9,491,217	8,898,903	93.76%	373,629	9,272,532
2008	9,283,993	8,788,652	94.66%	361,039	9,149,691
2007	9,276,821	8,714,549	93.94%	450,287	9,164,836

Source: Cuyahoga County Fiscal Officer

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
94.22%	\$ 748,183.00	8.25%
98.40%	679,726	8.30%
98.41%	686,510	8.46%
94.53%	1,096,196	13.37%
97.58%	1,031,611	11.36%
91.76%	1,029,675	10.41%
93.93%	988,911	10.11%
97.70%	842,165	8.87%
98.55%	433,822	4.67%
98.79%	657,326	7.09%

City of Shaker Heights, Ohio
Principal Taxpayers - Real Estate Tax
2016 and 2007

2016		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 9,477,510	1.22%
Shaker MLZ	4,106,080	0.53%
Oliver Family LTD	2,301,320	0.30%
American Transmission System	2,171,370	0.28%
East Ohio Gas Company	1,936,140	0.25%
E2G Properties LLC	1,914,130	0.25%
The Residences at Avalon Station, LLC	1,493,680	0.19%
Van Aken Shopping Center, LTD	1,349,120	0.17%
Shaker Plaza LTD	1,343,760	0.17%
16500 Chagrin Blvd Holdings	1,332,080	0.17%
Total	\$ 27,425,190	3.53%
Total Assessed Valuation	\$ 777,036,490	
2007		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 6,620,800	0.74%
University Hospitals Health System	5,226,940	0.59%
Tower East Operating Assoc.	4,416,510	0.50%
Deborah Salzberg Tr.	2,959,460	0.33%
Oliver Family LTD	2,296,110	0.26%
Shaker Town Cenyre E&A	2,150,890	0.24%
Shaker Town Centre E&A LLC	1,735,030	0.19%
Shaker Plaza LTD	1,504,760	0.17%
East Ohio Gas Company	1,452,220	0.16%
Cleveland Skating Club	1,383,630	0.16%
Total	\$ 29,746,350	3.34%
Total Assessed Valuation	\$ 890,818,271	

Source: Cuyahoga County Fiscal Office

(1) Assessed valuation for tax year.

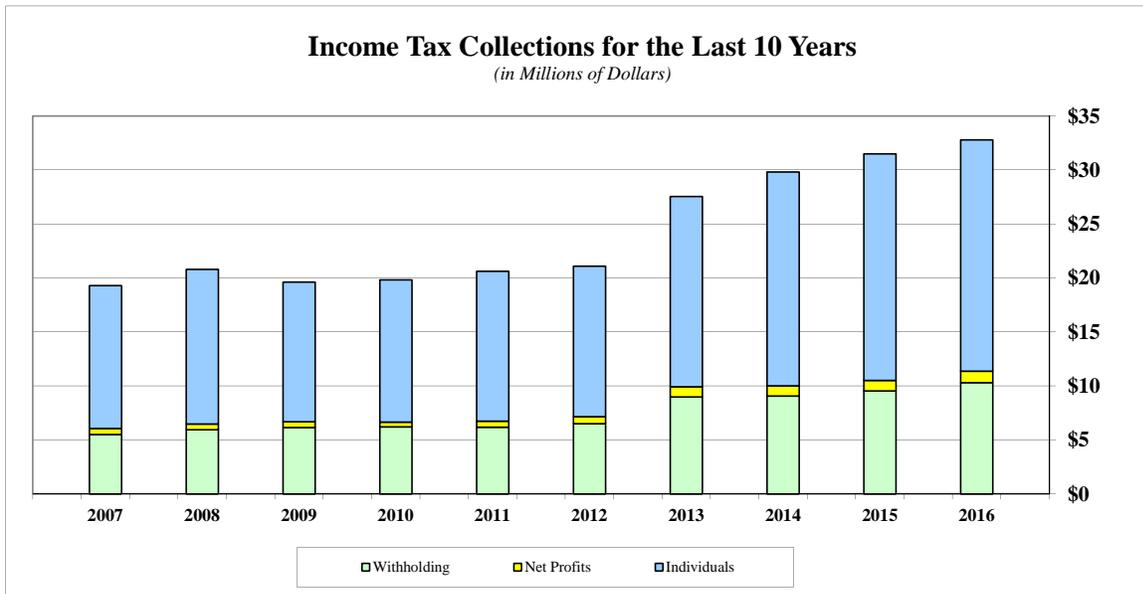
City of Shaker Heights, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year (1)	Tax Rate (2)	Total Tax Collected (3)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2016	2.25%	\$ 32,809,264	\$ 10,319,267	31.45%	\$ 1,048,112	3.19%	\$ 21,441,885	65.35%
2015	2.25%	31,486,020	9,546,540	30.32%	985,269	3.13%	20,954,211	66.55%
2014	2.25%	29,826,789	9,071,388	30.41%	937,163	3.14%	19,818,238	66.44%
2013	2.25%	27,542,351	8,997,092	32.67%	943,745	3.43%	17,601,514	63.91%
2012	2.25%	21,082,579	6,523,594	30.94%	640,527	3.04%	13,918,457	66.02%
2011	1.75%	20,634,059	6,191,093	30.00%	559,062	2.71%	13,883,904	67.29%
2010	1.75%	19,839,875	6,214,149	31.32%	440,143	2.22%	13,185,583	66.46%
2009	1.75%	19,632,577	6,158,182	31.37%	536,548	2.73%	12,937,847	65.90%
2008	1.75%	20,809,784	5,949,834	28.59%	541,495	2.60%	14,318,455	68.81%
2007	1.75%	19,706,989	5,507,718	27.95%	568,723	2.89%	13,233,471	67.15%

