



SHAKER HEIGHTS

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2018
City of Shaker Heights, Ohio

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Shaker Heights
3400 Lee Rd
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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, 2018 through December 31, 2018. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 10, 2019

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

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2018**

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

**INTRODUCTORY
SECTION**

City of Shaker Heights
Cuyahoga County, Ohio
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SHAKER HEIGHTS

June 27, 2019

Mayor David E. Weiss,
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 2018 Comprehensive Annual Financial Report

Dear Mayor Weiss, Members of Council, and Residents of Shaker Heights:

We are pleased to submit for your review the City of Shaker Heights' (the City) 2018 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, 2018. 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, 2018, 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, 2018 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, 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, Planning, Economic Development, Inspectional Services, Public Improvements and General Administrative Services. Beginning January 1, 2018, the City received its Public Health services from the Cuyahoga County Board of Health as all other governments in the County do with the exception of the City of Cleveland. FirstEnergy and 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 provides a natural

gas aggregation program for its residents through Interstate Gas Supply, Inc., which is used by about 6,000 residential and small commercial customers in the City. The City is also a member of the Northeast Ohio Public Energy Council (NOPEC), for the provision of an electric aggregation program to about 7,994 residential and small commercial customers in the City. The City of Cleveland and the Northeast Ohio Regional Sewer District provide water and sewage service to the City's residents, respectively. 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 an internationally accredited law enforcement agency. The department attained its 9th reaccreditation award in November, 2017 from the Commission on Accreditation of Law Enforcement Agencies (CALEA). Annually, the police department offers a Citizens Police Academy for City residents and merchants and supports a robust volunteer organization known as the Shaker Heights Citizen Police Association (SHCPA). The department is a member of a regional law enforcement agency with 5 other cities identified as Eastside Departments Group Enforcement (EDGE) which provides police services, including SWAT, Mobile Field Force, Crisis Intervention and Accident Investigation teams. 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 Police Department and the Fire Department have entered into an Agreement with the Cities of Cleveland Heights, University Heights and South Euclid to create the Heights-Hillcrest Communications Center (HHCC) to provide a joint police, fire and emergency medical services communications system for the dispatch of police, fire and emergency medical services in and for the member communities. Since the creation of HHCC, the City of Richmond Heights has also become a member and full operation commenced in 2018. In 2018, the department was awarded a \$25,000 FEMA Fire Prevention and Safety Grant. The department will utilize these grant funds to purchase approximately 2000 smoke detectors to be installed in homes in Shaker Heights. 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 multi million dollars' worth of street resurfacing, sewer repair and replacement projects, and waterline replacement projects.

The City of Shaker Heights offers many programs and services to the community including Thornton Park situated on a 13-acre campus. Programs and services include an indoor ice arena that operates year-round, a 50 meter outdoor swimming pool with separate tot pool, and spray pad. Also at Thornton Park is a sand volleyball court, outdoor tennis courts, a skate-park, basketball court, walking trail and sledding hill. Another premier park in Shaker is Horseshoe Lake Park that includes trails, picnic pavilions, ADA accessible parking, and a playground. Shaker has a multipurpose trail in the Shaker Boulevard median from Warrensville Center Road to the City of Beachwood border and connects with Beachwood's multipurpose trail. Outdoor athletic fields are located on the Shaker Boulevard median near Warrensville Center Road and on Chagrin Boulevard next to the Shaker Public Library Main Branch. Other athletic fields managed by the City are located in a variety of locations. In addition to these facilities, a comprehensive range of recreational programs is offered for children and adults in both playgrounds and neighborhood parks. The City also maintains the Shaker Lakes, a 190-acre area that includes four lakes. Programs and services include those for all ages from preschool through senior and active older adults. Programs include sports, health and wellness, enrichment, and skill development.

Shaker Heights was designated as a Bicycle Friendly Community in May 2016, one of only 17 in the state. The regional, multi-purpose Lake-to-Lakes Trail connects the Shaker Lakes with Lake Erie and the multi-purpose Shaker Median Trail provides connection between Shaker Heights and Beachwood. "Bikes May Use Full Lane" and sharrows/share the road signage has been installed on five roads totaling 30.6 miles. The first leg

of the Farnsleigh Road multipurpose path has been completed and the Warrensville Center Road multipurpose path will be constructed in 2019. Implementation of these paths will introduce an additional mile of off-road, active transportation infrastructure in a high-demand area within the City. There are 365 bike rack spaces across 70 bike racks 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. For many 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 2018, 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 2018, approximately 72.7% 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 average annual levy for debt charges on the bond issue will be at a rate of 2.50 mills. These new levies commenced in collection year 2018.

According to the Cuyahoga County Fiscal Officer, the total property assessed valuation for the 2018 tax year/collection year 2019 is \$831,878,510 as a result of the reappraisal of all property in Cuyahoga County. This valuation is an 8% increase over the prior valuation of \$772,361,630. For the 2009 tax-year/collection year 2010 the total property assessed valuation was \$825,442,570. Most of the decrease during the period from 2008 to 2018 came as a result of a revaluations of real property in 2009 and 2012. These revaluations reflected the reduction in real estate values that occurred as a result of the economic downturn and related decline in the housing market during the Great Recession. Total assessed valuation increased by 5.0% following the 2015 revaluation. Revenue derived from the current property collections decreased by 4.6% from 2009 to 2018 as a result of the lower assessed valuations. The decreases in assessed valuations also reflect the demolition of blighted residential property.

On a cash basis, City income tax revenue grew 72.15% during the ten-year period from 2009 to 2018. 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%, 4.2% and 4.3% in 2014, 2015, 2016 and 2017, respectively, on strong collections. Strong income tax collection continued through August 2018, but then collections fell off for the rest of 2018. Income tax collections by the Regional Income Tax that collects the City's income tax from September through the end of 2018 were \$2,566,780 below 2017 or 21.32% lower. Of this collection deficit, \$893,649 related to December collections that were distributed to the City in January 2019. The City believes that the reason for the fall off of income tax collections in 2018 was connected to the changes in the federal income tax enacted in 2017. For 2018, aggregate income tax receipts were \$553,585 lower than in 2017. The components of income tax collections in 2018 were 61.95% from individual taxpayers, 34.37% from withholding by employers and 2.33% from taxes on net profits.

The 2013, 2014, 2015, 2016, 2017 and 2018 revenue results included the distributions of estate tax revenues of \$2,823,240, \$844,300, \$4,683, \$105,763, \$8,845 and \$9,185, respectively. This demonstrates the impact of the repeal of the estate tax. 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 continue to 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 services, 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 is aimed at established, growing businesses ready to move into office space in Shaker Heights. This is an incentive program for tenant improvements and equipment purchase based on income/payroll taxes the City Collects over a three to five year period typically, or longer in specific circumstances. The City offers the SBA Shaker Partnership Loan support from Cuyahoga County and the U.S. Small Business Administration, making equity injection funds available to businesses who want to relocate to, expand or start up in Shaker Heights.

The non-profit Shaker Heights Development Corporation (SHDC) 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 now houses a local doggie day care facility. When the City purchases or receives commercial property through tax foreclosure, it partners with the Cuyahoga County Land Bank to demolish the vacant building with Cuyahoga County grant dollars. The SHDC then assists to redevelop the property to enable additional revitalization of this commercial corridor.