Source: Regional Income Tax Agency

- (1) 2007 through 2016 collections presented on a cash basis.
- (2) 1.75% effective April 1, 1981; 2.25% effective October 1, 2012
- (3) Does not include electrical utility municipal income tax collected by state

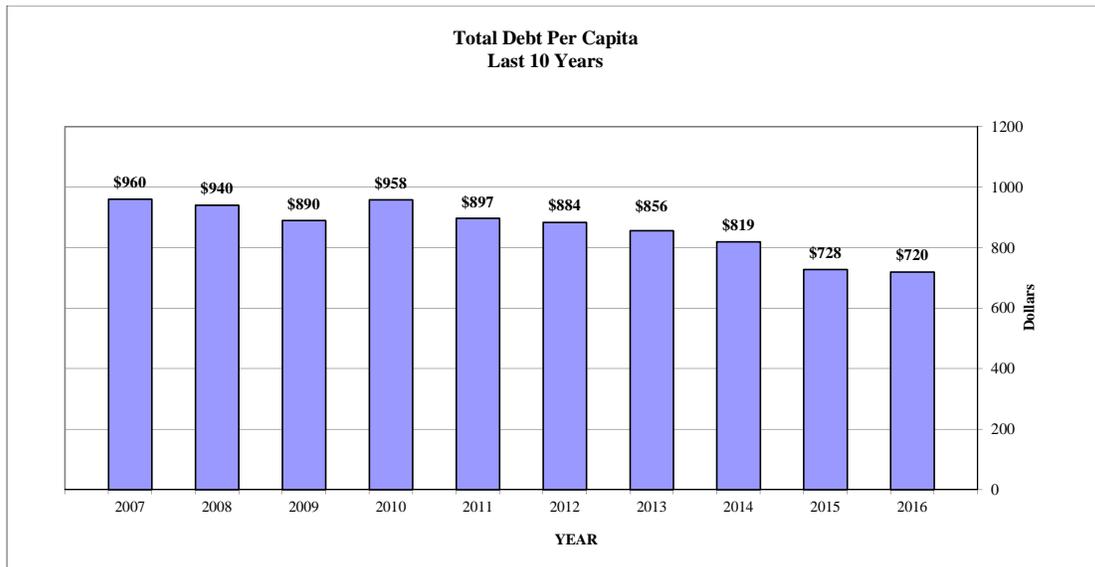
Note: The City is prohibited by statute from presenting information regarding individual taxpayers.



City of Shaker Heights, Ohio
*Ratio of Outstanding Debt to
 Total Personal Income and Debt Per Capita
 Last Ten Years*

Year	Governmental Activities						Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Urban Renewal Temporary Bonds	Bond Anticipation Notes	OPWC Loans	Taxable Special Obligation Housing Notes	Capital Leases Payable			
2016	\$ 15,749,588	\$ 0	\$ 0	\$ 3,326,439	\$ 0	\$ 1,406,258	20,482,285	1.45%	\$720
2015	16,394,866	0	0	3,648,133	0	659,179	20,702,178	1.47%	728
2014	17,206,108	0	1,230,000	3,990,015	0	883,470	23,309,593	1.65%	819
2013	18,007,350	0	1,570,000	4,352,085	0	425,746	24,355,181	1.81%	856
2012	18,378,592	0	1,910,000	4,714,154	150,000	0	25,152,746	1.87%	884
2011	17,945,451	0	2,250,000	5,076,223	250,000	0	25,521,674	1.82%	897
2010	18,518,474	0	2,625,000	5,619,327	500,000	0	27,262,801	1.94%	958
2009	18,895,000	0	865,000	5,675,050	750,000	0	26,185,050	1.80%	890
2008	14,585,000	6,845,000	1,315,000	3,903,479	1,000,000	0	27,648,479	1.90%	940
2007	14,855,000	6,845,000	1,765,000	4,026,050	750,000	0	28,241,050	2.12%	960

Note: Population and Personal Income data are presented on page S26.