The Van Aken neighborhood spans approximately 20 acres and sits at the terminus of GCRTA's Blue Line light rail route that connects Shaker Heights to Terminal Tower in Downtown Cleveland. The Van Aken District mixed-use development, which broke ground in 2015, has created a gathering place for residents with unique retail shops and restaurants, high quality rental apartments, and second and third floor office space. The development and use agreement for the project was approved by Council in 2016. The demolition of a former 1960's shopping center occurred in 2016. Construction began in 2017 and as of April 2019, Phase 1 of the project is now complete; including 60,000 square feet of office space, 100,000 square feet of retail space, 103 housing units and a 350-space parking garage. In total, this development required a \$119M public-private partnership. Next steps for a Phase 2 will include apartment buildings built upon a city-owned parking lot on Farnsleigh Road.

The project has motivated a number of infill developments in the surrounding area, including a climbing gym (the first of its kind in the region) and a preschool. Both of these businesses were built on property deeded to the City in lieu of tax foreclosure and whose buildings were demolished with County grant funds. The project has also spurred deliberations for additional office, retail, and apartment projects on redevelopment sites within the District.

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

Since the adoption of the 2016 Housing and Neighborhood Plan, the City has made both large scale and scattered site infill housing at various price points a priority. The City sponsored a design competition in 2017 to attract builders to construct homes on city owned vacant lots. Twelve builders submitted proposals and the City has entered into a Development and Use agreement with one builder to start construction in 2019. The Plan foresees the construction of 200 luxury rental apartments as part of the Van Aken District, 100 of which have been completed. The Plan also includes new and updated housing that meets the needs of Millennials and empty nesters in a market rate for sale townhome project under construction in the Moreland neighborhood, the Townhomes of Van Aken. The new energy-efficient housing capitalizes on the location’s proximity to transit, and eight of the townhomes have been completed and sold.

In April 2018, the City also established a Small Lot Infill Development (SLID) Overlay District, which enables a greater variety of housing types to be built in portions of the City with the highest concentrations of City-owned vacant lots.

High quality housing is maintained with a strong code enforcement program. In 2018, the Building and Housing Department conducted 727 point-of-sale inspections, a 1.1% increase over the prior year. 59 escrow accounts totaling \$873,712 were established to correct code violations. The Building and Housing 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 are secured and maintained, and each vacant property is checked monthly by a Housing Inspector to ensure that it is kept secure and maintained to community standards. Nuisance abatement orders were issued on 43 properties in 2018 for items such as, replacement of broken windows, exterior repairs, removal of litter and debris, yard cleanups, and demolition of 18 blighted houses and garages.

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. In 2018, the City’s partnership with the Cleveland Restoration Society’s Heritage Home Loan Program resulted in \$912,235 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.

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. Marketing campaigns emphasize the progressive nature of the community and its commitment to the protection and preservation of its natural beauty, housing, schools, and neighborhoods. Communications in these efforts include:

- Messaging and advertising in print, radio, social, and digital media;
- Delivery of enews to 11,800 subscribers;
- Websites (shakeronline.com, www.shaker.life, and shaker365);
- Referral of resources to prospective and new residents, business owners, and area employers;
- Publishing the quarterly, award-winning Shaker Life magazine.

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 2017, 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, 2018 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 2016, 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, 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 former Mayor Earl M. Leiken, Chief Administrative Officer and Clerk of Council, Jeri Chaikin, the City Council and its Finance and Administration Committee for their support and commitment to responsible and transparent financial reporting.

Respectfully submitted,



Jeri E. Chaikin
Chief Administrative Officer



Robert H. Baker
Director of Finance

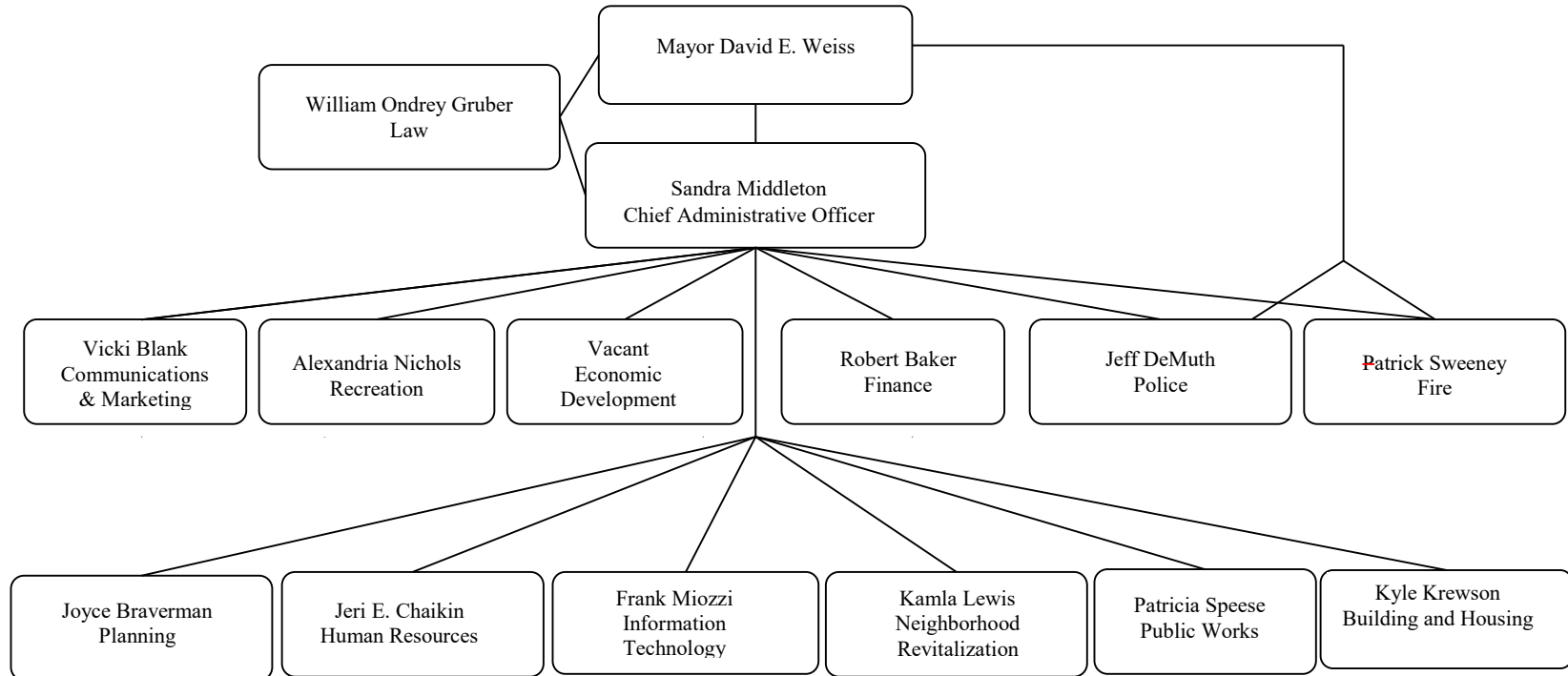
City of Shaker Heights
 Cuyahoga County, Ohio
 Listing of Principal Officials
 December 31, 2018

Mayor.....	David E. Weiss
Council Member/Vice Mayor.....	Anne E. Williams
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.....	Julianna Johnston Senturia

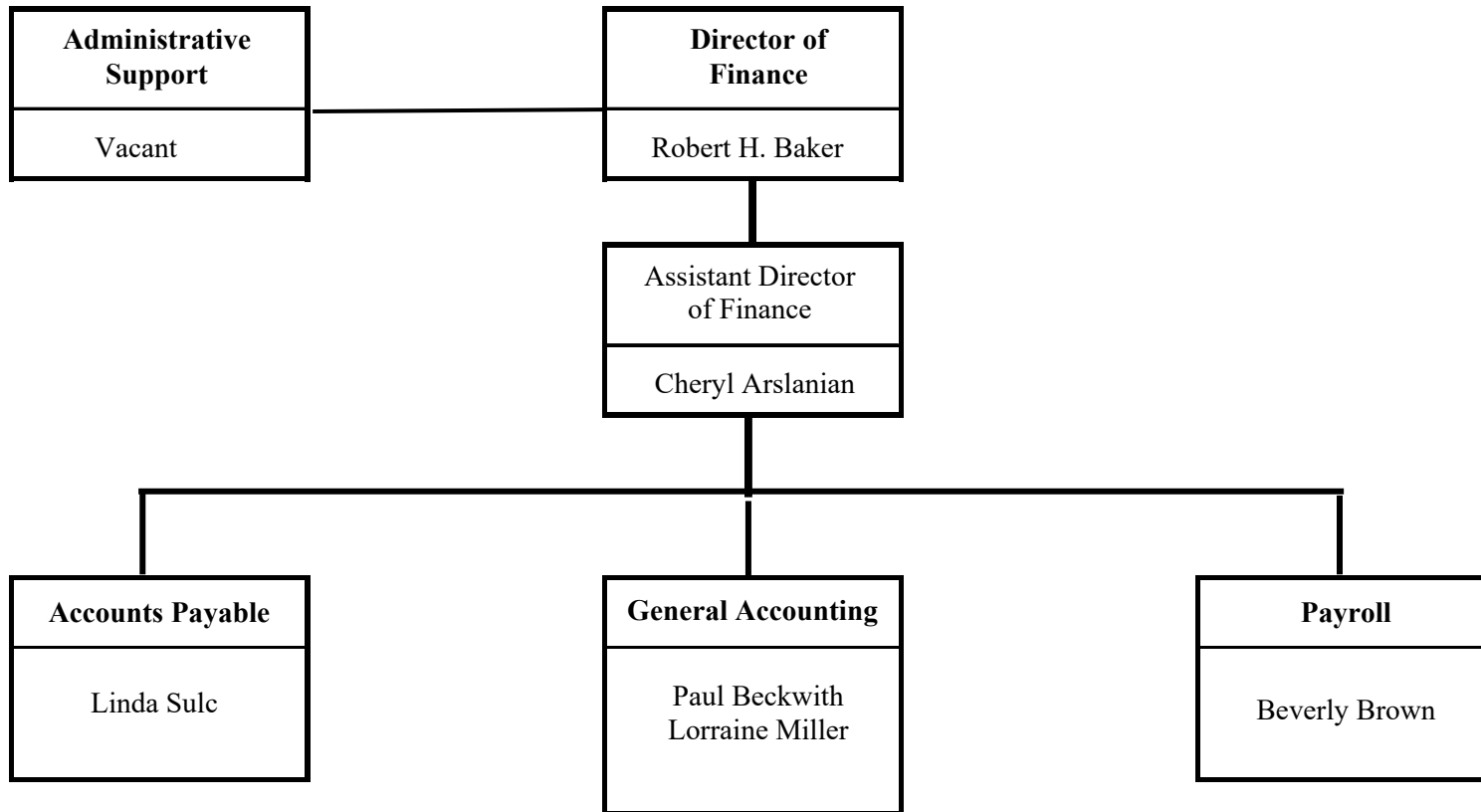
APPOINTED OFFICIALS

Chief Administrative Officer.....	Sandra Middleton
Director of Finance.....	Robert H. Baker
Director Building/Housing.....	Kyle Krewson
Director of Recreation.....	Alexandria Nichols
Director of Economic Development.....	Vacant
Chief of Fire.....	Patrick Sweeney
Manager of Human Resources.....	Sandra Middleton
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, 2018



City of Shaker Heights, Ohio
Finance Department Organizational Chart
December 31, 2018





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, 2017

Christopher P. Morrill

Executive Director/CEO

**FINANCIAL
SECTION**

June 27, 2019

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, 2018, 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 City'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 City'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, 2018, 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.

Emphasis of a Matter

As described in Note 2, the City restated the net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* and to correct an error in the prior period. Our opinion is not modified with respect to this matter.

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, Schedule of the City's Contributions-Pension, Schedule of the City's Proportionate Share of the Net OPEB Liability, and Schedule of the City's Contributions - OPEB* as listed in the table of contents 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, 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 27, 2019 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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, 2018
(Unaudited)

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, 2018. 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 2018 are as follows:

- Net position decreased \$112,590, which represents a .2 percent decrease from 2017.
- Total capital assets increased \$4,505,363 during 2018.
- Outstanding debt decreased from \$27,697,645 to \$26,011,651.
- The City implemented GASB 75, which reduced beginning net position as previously reported by \$32,238,105.

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 2018 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 2018?" 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, 2018
(Unaudited)

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, the governmental activities include most of the City's programs and services, including general government, security of persons and property, leisure time services, housing and community development, sanitation and sewer services, street maintenance, transportation 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, 2018
(Unaudited)

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 2018 compared to 2017:

Table 1
Net Position

	Governmental Activities		
	2018	Restated 2017	Change
Assets			
Current and Other Assets	\$ 79,679,886	\$ 80,614,100	\$ (934,214)
Capital Assets	100,648,156	96,142,793	4,505,363
<i>Total Assets</i>	<u>180,328,042</u>	<u>176,756,893</u>	<u>3,571,149</u>
Deferred Outflows of Resources			
Deferred Charges on Refunding Pension & OPEB	750,588	808,326	(57,738)
	10,846,553	14,173,836	(3,327,283)
<i>Total Deferred Outflows of Resources</i>	<u>11,597,141</u>	<u>14,982,162</u>	<u>(3,385,021)</u>
Liabilities			
Current and Other Liabilities	6,299,009	5,613,275	685,734
Long-Term Liabilities:			
Due within One Year	4,117,352	4,403,468	(286,116)
Due in More Than One Year:			
Net Pension Liability	43,676,818	52,514,315	(8,837,497)
Net OPEB Liability	36,600,418	32,419,153	4,181,265
Other Amounts	30,376,930	32,240,823	(1,863,893)
<i>Total Liabilities</i>	<u>121,070,527</u>	<u>127,191,034</u>	<u>(6,120,507)</u>
Deferred Inflows of Resources			
Property Taxes	6,793,596	6,167,696	625,900
Payment in Lieu of Taxes	924,245	1,376,682	(452,437)
Pension & OPEB	8,009,753	1,763,991	6,245,762
<i>Total Deferred Inflows of Resources</i>	<u>15,727,594</u>	<u>9,308,369</u>	<u>6,419,225</u>
Net Position			
Net Investment in Capital Assets	76,894,481	70,763,174	6,131,307
Restricted	9,956,993	9,672,645	284,348
Unrestricted	(31,724,412)	(25,196,167)	(6,528,245)
<i>Total Net Position</i>	<u>\$ 55,127,062</u>	<u>\$ 55,239,652</u>	<u>\$ (112,590)</u>

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For 2018, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

City of Shaker Heights
Cuyahoga County, Ohio
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(Unaudited)

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$86,910,380 to \$55,239,652 for governmental activities.

At year end, capital assets represented 56 percent of total assets. Capital assets include land, buildings and improvements, land improvements, machinery and equipment, infrastructure and construction in progress. Capital assets, net of related debt were \$76,894,481 at December 31, 2018. 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.

A portion of the City's net position, \$9,956,993 represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance of \$31,724,412.