City of Shaker Heights, Ohio
*Ratio of General Obligation Bonded Debt to Assessed
Value and Bonded Debt Per Capita
Last Ten Years*

Year	Population (1)		Assessed Value of Taxable Property (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2016	28,448	a	\$ 777,036,490	\$ 15,749,588	\$ 718,095	\$ 15,031,493	1.93%	\$ 528
2015	28,448	a	777,985,760	16,394,866	1,294,726	15,100,140	1.94%	531
2014	28,448	a	740,751,790	18,436,108	1,170,127	17,265,981	2.33%	607
2013	28,448	a	750,012,970	19,577,350	699,569	18,877,781	2.52%	664
2012	28,448	a	750,176,340	20,288,592	1,049,459	19,239,133	2.56%	676
2011	28,448	a	810,867,240	20,195,451	561,689	19,633,762	2.42%	690
2010	28,448	a	821,284,520	21,143,474	1,838,464	19,305,010	2.35%	679
2009	29,405	b	825,442,570	19,760,000	1,237,432	18,522,568	2.24%	630
2008	29,405	b	889,478,997	22,745,000	915,681	21,829,319	2.45%	742
2007	29,405	b	890,818,271	23,465,000	0	23,465,000	2.63%	798

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 2010 Federal Census

(b) 2000 Federal Census

(2) Source: Cuyahoga County Fiscal Office

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

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City of Shaker Heights, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2016

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct			
City of Shaker Heights			
General Obligation Bonds	\$ 15,749,588	100.00%	\$15,749,588
OPWC Loans	3,326,439	100.00%	\$3,326,439
Capital leases payable	<u>1,406,258</u>	100.00%	<u>\$1,406,258</u>
<i>Total Direct Debt</i>	<u>20,482,285</u>		<u>20,482,285</u>
Overlapping			
Shaker Heights City School District			
General Obligation Bonds	17,864,309	95.11%	16,990,744
Cuyahoga County			
General Obligation Bonds	226,090,000	2.81%	6,359,753
Regional			
Transit Authority	<u>3,910,000</u>	2.81%	<u>109,986</u>
<i>Total Overlapping Debt</i>	<u>247,864,309</u>		<u>23,460,483</u>
Total	<u><u>\$268,346,594</u></u>		<u><u>\$43,942,768</u></u>

Source: Cuyahoga County Fiscal Office

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Shaker Heights, Ohio
Legal Debt Margin
Last Ten Years

	2016	2015	2014	2013	2012
Total Assessed Property Value	<u>\$ 777,036,490</u>	<u>\$ 777,985,760</u>	<u>\$ 740,751,790</u>	<u>\$ 750,012,970</u>	<u>\$ 750,176,340</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$ 81,588,831</u>	<u>\$ 81,688,505</u>	<u>\$ 77,778,938</u>	<u>\$ 78,751,362</u>	<u>\$ 78,768,516</u>
Debt Outstanding:					
General Obligation Bonds	15,749,588	16,394,866	17,206,108	18,007,350	17,785,000
Bond Anticipation Notes	0	1,025,000	1,230,000	1,570,000	1,910,000
OPWC Loans	<u>3,326,439</u>	<u>3,648,133</u>	<u>3,990,015</u>	<u>4,352,085</u>	<u>4,714,154</u>
Total Gross Indebtedness	19,076,027	21,067,999	22,426,123	23,929,435	24,409,154
Less:					
OPWC Loans	(3,326,439)	(3,648,133)	(3,990,015)	(4,352,085)	(4,714,154)
TIF Urban Renewal Bonds	(345,000)	(3,705,000)	(3,865,000)	(4,020,000)	(4,170,000)
Permanent Urban Renewal Bonds	0	0	0	0	(450,000)
Urban Renewal Refunding Bonds	(15,079,588)	(11,845,000)	(12,445,000)	(13,040,000)	(13,165,000)
Amount Available in Debt Service (1)	<u>(325,000)</u>	<u>(1,294,726)</u>	<u>(1,620,559)</u>	<u>(699,569)</u>	<u>(788,674)</u>
Total Net Debt Applicable to Debt Limit	<u>-</u>	<u>575,140</u>	<u>505,549</u>	<u>1,817,781</u>	<u>1,121,326</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$ 81,588,831</u>	<u>\$ 81,113,365</u>	<u>\$ 77,273,389</u>	<u>\$ 76,933,581</u>	<u>\$ 77,647,190</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	99.30%	99.35%	97.69%	98.58%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$ 42,737,007</u>	<u>\$ 42,789,217</u>	<u>\$ 40,741,348</u>	<u>\$ 41,250,713</u>	<u>\$ 41,259,699</u>
Total Gross Indebtedness	19,076,027	21,067,999	22,426,123	23,929,435	24,409,154
Less:					
OPWC Loans	(3,326,439)	(3,648,133)	(3,990,015)	(4,352,085)	(4,714,154)
TIF Urban Renewal Bonds	(345,000)	(3,705,000)	(3,865,000)	(4,020,000)	(4,170,000)
Permanent Urban Renewal Bonds	0	0	0	0	(450,000)
Urban Renewal Refunding Bonds	(15,079,588)	(11,845,000)	(12,445,000)	(13,040,000)	(13,165,000)
Amount Available in Debt Service (1)	<u>(325,000)</u>	<u>(1,294,726)</u>	<u>(1,620,559)</u>	<u>(699,569)</u>	<u>(788,674)</u>
Net Debt Within 5 ½ % Limitations	<u>-</u>	<u>575,140</u>	<u>505,549</u>	<u>1,817,781</u>	<u>1,121,326</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$ 42,737,007</u>	<u>\$ 42,214,077</u>	<u>\$ 40,235,799</u>	<u>\$ 39,432,932</u>	<u>\$ 40,138,373</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	98.66%	98.76%	95.59%	97.28%