Current and other assets decreased primarily due to reduction in cash and cash equivalents. This was primarily caused by certain bond proceeds on hand in 2017 that were expended in 2018. The increase in capital assets was caused by additional construction in progress for the Van Aken Shopping Center, Farnsleigh Road Streetscape Improvements, street projects, among other projects. Additionally, projects started in a prior year were completed and capitalized in 2018 including the Shaker Boulevard Resurfacing project.

The changes in the liability, as well as deferred outflows/inflows of resources, related to pension and OPEB was caused by changes related to net pension and OPEB liabilities at the Plan level.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities		
	2018	2017	Change
Revenues			
<i>Program Revenues:</i>			
Charges for Services	\$ 10,110,129	\$ 10,392,612	\$ (282,483)
Operating Grants	1,297,901	2,575,283	(1,277,382)
Capital Grants	2,460,085	1,846,752	613,333
<i>General Revenues:</i>			
Property Taxes	6,609,808	6,683,358	(73,550)
Municipal Income Taxes	34,125,923	35,805,675	(1,679,752)
Other Taxes	37,546	49,673	(12,127)
Grants and Entitlements	1,871,156	1,798,481	72,675
Revenue in Lieu of Taxes	1,612,192	885,610	726,582
Investment Earnings	703,493	259,455	444,038
Miscellaneous	285,207	433,610	(148,403)
Total Revenues	59,113,440	60,730,509	(1,617,069)
Program Expenses			
General Government			
Legislative and Executive	7,400,516	6,250,752	1,149,764
Judicial System	2,509,815	2,574,412	(64,597)
Security of Persons and Property			
Police	14,996,205	14,107,309	888,896
Fire	7,802,483	8,168,803	(366,320)
Other	820,632	883,593	(62,961)
Public Health	0	393,522	(393,522)
Leisure Time Services			
Culture and Recreation	3,928,618	3,642,478	286,140
Parks and Public Land Maintenance	1,147,126	1,318,410	(171,284)
Housing and Community Development	7,080,052	12,709,824	(5,629,772)
Sanitation and Sewer Services	5,116,508	5,614,744	(498,236)
Street Maintenance and Repair	3,556,492	3,830,430	(273,938)
Transportation	451,245	454,926	(3,681)
Public Works	3,600,214	2,768,174	832,040
Interest and Fiscal Charges	816,124	1,103,848	(287,724)
Total Program Expenses	59,226,030	63,821,225	(4,595,195)
Change in Net Position	(112,590)	(3,090,716)	2,978,126
Net Position Beginning of Year	55,239,652	90,001,096	(34,761,444)
Restatement, See Note 2U	0	(31,670,728)	31,670,728
Net Position End of Year	\$ 55,127,062	\$ 55,239,652	\$ (112,590)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$181,048 computed under GASB 45. GASB 45 required recognizing OPEB

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$2,686,852. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities
Total 2018 Expenses under GASB 75	\$ 59,226,030
OPEB Expense under GASB 75	(2,686,852)
2018 Contractually Required Contributions	51,006
Adjusted 2018 Expenses	56,590,184
Total 2017 Expenses under GASB 45	63,821,225
Increase/(Decrease) in Expenses not Related to OPEB	\$ (7,231,041)

The City's overall net position decreased \$112,590 from the prior year. The reasons for this overall decrease are discussed in the following sections for governmental activities.

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 property taxes, grants and entitlements, and charges for services.

The City's income tax rate was 2.25 percent in 2017 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

Governmental revenue is comprised of program revenue and general revenue. General revenues include grants and entitlements, such as local government funds. Governmental activities are primarily funded with the combination of income tax, property tax, state shared taxes, charges for services, license and permit fees and interest earnings. The City monitors its sources of revenues very closely for fluctuations.

Revenues decreased primarily due to a decrease in income taxes that the City believes was caused by the limitation on the deduction of state and local taxes under the new federal income tax law. Operating grant revenue received for the HIDTA grant decreased as a result of the City of Independence taking over as grant administrator, beginning with the 2017 grant agreement. This was partially offset by an increase in capital grants, mainly for the Farnsleigh Road Streetscape project.

The largest program function of the City is for security of persons and property, which includes police and fire departments. The increase in this expense was primarily caused by changes associated with net pension and net OPEB liability accruals.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

In 2017, the City donated a detention system to the University Hospital Health System. This, combined with the timing of expenses relating to the Van Aken plaza project, resulted in a substantial decrease in housing and community development expenses.

At the beginning of 2018 the City's health department ceased operation, but the City contracted with the Cuyahoga County Board of Health for public health services.

The City's Funds

Governmental Funds

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The general fund is the chief operating fund of the City. The fund balance of the general fund increased by \$312,034 during the current fiscal year due to normal operations.

The capital projects funds had a \$3,821,863 decrease in fund balance due primarily to the timing of revenues used for project expenditures, including proceeds received in 2017 that were partially spent in 2018.

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 2018, 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.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Original Budget Compared to Final Budget During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make amendments to reallocate appropriations among departments when it became clearer which departments had shortfalls and/or deficits in personal services and other expenditures. Generally, the movement of the appropriations between departments was not significant.

Final Budget Compared to Actual Results The most significant differences between estimated revenues and actual revenues were as follows:

Income tax revenues decreased primarily due to a decrease that the City believes was caused by under payment by individual income tax payers as a result of the limitation on the deduction of state and local taxes under the new federal income tax law.

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances. However, it is notable the City expended \$2,322,517 less than budgeted. The primary cost savings derived from the Police Department and Housing and Community Development. These savings were related to the Police Department as they underspent their original budget as a result of delayed hiring. Actual expenditures in Housing and Community Development were \$.8 million less than the final budget amount because the City budgeted for loans and grants that were not issued during 2018.

There were no significant variances to discuss within other financing sources and uses.

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal year 2018 balances compared with 2017. See Note 8 for additional information about the capital assets of the City.

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

	Governmental Activities	
	2018	2017
Land	\$ 19,997,651	\$ 19,978,693
Construction in Progress	5,644,736	6,509,162
Buildings and Improvements	9,895,922	9,680,226
Land Improvements	5,935,919	5,689,016
Machinery and Equipment	8,266,379	8,163,316
Infrastructure:		
Streets	30,614,846	26,450,875
Storm and Sanitary Sewers	11,469,078	10,511,848
Bridges	36,006	41,942
Culverts	45,484	46,231
Traffic signals	8,742,135	9,071,484
Total	\$ 100,648,156	\$ 96,142,793

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Debt

Table 4 summarizes outstanding debt. See Note 11 for additional details.

Table 4
Outstanding Debt, at December 31

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$ 16,733,600	\$ 17,732,900
OPWC Loans	2,683,051	3,004,745
Non-Tax Revenue Bonds	4,795,000	4,960,000
Bond Anticipation Notes	1,800,000 *	2,000,000
<i>Total</i>	\$ 26,011,651	\$ 27,697,645

*\$1,600,000 of this Bond Anticipation Note is reported as a long term liability as a discussed in Note 11. \$200,000 of the Note is reported as a fund liability, as disclosed in Note 12.

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 S&P Global Ratings 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, 2014 and 2016 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 any 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: <https://www.shakeronline.com/156/Finance>

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Net Position
December 31, 2018

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 48,866,290
Accounts Receivable	1,545,949
Accrued Interest Receivable	45,001
Intergovernmental Receivable	2,801,604
Taxes Receivable	20,602,634
Revenue in Lieu of Taxes Receivable	924,245
Special Assessments Receivable	2,874,477
Loans Receivable	27,200
Prepaid Items	51,242
Materials and Supplies Inventory	388,241
Leases Receivable	1,553,003
Non-Depreciable Capital Assets	25,642,387
Depreciable Capital Assets, Net	75,005,769
<i>Total Assets</i>	180,328,042
Deferred Outflows of Resources	
Deferred Charges on Refunding	750,588
Pension	7,474,260
OPEB	3,372,293
<i>Total Deferred Outflows of Resources</i>	11,597,141
Liabilities	
Accounts Payable	1,814,667
Accrued Wages and Benefits	1,709,851
Contracts Payable	518,769
Retainage Payable	388,642
Accrued Interest Payable	60,537
Matured Compensated Absences Payable	53,540
Unearned Revenue	1,553,003
Notes Payable	200,000
Long-Term Liabilities:	
Due Within One Year	4,117,352
Due In More Than One Year:	
Net Pension Liability	43,676,818
Net OPEB Liability	36,600,418
Other Amounts Due in More Than One Year	30,376,930
<i>Total Liabilities</i>	121,070,527
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	6,793,596
Payment in Lieu of Taxes	924,245
Pension	6,363,927
OPEB	1,645,826
<i>Total Deferred Inflows of Resources</i>	15,727,594
Net Position	
Net Investment in Capital Assets	76,894,481
Restricted for:	
Capital Projects	3,988,068
Streets	1,091,166
Public Safety	2,670,608
Judicial Services	953,547
Tree Maintenance	1,129,546
Other Purposes	124,058
Unrestricted	(31,724,412)
<i>Total Net Position</i>	\$ 55,127,062

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	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	\$ 7,400,516	\$ 22,919	\$ 2,208	\$ 0	\$ (7,375,389)
Judicial System	2,509,815	2,638,227	13,003	0	141,415
Security of Persons and Property					
Police	14,996,205	96,660	59,601	0	(14,839,944)
Fire	7,802,483	626,898	28,788	0	(7,146,797)
Other	820,632	566,582	0	0	(254,050)
Leisure Time Services					
Culture and Recreation	3,928,618	1,772,222	0	0	(2,156,396)
Parks and Public Land Maintenance	1,147,126	0	0	0	(1,147,126)
Housing and Community Development	7,080,052	2,796,781	88,939	300,000	(3,894,332)
Sanitation and Sewer Services	5,116,508	960,294	59,408	988,156	(3,108,650)
Street Maintenance and Repair	3,556,492	30,000	1,045,954	1,171,929	(1,308,609)
Transportation	451,245	0	0	0	(451,245)
Public Works	3,600,214	599,546	0	0	(3,000,668)
Interest and Fiscal Charges	816,124	0	0	0	(816,124)
Total Governmental Activities	\$ 59,226,030	\$ 10,110,129	\$ 1,297,901	\$ 2,460,085	(45,357,915)

General Revenues:

Property Taxes Levied for:	
General Purposes	6,209,272
Police and Fire Pension	400,536
Municipal Income Taxes Levied for:	
General Purposes	34,125,923
Other Taxes Levied for:	
General Purposes	37,546
Grants and Entitlements not Restricted to Specific Programs	1,871,156
Revenue in Lieu of Taxes	1,612,192
Investment Earnings	703,493
Miscellaneous	285,207
Total General Revenues	45,245,325
Change in Net Position	(112,590)
Net Position Beginning of Year Restated, See Note 2U	55,239,652
Net Position End of Year	\$ 55,127,062

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 23,876,722	\$ 13,106,711	\$ 8,754,969	\$ 45,738,402
Accounts Receivable	1,225,203	0	320,746	1,545,949
Accrued Interest Receivable	45,001	0	0	45,001
Intergovernmental Receivable	1,278,664	934,620	588,320	2,801,604
Taxes Receivable	20,155,144	0	447,490	20,602,634
Revenue in Lieu of Taxes Receivable	0	0	924,245	924,245
Special Assessments Receivable	458,807	0	2,415,670	2,874,477
Loans Receivable	27,200	0	0	27,200
Interfund Receivable	110,000	0	99,986	209,986
Materials and Supplies Inventory	141,426	0	0	141,426
Leases Receivable	1,463,003	90,000	0	1,553,003
<i>Total Assets</i>	<u>\$ 48,781,170</u>	<u>\$ 14,131,331</u>	<u>\$ 13,551,426</u>	<u>\$ 76,463,927</u>
Liabilities				
Accounts Payable	\$ 654,286	\$ 664,968	\$ 239,105	\$ 1,558,359
Accrued Wages and Benefits	1,249,311	0	436,152	1,685,463
Contracts Payable	0	518,769	0	518,769
Retainage Payable	0	388,642	0	388,642
Interfund Payable	0	0	99,986	99,986
Matured Compensated Absences Payable	53,540	0	0	53,540
Unearned Revenue	1,463,003	90,000	0	1,553,003
Notes Payable	0	0	200,000	200,000
<i>Total Liabilities</i>	<u>3,420,140</u>	<u>1,662,379</u>	<u>975,243</u>	<u>6,057,762</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	6,381,802	0	411,794	6,793,596
Payment in Lieu of Taxes	0	0	924,245	924,245
Unavailable Revenue	9,632,336	467,175	3,028,697	13,128,208
<i>Total Deferred Inflows of Resources</i>	<u>16,014,138</u>	<u>467,175</u>	<u>4,364,736</u>	<u>20,846,049</u>
Fund Balances				
Nonspendable	168,626	0	0	168,626
Restricted	0	4,175,261	4,205,439	8,380,700
Committed	43,218	7,826,516	4,082,861	11,952,595
Assigned	7,147,740	0	0	7,147,740
Unassigned	21,987,308	0	(76,853)	21,910,455
<i>Total Fund Balances</i>	<u>29,346,892</u>	<u>12,001,777</u>	<u>8,211,447</u>	<u>49,560,116</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 48,781,170</u>	<u>\$ 14,131,331</u>	<u>\$ 13,551,426</u>	<u>\$ 76,463,927</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, 2018

Total Governmental Fund Balances		\$ 49,560,116
 <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.		100,648,156
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 588,909	
Municipal Income Tax	6,594,345	
Intergovernmental	1,779,852	
Special Assessments	2,874,477	
Charges for Services	1,236,565	
Other	54,060	13,128,208
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.		1,149,414
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(60,537)
Unamortized gain/loss on refunding represents deferred outflows, which do not provide current financial resources and, therefore, are not reported in the funds.		750,588
The net pension/OPEB 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)	7,285,238	
Deferred Outflows - OPEB (net of internal service funds)	3,332,170	
Net Pension Liability (net of internal service funds)	(42,977,213)	
Net OPEB Liability (net of internal service funds)	(36,121,985)	
Deferred Inflows - Pension (net of internal service funds)	(6,184,654)	
Deferred Inflows - OPEB (net of internal service funds)	(1,592,435)	(76,258,879)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(16,733,600)	
Non-Tax Revenue Bonds	(4,795,000)	
Loans Payable	(2,683,051)	
Notes Payable	(1,600,000)	
Unamortized Bond Premium	(807,973)	
Capital Leases	(974,387)	
Compensated Absences (net of internal service funds)*	(6,195,993)	(33,790,004)
 <i>Net Position of Governmental Activities</i>		 \$ 55,127,062