Source: City Financial Records and Cuyahoga County Fiscal Office

(1) The net position restricted for debt service for 2012 was restated in the 2013 financial report.

2011	2010	2009	2008	2007
\$ 810,867,240	\$ 821,284,520	\$ 825,442,570	\$ 889,478,997	\$ 890,818,271
\$ 85,141,060	\$ 86,234,875	\$ 86,671,470	\$ 93,395,295	\$ 93,535,918
17,785,000	18,350,000	18,895,000	14,585,000	14,855,000
2,250,000	2,625,000	865,000	8,160,000	8,610,000
5,076,224	5,372,489	5,675,050	3,903,479	4,026,050
25,111,224	26,347,489	25,435,050	26,648,479	27,491,050
(5,076,224)	(5,372,489)	(5,675,050)	(3,903,479)	(4,026,050)
(4,460,000)	(4,460,000)	(4,600,000)	(6,845,000)	(6,845,000)
(13,470,000)	(13,890,000)	(14,295,000)	(14,585,000)	(14,855,000)
0	0	0	0	0
(561,689)	(1,838,464)	(209,581)	(178,239)	(53,177)
1,543,311	786,536	655,419	1,136,761	1,711,823
\$ 83,597,749	\$ 85,448,339	\$ 86,016,051	\$ 92,258,534	\$ 91,824,095
98.19%	99.09%	99.24%	98.78%	98.17%
\$ 44,597,698	\$ 45,170,649	\$ 45,399,341	\$ 48,921,345	\$ 48,995,005
25,111,224	26,347,489	25,435,050	26,648,479	27,491,050
(5,076,224)	(5,372,489)	(5,675,050)	(3,903,479)	(4,026,050)
(4,460,000)	(4,460,000)	(4,600,000)	(6,845,000)	(6,845,000)
(13,470,000)	(13,890,000)	(14,295,000)	(14,585,000)	(14,855,000)
0	0	0	0	0
(561,689)	(1,838,464)	(209,581)	(178,239)	(53,177)
1,543,311	786,536	655,419	1,136,761	1,711,823
\$ 43,054,387	\$ 44,384,113	\$ 44,743,922	\$ 47,784,584	\$ 47,283,182
96.54%	98.26%	98.56%	97.68%	96.51%

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City of Shaker Heights, Ohio
Principal Employers
 2016 & 2007

2016			
Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,509	28.4%
University Hospital Health System	Health Care System	1,369	25.8%
City of Shaker Heights	Government Entity	574	10.8%
Hathaway Brown School	Private School	446	8.4%
Laurel School	Private School	331	6.2%
Protem Home Care Inc	Medical Entity	331	6.2%
University School (Shaker Heights Campus)	Private School	244	4.6%
Cuyahoga County Fiscal Officer	Government Entity	205	3.9%
Center for Dialysis Care	Medical Facility	191	3.6%
Equity Engineering Group	Engineering	105	2.0%
Total		<u>5,305</u>	<u>100%</u>
Total Employment within the City of Shaker Heights, Ohio		<u>n/a</u>	

2007			
Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,416	38.4%
City of Shaker Heights	Government Entity	789	21.4%
University Hospital Health System	Health Care System	725	19.6%
Hathaway Brown School	Private School	278	7.5%
Laurel School	Private School	171	4.6%
University School (Shaker Heights Campus)	Private School	195	5.3%
Center for Dialysis Care	Medical Facility	116	3.1%
Total		<u>3,690</u>	<u>100%</u>
Total Employment within the City of Shaker Heights, Ohio		<u>n/a</u>	

Source: Regional Income Tax Agency (RITA) data on income tax withholding.
 n/a - Information not available

City of Shaker Heights, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Family Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)
2016	28,448	\$ 1,412,443,200	\$ 49,650	\$ 105,063	40.9	64.60%
2015	28,448	1,412,443,200	49,650	105,063	40.9	64.60%
2014	28,448	1,412,443,200	49,650	105,063	40.9	64.60%
2013	28,448	1,390,196,864	48,868	105,063	40.9	64.60%
2012	28,448	1,345,675,744	47,303	105,063	40.9	64.60%
2011	28,448	1,402,287,264	49,293	105,063	40.9	64.60%
2010	28,448	1,347,297,280	47,360	85,983	40.9	64.60%
2009	29,405	1,405,088,520	47,784	85,983	39.6	61.70%
2008	29,405	1,456,517,865	49,533	85,893	39.6	61.70%
2007	29,405	1,333,134,485	45,337	85,893	39.6	61.70%

(1) Source: U. S. Census

(a) Years 2010-2016, 2010 Census and yearly American Community Survey estimates

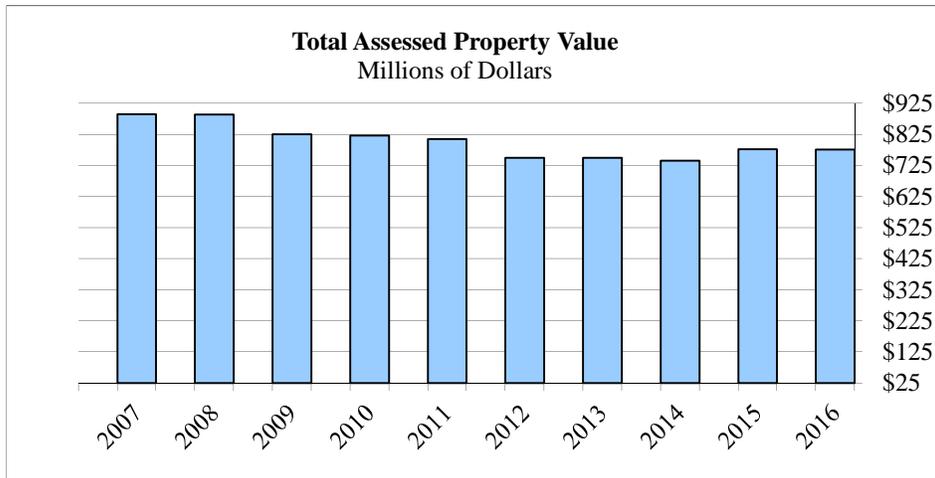
(b) Years 2007-2009, 2000 Census and yearly American Community Survey estimates

(2) Source: Shaker Heights School District 2015-2016 Comprehensive Annual Report For the Fiscal Year Ended June 30, 2016.

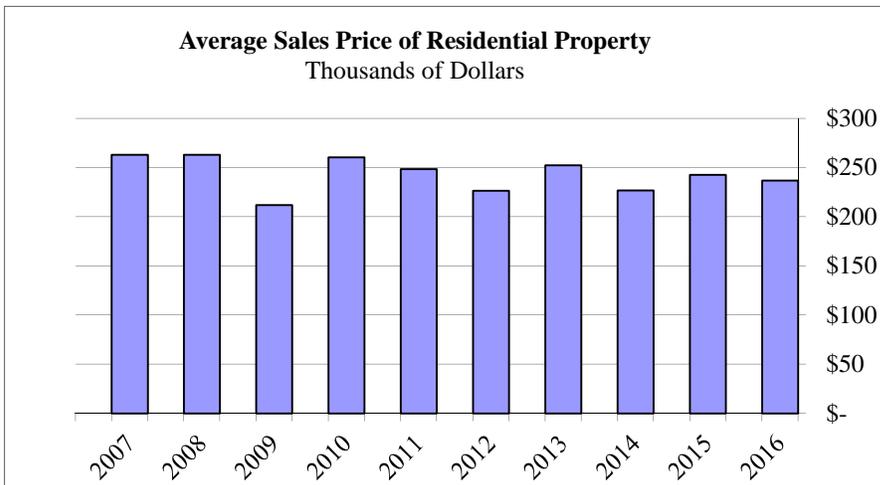
(3) Source: Ohio Department of Job & Family Services Bureau of Labor Market Information (<http://ohiolmi.com>)
 Website: <http://ohiolmi.com/laus/CLFE/AnnualAverages/2016Ranking.pdf>

(4) Source: Cuyahoga County Fiscal Officer,

(5) Total Personal Income, American Community Survey estimates of per capita income multiplied by population.