* Excludes \$130,130 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, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 6,287,101	\$ 0	\$ 405,558	\$ 6,692,659
Municipal Income Taxes	33,992,625	0	0	33,992,625
Other Local Taxes	28,488	0	0	28,488
Special Assessments	177,321	0	1,328,597	1,505,918
Charges for Services	3,941,460	30,000	1,033,789	5,005,249
Fees, Licenses and Permits	1,248,634	0	0	1,248,634
Fines and Forfeitures	2,447,822	0	252,574	2,700,396
Intergovernmental	1,737,909	1,992,910	1,184,155	4,914,974
Investment Earnings	670,167	0	91,030	761,197
Revenue in Lieu of Taxes	0	0	1,612,192	1,612,192
Other	276,644	0	5,500	282,144
<i>Total Revenues</i>	<u>50,808,171</u>	<u>2,022,910</u>	<u>5,913,395</u>	<u>58,744,476</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,876,565	1,770,787	55,876	6,703,228
Judicial System	2,131,724	0	149,226	2,280,950
Security of Persons and Property:				
Police	9,920,440	413,881	1,215,708	11,550,029
Fire	6,417,007	545,259	1,149,476	8,111,742
Other	78,197	0	727,316	805,513
Leisure Time Services:				
Cultural and Recreation	3,130,859	229,991	0	3,360,850
Park and Public Land Development	970,343	26,895	0	997,238
Housing and Community Development	5,380,291	2,831,239	755,433	8,966,963
Sanitation and Sewer Services	3,046,764	2,962,987	1,200,499	7,210,250
Transportation	0	0	121,896	121,896
Street Maintenance and Repair	764,980	2,332,604	1,285,842	4,383,426
Public Works	2,774,390	50,130	0	2,824,520
Debt Service:				
Principal Retirement	227,375	0	3,557,351	3,784,726
Interest and Fiscal Charges	46,605	0	796,397	843,002
<i>Total Expenditures</i>	<u>39,765,540</u>	<u>11,163,773</u>	<u>11,015,020</u>	<u>61,944,333</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>11,042,631</u>	<u>(9,140,863)</u>	<u>(5,101,625)</u>	<u>(3,199,857)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	15,470	0	0	15,470
Issuance of Notes Payable	0	0	1,600,000	1,600,000
Premium on Debt Issuance	0	0	17,640	17,640
Transfers In	0	5,319,000	4,482,067	9,801,067
Transfers Out	(10,746,067)	0	0	(10,746,067)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,730,597)</u>	<u>5,319,000</u>	<u>6,099,707</u>	<u>688,110</u>
<i>Net Change in Fund Balance</i>	312,034	(3,821,863)	998,082	(2,511,747)
<i>Fund Balance Beginning of Year</i>	<u>29,034,858</u>	<u>15,823,640</u>	<u>7,213,365</u>	<u>52,071,863</u>
<i>Fund Balance End of Year</i>	<u>\$ 29,346,892</u>	<u>\$ 12,001,777</u>	<u>\$ 8,211,447</u>	<u>\$ 49,560,116</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, 2018*

Net Change in Fund Balances - Total Governmental Funds \$ (2,511,747)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Asset Additions	\$ 8,397,259	
Current Year Depreciation	(3,497,646)	4,899,613

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.

(394,250)

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

Delinquent Property Taxes	(82,851)	
Municipal Income Tax	133,298	
Intergovernmental	333,950	
Special Assessments	37,356	
Charges for Services	(95,175)	
Other	42,386	368,964

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	1,164,300	
OPWC Loans	321,694	
Bond Anticipation Notes	2,000,000	
Capital Lease	298,732	3,784,726

Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.
Notes Payable

(1,600,000) *

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	15,641	
Amortization of Premium on Bonds	51,337	
Amortization of Refunding Loss	(57,738)	9,240

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

Pension	3,810,969	
OPEB	51,006	3,861,975

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

Pension	(6,010,212)	
OPEB	(2,653,360)	(8,663,572)

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.

210,129

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**		(77,668)
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Change in Net Position of Governmental Activities \$ (112,590)

* See page 14 for details of Bond Anticipation Note.

** Excludes \$10,689 reported in the Internal Service Fund.

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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes and Other Taxes	\$ 7,109,375	\$ 7,182,888	\$ 7,182,888	\$ 0
Municipal Income Taxes	34,494,635	34,947,210	33,721,082	(1,226,128)
Other Local Taxes	60,000	39,365	45,491	6,126
Charges for Services	3,296,221	3,500,014	5,343,514	1,843,500
Fees, Licenses and Permits	1,056,236	922,519	1,072,370	149,851
Fines and Forfeitures	550,050	450,050	496,038	45,988
Intergovernmental	756,190	749,194	865,223	116,029
Investment Earnings	300,000	413,833	734,208	320,375
Other	516,427	235,557	884,584	649,027
<i>Total Revenues</i>	<u>48,139,134</u>	<u>48,440,630</u>	<u>50,345,398</u>	<u>1,904,768</u>
Expenditures				
Current:				
General Government				
Legislative and Executive	5,048,260	5,085,287	4,934,955	150,332
Judicial System	2,310,054	2,310,054	2,130,861	179,193
Security of Persons and Property				
Police	10,650,694	10,467,694	9,722,903	744,791
Fire	6,644,738	6,731,908	6,679,756	52,152
Other	67,393	80,393	76,400	3,993
Leisure Time Services				
Cultural and Recreation	3,361,008	3,361,008	3,226,327	134,681
Park and Public Land Development	1,200,403	1,055,179	987,523	67,656
Housing and Community Development	5,297,008	6,335,213	5,546,617	788,596
Sanitation and Sewer Services	2,940,046	3,173,106	3,163,566	9,540
Street Maintenance and Repair	862,396	856,509	843,467	13,042
Public Works	2,414,320	2,326,000	2,147,459	178,541
<i>Total Expenditures</i>	<u>40,796,320</u>	<u>41,782,351</u>	<u>39,459,834</u>	<u>2,322,517</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,342,814</u>	<u>6,658,279</u>	<u>10,885,564</u>	<u>4,227,285</u>
Other Financing Sources (Uses)				
Advances In	0	0	96,000	96,000
Advances Out	0	(195,000)	(110,000)	85,000
Transfers Out	(9,812,067)	(10,746,067)	(10,746,067)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(9,812,067)</u>	<u>(10,941,067)</u>	<u>(10,760,067)</u>	<u>181,000</u>
<i>Net Change in Fund Balance</i>	(2,469,253)	(4,282,788)	125,497	4,408,285
Beginning Cash Fund Balance	22,965,350	22,965,350	22,965,350	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(325,561)	(325,561)	(325,561)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrances	(1,238,695)	(1,238,695)	(1,238,695)	0
Ending Cash Fund Balance	<u>\$ 18,931,841</u>	<u>\$ 17,118,306</u>	21,526,591	<u>\$ 4,408,285</u>
Encumbrances - All Budget Years			<u>1,991,858</u>	
Total Cash Fund Balance - December 31			<u>\$ 23,518,449</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, 2018

	Governmental Activities - Internal Service Funds
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 3,127,888
Prepaid Items	51,242
Materials and Supplies Inventory	246,815
<i>Total Current Assets</i>	3,425,945
 Deferred Outflows of Resources	
Pension	189,022
OPEB	40,123
<i>Total Deferred Outflows of Resources</i>	229,145
 Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	256,308
Accrued Wages and Benefits	24,388
Interfund Payable	110,000
Compensated Absences Payable	7,766
Claims Payable	341,892
<i>Total Current Liabilities</i>	740,354
 <i>Long-Term Liabilities:</i>	
Claims Payable - Net of Current Portion	232,256
Compensated Absences Payable - Net of Current Portion	122,364
Net Pension Liability	699,605
Net OPEB Liability	478,433
<i>Total Long-Term Liabilities</i>	1,532,658
 <i>Total Liabilities</i>	 2,273,012
 Deferred Inflows of Resources	
Pension	179,273
OPEB	53,391
<i>Total Deferred Inflows of Resources</i>	232,664
 Net Position	
Unrestricted	\$ 1,149,414