School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
5,260	5.40%	\$ 236,845	\$ 777,036,490
5,377	5.20%	242,498	777,985,760
5,343	6.40%	226,733	740,751,790
5,423	7.50%	252,267	750,012,970
5,446	7.30%	226,285	750,176,340
5,490	8.00%	248,486	810,867,240
5,484	9.00%	260,227	821,284,520
5,469	9.00%	211,955	825,442,570
5,482	7.00%	262,941	889,478,997
5,577	6.30%	262,941	890,818,271



City of Shaker Heights, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2016	2015	2014	2013	2012
General Government					
Council	3.5	3.5	3.5	3.5	3.5
Finance	8.0	8.0	7.0	7.0	7.5
Mayor	2.0	2.0	2.0	2.0	2.0
Law	5.0	5.0	5.5	5.5	5.0
Chief Administrative Officer	2.0	2.0	2.0	2.0	2.0
Service Administration - Public Works	10.0	10.0	10.0	11.0	10.0
Municipal Court	41.0	41.5	42.0	30.5	45.0
Human Resources	4.0	4.0	5.0	5.0	6.0
Information Technology	4.0	4.0	4.0	4.0	3.0
Security of Persons and Property:					
Police	61.0	59.0	64.0	64.0	58.0
Police - Crossing Guards	9.0	8.5	8.0	9.0	8.5
Police - Dispatch/Records/Watch Officer	17.0	15.0	16.0	19.0	15.5
Police - Jailers	2.0	2.0	3.0	3.0	3.0
Police - Administrative ⁽¹⁾	5.0	5.5	4.0	4.0	8.5
Police - HIDTA	12.5	13.0	11.0	10.5	10.0
Fire	48.0	49.0	48.0	46.0	48.0
Fire - Other	3.5	3.5	3.5	3.5	3.5
Security of Persons/Property - Other	1.0	1.0	1.0	1.0	1.0
Public Health Services	6.5	7.0	6.0	5.0	10.5
Leisure Time Activities:					
Recreation	50.5	48.5	53.0	41.5	55.5
Park and Public Land Maintenance	9.0	11.0	11.0	11.0	11.0
Community Development:					
Building	5.0	4.0	3.0	4.0	4.0
Housing	10.0	10.0	10.0	9.0	9.0
Planning	8.0	8.5	9.0	8.5	10.0
Community Development - Other ⁽²⁾	28.0	30.0	34.0	27.5	19.0
Street Maintenance and Repair	7.0	7.0	7.0	9.0	11.0
Sanitation and Sewer Services:					
Refuse and Brush Collection	26.0	22.0	21.0	19.0	20.0
Sewer Maintenance	6.0	5.0	6.0	6.0	4.0
Public Works - Other:	27.5	25.5	24.5	25.5	21.0
Totals:	<u>422.0</u>	<u>415.0</u>	<u>424.0</u>	<u>396.5</u>	<u>415.0</u>

Source: Finance Department

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Includes Chief of Police and Command Staff Personnel

(2) Includes Community Life, Neighborhood Revitalization, Communications and Outreach, and Shaker Family Center, Leaf Removal and Recycling and Shaker Heights Development Corporation.

2011	2010	2009	2008	2007
3.5	3.5	3.5	3.5	3.0
7.5	7.5	7.5	9.5	6.0
2.0	2.0	2.0	2.0	2.0
4.5	4.5	4.5	6.5	6.5
2.0	2.0	2.0	2.0	2.0
10.0	11.0	11.0	13.0	12.0
44.5	44.5	44.0	43.0	41.5
4.5	4.5	4.5	5.5	5.5
4.0	2.0	2.0	3.0	3.0
64.0	64.0	65.0	71.0	68.0
10.5	11.0	11.5	11.0	10.5
15.0	17.5	16.5	15.0	14.0
3.0	3.0	3.0	4.5	4.5
7.0	11.5	11.0	14.5	14.5
9.5	12.0	12.0	11.0	12.0
54.0	58.0	58.0	67.0	67.0
2.5	2.5	2.5	4.0	4.5
1.0	1.5	1.0	0.0	0.0
12.0	14.0	19.5	10.0	11.0
60.5	62.0	59.5	63.0	71.0
10.0	10.0	9.0	13.0	14.5
4.0	5.0	5.0	5.0	6.0
10.0	10.0	10.0	9.0	9.0
9.0	9.0	9.5	11.5	12.5
20.0	22.0	22.5	28.0	26.5
10.0	8.0	11.0	12.0	5.0
20.0	23.0	23.0	26.0	25.5
8.0	7.0	8.0	7.5	6.5
20.0	22.0	20.0	22.0	24.0
432.5	454.5	458.5	493.0	488.0

City of Shaker Heights, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2016	2015	2014	2013	2012
General Government					
<i>Council and Clerk</i>					
Number of Ordinances Passed	151	109	98	113	124
Number of Resolutions Passed	8	9	11	14	12
Number of Planning Commission docket items	25	13	9	14	12
Zoning Board of Appeals docket items	27	23	13	21	30
<i>Finance Department</i>					
Number of checks/vouchers issued	7,587	7,672	7,471	7,481	7,418
Amount of checks written	\$ 34,391,018	\$ 35,763,950	\$ 31,523,347	\$ 34,097,409	\$ 29,620,172
Interest earnings for fiscal year (cash basis)	\$ 240,290	\$ 41,518	\$ 44,942	\$ 83,981	\$ 248,687
Number of Receipts issued	7,938	7,772	8,013	8,635	8,842
Number of Journal Entries issued	899	865	870	882	839
Agency Ratings - Standard & Poors	AA+	AA+	AA+	AA+	AA+
General Fund Receipts (cash basis)	\$ 47,132,537	\$ 45,087,632	\$ 44,371,402	\$ 43,718,468	\$ 37,291,189
General Fund Expenditures (cash basis)	\$ 46,926,777	\$ 43,666,249	\$ 41,789,230	\$ 41,277,825	\$ 39,360,880
General Fund Cash Balances	\$ 14,515,941	\$ 14,307,708	\$ 12,923,930	\$ 10,358,358	\$ 7,909,343
<i>Municipal Court</i>					
Number of Civil Cases	1,775	1,684	1,539	1,355	1,697
Number of Criminal cases	10,270	10,571	9,134	10,232	10,611
<i>Vital Statistics (City no longer handles as of 12/31/2012)</i>					
Certificates Filed	0	0	0	0	81
Number of Births	0	0	0	0	0
Number of Deaths	0	0	0	0	81
Certificates Issued	0	0	0	0	430
Number of Births	0	0	0	0	0
Number of Deaths	0	0	0	0	430
Burial Permits Issued	0	0	0	0	280
<i>Civil Service</i>					
Number of police entry tests administered	1	1	1	1	0
Number of fire entry tests administered	0	0	1	0	0
Number of police promotional tests administered	0	0	2	0	0
Number of fire promotional tests administered	0	2	0	0	0
Number of hires of Police Officers from certified lists	7	5	0	5	0
Number of hires of Fire/Medics from certified lists	0	4	5	0	0
Number of promotions from police certified lists	3	4	0	0	2
Number of promotions from fire certified lists	0	4	0	1	3

	2011	2010	2009	2008	2007
	126	142	135	115	132
	8	12	13	16	10
	7	20	15	8	11
	23	23	21	21	20
	6,946	7,113	7,281	7,293	7,197
\$	30,690,164	\$ 28,808,562	\$ 29,286,008	\$ 32,229,682	\$ 41,908,141
\$	339,749	\$ 343,297	\$ 261,123	\$ 918,229	\$ 2,279,750
	7,799	9,323	10,662	11,995	1,748
	781	984	1,230	1,102	322
	AA+	Aa1	Aa1	Aa1	Aa1
\$	39,401,358	\$ 39,746,140	\$ 42,276,620	\$ 38,875,699	\$ 39,696,013
\$	38,651,093	\$ 39,191,995	\$ 43,085,953	\$ 39,073,922	\$ 40,622,949
\$	8,336,820	\$ 8,406,133	\$ 7,809,636	\$ 8,293,218	\$ 9,400,503
	1,669	1,850	2,005	2,443	1,463
	10,948	11,493	11,802	10,477	12,242
	71	63	71	99	137
	0	0	0	0	0
	71	63	71	99	137
	461	375	470	448	448
	0	1	3	1	1
	461	374	467	447	447
	259	237	185	262	262
	0	1	0	1	1
	0	0	0	1	1
	1	0	0	0	0
	0	1	0	0	0
	4	0	0	3	3
	0	0	0	1	1
	0	0	0	1	1
	4	0	0	1	1

(continued)

City of Shaker Heights, Ohio
Operating Indicators by Function/Program (continued)
Last Ten Years