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, 2018

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for Services	\$ 7,050,083
Operating Expenses	
Personal Services	932,185
Contractual Services	5,956,666
Materials and Supplies	808,878
Other	87,225
<i>Total Operating Expenses</i>	<u>7,784,954</u>
<i>Operating Income (Loss)</i>	(734,871)
Transfers In	945,000
<i>Change in Net Position</i>	210,129
<i>Net Position Beginning of Year (Restated, See Note 2U.)</i>	939,285
<i>Net Position End of Year</i>	\$ 1,149,414

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, 2018

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from Internal Services	\$ 7,050,083
Cash Payments for Goods and Services	(5,950,877)
Cash Payments to Employees for Services and Benefits	(839,328)
Cash Payments to Suppliers	(783,674)
Other Cash Payments	(87,225)
<i>Net Cash Used for Operating Activities</i>	<u>(611,021)</u>
Cash Flows from Noncapital Financing Activities	
Advances In	110,000
Advances Out	(96,000)
Transfers In	945,000
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>959,000</u>
<i>Net Increase in Cash and Cash Equivalents</i>	347,979
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,779,909</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 3,127,888</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Loss	\$ (734,871)
(Increase) Decrease in Assets and Deferred Outflows:	
Prepaid Items	(1,584)
Materials and Supplies Inventory	(17,186)
Deferred Outflows - Pension	236,583
Deferred Outflows - OPEB	(34,363)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	30,788
Accrued Wages and Benefits	(10,818)
Claims Payable	19,075
Compensated Absences Payable	(10,689)
Matured Compensated Absences Payable	(952)
Deferred Inflows - Pension	170,998
Deferred Inflows - OPEB	53,391
Net Pension Liability	(325,857)
Net OPEB Liability	14,464
<i>Net Cash Used For Operating Activities</i>	<u>\$ (611,021)</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, 2018

	Agency Funds
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,837,091
Cash in Segregated Accounts	869,023
Revenue in Lieu of Taxes Receivable	408,432
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	56,693
<i>Total Assets</i>	\$ 4,171,239
Liabilities	
Accounts Payable	\$ 118,304
Intergovernmental Payable	626,351
Deposits Held and Due to Others	1,023,811
Loans Payable	27,200
Undistributed Monies	2,375,573
<i>Total Liabilities</i>	\$ 4,171,239

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, 2018

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, 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 17.

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, 2018

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, the central services fund and the recreation fund.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 governmental 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 fourteen agency funds which are used to account for unclaimed monies and 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, for the tax incremental financing related to the Van Aken District, 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 Hillcrest Technical Rescue Team and escrows funded pursuant to the point of sale program.

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, 2018

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 generally 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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

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, 2018, 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, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 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 may include delinquent property taxes, income taxes, special assessments, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10).

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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

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 pooled cash and cash equivalents."

During fiscal year 2018, investments were limited to U.S. Treasury Notes and insured negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value. 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 2018 amounted to \$670,167, which includes \$97,356 assigned from other City funds. The adjustment to investments for fair market value at December 31, 2018 decreased investment income in the general fund by \$134,739 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, 2018, 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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

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, 2018, 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, 2018 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/Other Postemployment Benefits (OPEB)

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

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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. 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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

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 2018.

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 2018, the annual appropriation measure was passed by City Council on December 18, 2017.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 2018 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, expiring January 1, 2020, with an interest rate of 1 percent, all due at maturity.

U. Implementation of New Accounting Principles and Restatement of Net Position

For the fiscal year ended December 31, 2018, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments*.

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GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

Additionally, the liability in the Internal Service fund for workers compensation claims payable was restated to correct an error in the prior period.

	Governmental Activities	Internal Service Fund
Net Position, December 31, 2017	\$ 86,910,380	\$ 830,117
Adjustments:		
Net OPEB Liability	(32,419,153)	(463,969)
Deferred Outflow-Payments		
Subsequent to Measurement Date	181,048	5,760
Correction of Claims Payable error	567,377	567,377
Restated Net Position, December 31, 2017	\$ 55,239,652	\$ 939,285

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). These changes were incorporated in the City's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

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City of Shaker Heights
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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:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable for:				
Inventory	\$ 141,426	\$ 0	\$ 0	\$ 141,426
Loans Receivable	27,200	0	0	27,200
Total Nonspendable	<u>168,626</u>	<u>0</u>	<u>0</u>	<u>168,626</u>
Restricted for:				
Street Maintenance and Repair	0	0	676,376	676,376
State Highway	0	0	201,872	201,872
Police and Fire Pensions	0	0	853,056	853,056
Indigent Driver Alcohol Treatment	0	0	76,628	76,628
Court Computer Legal Research	0	0	159,097	159,097
Clerk's Computerization	0	0	565,737	565,737
Housing Grants	0	0	124,058	124,058
Law Enforcement Grant	0	0	24,206	24,206
Court Alternate Dispute Resolution	0	0	90,472	90,472
Ohio Court Security Project	0	0	42,356	42,356
Indigent Driver Interlock	0	0	19,257	19,257
Tree Maintenance Special Assessment	0	0	307,158	307,158
Law Enforcement Trust	0	0	948,360	948,360
Street Lighting Special Assessment	0	0	116,806	116,806
Capital Projects	0	4,175,261	0	4,175,261
Total Restricted	<u>0</u>	<u>4,175,261</u>	<u>4,205,439</u>	<u>8,380,700</u>
Committed to:				
Sewer Maintenance	0	0	1,049,403	1,049,403
Housing and Nuisance Abatement	0	0	126,946	126,946
Urban Renewal Debt Service	0	0	2,256,292	2,256,292
Capital Projects	0	7,826,516	0	7,826,516
Debt Service	0	0	650,220	650,220
Encumbrances:				
Housing and Community Development	43,218	0	0	43,218
Total Committed	<u>43,218</u>	<u>7,826,516</u>	<u>4,082,861</u>	<u>11,952,595</u>
Assigned for:				
Economic Development	4,594,371	0	0	4,594,371
Recreation	85,959	0	0	85,959
Central Services	512,723	0	0	512,723
Encumbrances:				
General Government	60,134	0	0	60,134
Security of Persons and Property	287,623	0	0	287,623
Leisure Time Services	16,117	0	0	16,117
Housing and Community Development	224,599	0	0	224,599
Public Works	82,493	0	0	82,493
Sanitation and Sewer Services	179,810	0	0	179,810
Street Maintenance and Repair	80,192	0	0	80,192
Subsequent Year Appropriations	1,023,719	0	0	1,023,719
Total Assigned	<u>7,147,740</u>	<u>0</u>	<u>0</u>	<u>7,147,740</u>
Unassigned (Deficit)	<u>21,987,308</u>	<u>0</u>	<u>(76,853)</u> *	<u>21,910,455</u>
Total Fund Balance (Deficit)	<u>\$29,346,892</u>	<u>\$12,001,777</u>	<u>\$ 8,211,447</u>	<u>\$49,560,116</u>

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* Fund balance at December 31, 2018, included a deficit of \$76,853 in the High Intensity Drug Trafficking Area Grant fund. This fund deficit is the result of the recognition of liabilities in accordance with general accepted accounting principles. The general fund is liable for any deficit in this fund and will provide transfers when cash is required, not when accruals occur. Additionally, the municipal garage internal service fund had a deficit of \$1,084,324 at December 31, 2018 as a result of net pension and net OPEB liabilities and related components. The general fund is liable for any deficit in this fund, other than the \$1,014,145 related to pension and OPEB accruals, 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).