Function/Program	2016	2015	2014	2013	2012
Security of Persons & Property					
<i>Police</i>					
Total Calls for Services	40,613	41,303	36,081	30,810	30,367
Number of traffic citations issued	9,503	9,975	8,987	10,232	9,879
Number of parking citations issued	4,018	3,469	2,795	2,366	1,597
Number of criminal arrests	1,260	912	1,968	1,015	1,070
Part 1 Offenses (major offenses)	544	613	616	779	701
DUI Arrests	105	105	97	142	94
Prisoners	834	754	757	797	932
Motor Vehicle Accidents	627	653	842	730	787
Property damage accidents	513	536	43	635	601
Fatalities from Motor Vehicle Accidents	0	1	0	0	0
Community Diversion Program Youths	58	20	28	36	75
Community Diversion Program - community service hours	64	37	152	186	529
<i>Fire</i>					
Total Fire Department Incidents	4,054	3,973	4,255	3,928	3,896
EMS Incidents (NFIRS 300's)	2,538	2,481	2,471	2,462	2,317
Fire Incidents (NFIRS 100's)	95	80	63	51	65
Other Incidents (NFIRS 200's, 400's - 900's)	1,421	1,412	1,721	1,415	1,514
Fires with Loss	13	9	18	9	15
Fires with Losses exceeding \$10K	8	8	6	5	8
Fire Losses \$	\$ 548,500	\$ 746,000	\$ 1,367,081	\$ 343,000	\$ 1,448,600
Fire Safety Inspections	2,083	2,175	2,585	2,557	2,359
Number of times Mutual Aid given for Fire and EMS	162	94	82	73	82
Number of times Mutual Aid received for Fire and EMS	164	98	93	49	63
Ambulance Billing Collections (net)	\$ 580,280	\$ 625,847	\$ 669,688	\$ 577,190	\$ 576,153
Leisure Time Activities					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$ 204,868	\$ 199,023	\$ 165,588	\$ 190,497	\$ 211,874
Recreation Mens & Womens Leagues receipts	0	0	0	0	175
Recreation Children's Leagues receipts	28,166	18,557	20,787	49,804	23,337
Senior Van Fees	0	0	0	0	0
Facilities rentals	138,549	169,271	153,560	106,543	131,852
Total Recreation Department receipts	<u>\$ 371,583</u>	<u>\$ 386,851</u>	<u>\$ 339,935</u>	<u>\$ 346,844</u>	<u>\$ 367,238</u>

2011	2010	2009	2008	2007
29,981	31,099	32,255	29,333	33,303
10,622	10,820	10,804	8,964	10,923
2,541	2,601	3,438	3,969	4,349
827	1,268	1,687	1,168	896
697	655	596	704	807
172	286	433	254	94
875	1,141	1,340	1,269	1,254
952	834	739	898	958
643	725	641	(813)	(879)
0			0	0
28	36	59	99	35
80	111	187	165	170
3,788	3,488	3,433	2,448	2,369
2,396	2,212	2,166	N/A	N/A
68	66	73	1,284	93
1,324	1,210	1,194	N/A	N/A
18	23	38	7	32
8	10	8	7	10
\$ 636,600	\$ 923,159	\$ 244,235	\$ 737,800	\$ 1,289,500
2,263	2,195	2,560	1,847	2,645
81	52	45	52	41
82	84	58	52	87
\$ 566,130	\$ 522,429	\$ 574,525	529,381	466,505
\$ 215,024	\$ 209,410	\$ 223,917	\$ 229,347	\$ 223,067
350	450	2,800	2,800	3,400
32,839	33,780	22,879	26,827	27,742
0	0	795	1,376	1,583
136,970	129,849	145,394	152,688	150,354
\$ 385,183	\$ 373,489	\$ 395,785	\$ 413,038	\$ 406,146

City of Shaker Heights, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2016	2015	2014	2013	2012
General Government					
Square Footage of City Hall	40,000	40,000	40,000	40,000	40,000
Administrative Vehicles	1	1	1	1	1
Inspection Vehicles	12	12	12	12	12
Police					
Stations	1	1	1	1	1
Square Footage of Building	29,425	29,425	29,425	29,425	29,425
Vehicles	40	40	40	40	40
Fire					
Stations	2	2	2	2	2
Square Footage of Building #1	21,000	21,000	21,000	21,000	21,000
Square Footage of Building #2	15,000	15,000	15,000	15,000	15,000
Vehicles	16	16	16	16	16
Recreation					
Number of Parks	4	4	4	4	4
Number of Pools	1	1	1	1	1
Number of Ice Rinks	1	1	1	1	1
Number of Tennis Courts	10	10	10	10	10
Number of Skateboarding Areas	1	1	1	1	1
Number of Baseball Diamonds	5	5	5	5	5
Number of Playgrounds	5	5	5	5	5
Number of Soccer Fields	3	3	3	3	3
Vehicles	6	6	6	6	6

2011	2010	2009	2008	2007
40,000	40,000	40,000	40,000	40,000
1	1	1	1	1
12	12	12	12	12
1	1	1	1	1
29,425	29,425	29,425	29,425	29,425
48	48	48	48	48
2	2	2	2	2
21,000	21,000	21,000	21,000	21,000
15,000	15,000	15,000	15,000	15,000
17	17	17	17	17
4	4	4	4	4
1	1	1	1	1
1	1	1	1	1
10	10	10	10	10
1	1	1	1	1
5	5	5	5	5
5	5	5	5	5
3	3	3	3	3
6	6	6	6	6

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Dave Yost • Auditor of State

CITY OF SHAKER HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 14, 2017