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	\$ 312,034
Net Adjustment for Revenue Accruals	3,761,792
Net Adjustment for Expenditure Accruals	(2,654,489)
Funds Budgeted Elsewhere	698,018
Adjustment for Encumbrances	<u>(1,991,858)</u>
Budget Basis	<u>\$ 125,497</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.

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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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.
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.

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.

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The municipal court bond fund is maintained separately from the City’s deposits. The carrying amount of the deposits is reported as “Cash in Segregated Accounts.”

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.

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

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments - As of December 31, 2018, the City had the following investments:

Moody's Rating	Investment	Measurement Amount	Investment Maturity			% Total Investments
			Less than One Year	1 - 3 Years	Over 3 Years	
	Fair Value:					
Aaa	U.S. Treasury Notes	\$ 12,748,237	\$ 5,475,412	\$ 7,026,184	\$ 246,641	58.4%
Aaa	Huntington U.S. Treasury Money Market Fund	1,367	1,367	0	0	0.0%
N/A	Negotiable Certificates of Deposit	9,086,992	2,222,131	6,864,861	0	41.6%
		<u>\$ 21,836,596</u>	<u>\$ 7,698,910</u>	<u>\$ 13,891,045</u>	<u>\$ 246,641</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, 2018. The City’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk 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.

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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.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party.

Note 6 – Receivables

Receivables at December 31, 2018, consisted of municipal income taxes, property and other taxes, accounts, loans, special assessments, leases, accrued interest, interfund and intergovernmental receivables arising from grants, entitlements, revenue in lieu of taxes and shared revenues. Property taxes receivable totaled \$7,382,505 while income tax and other local taxes receivable were \$13,208,731 and \$11,398 respectively. All receivables are deemed collectible in full. Special assessments are expected to be collected within one year.

Receivable	General Fund	Non Major Governmental Funds	Total
Property Taxes	\$ 6,935,015	\$ 447,490	\$ 7,382,505
Income Taxes	13,208,731	0	13,208,731
Other Local Taxes	11,398	0	11,398
Total	\$ 20,155,144	\$ 447,490	\$ 20,602,634

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of the 2017 taxes.

2018 real property taxes were levied after October 1, 2018 on the assessed value as of January 1, 2018, 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 reappraisal was in the year 2018. 2018 real property taxes are collected in and intended to finance 2019.

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 July 20. Taxes not paid become delinquent after December 31 of the year in which payable. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

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The full tax rate for all City operations for the year ended December 31, 2018, was \$9.90 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 816,502,130
Public Utilities - Personal	15,376,380

Total Assessed Value	\$ 831,878,510

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor 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, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 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.

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 2018. 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 \$13,208,731 has been recorded in the general fund. This total includes \$6,614,386 for the portion of taxes that is due prior to December 31, 2018, but is not received until January of the following year, and \$6,594,345 estimated to be collectable as of December 31, 2018, but is not available in the current period.

C. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2018 include the following:

Governmental Activities	Amount
Homestead/Rollback	\$ 476,367
Local Government	294,102
Gasoline Tax	371,172
Permissive Tax	77,767
Grants	665,534
Local Government Contracts	323,135
Fines and Forfeitures	229,593
Other	363,934
	\$ 2,801,604

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D. Revenue in Lieu of Taxes Receivable

Revenue in lieu of taxes receivables were \$924,245 at December 31, 2018.

Note 7 – Interfund Balances and Transfers

A. Interfund Receivables/Payables

Interfund activity for the year ended December 31, 2018, consisted of the following:

Interfund Receivable	Interfund Payable		Total
	Non Major Governmental Funds	Internal Service Fund	
General Fund	\$ 0	\$ 110,000	\$ 110,000
Nonmajor Governmental Funds	99,986	0	99,986
Total	\$ 99,986	\$ 110,000	\$ 209,986

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 \$99,986 represents interfund advances between High Intensity Drug Task Force and the Law Enforcement Trust fund and \$110,000 between the General fund and the Central Purchasing fund and Copier Management fund.

B. Transfers

Interfund transfers for the year ended December 31, 2018, consisted of the following:

Transfers Out	Transfers In			Total
	Capital Projects Fund	Non Major Governmental Funds	Internal Service Fund	
General Fund	\$ 5,319,000	\$ 4,482,067	\$ 945,000	\$ 10,746,067

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.

The General fund made transfers to the capital projects fund, 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, 2018, was as follows:

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 19,978,693	\$ 18,958	\$ 0	\$ 19,997,651
Construction in Progress	6,509,162	5,042,057	(5,906,483)	5,644,736
Total Capital Assets, not being depreciated	26,487,855	5,061,015	(5,906,483)	25,642,387
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	18,715,457	652,001	(71,475)	19,295,983
Land Improvements	10,322,951	604,127	0	10,927,078
Machinery and Equipment	22,312,404	1,697,263	(1,434,269)	22,575,398
Infrastructure:				
Streets	36,306,960	5,146,085	0	41,453,045
Storm and Sanitary Sewers	12,348,687	1,143,251	0	13,491,938
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	113,387,398	9,242,727	(1,505,744)	121,124,381
Less Accumulated Depreciation:				
Buildings and Improvements	(9,035,231)	(413,578)	48,748	(9,400,061)
Land Improvements	(4,633,935)	(357,224)	0	(4,991,159)
Machinery and Equipment	(14,149,088)	(1,222,677)	1,062,746	(14,309,019)
Infrastructure:				
Streets	(9,856,085)	(982,114)	0	(10,838,199)
Storm and Sanitary Sewers	(1,836,839)	(186,021)	0	(2,022,860)
Bridges	(106,447)	(5,936)	0	(112,383)
Culverts	(9,769)	(747)	0	(10,516)
Traffic Signals	(4,105,066)	(329,349)	0	(4,434,415)
Total Accumulated Depreciation	(43,732,460)	(3,497,646)	1,111,494	(46,118,612)
Total Capital Assets being depreciated, net	69,654,938	5,745,081	(394,250)	75,005,769
Governmental Activities Capital Assets, Net	\$ 96,142,793	\$ 10,806,096	\$ (6,300,733)	\$ 100,648,156

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Depreciation expense was charged to governmental activities as follows:

	<u>Depreciation</u>
General Government	
Legislative and Executive	\$ 326,082
Judicial System	27,609
Security of Persons and Property	503,358
Leisure Time Activities	322,167
Sanitation and Sewer Services	374,134
Transportation	329,349
Street Maintenance and Repair	1,247,032
Community and Economic Development	107,701
Public Works	260,214
	<u>\$ 3,497,646</u>

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.

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.

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Plan Description – Ohio Public Employees Retirement System (OPERS)

The City participates 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, including requirements for reduced and unreduced benefits):

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.

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

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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 who retired prior to January 7, 2013, the COLA will continue to be a three 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 (CPI), capped at three percent.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
 2018 Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
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 \$1,735,876 for 2018. Of this amount, \$239,152 is reported as an accrued wages and benefits payable.

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

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

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

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

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

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

Members 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-W) 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 - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2018 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 OP&F was \$2,153,207 for 2018. Of this amount, \$508,379 is reported as an accrued wages and benefits payable.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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:

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	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.0990995%	0.4583340%	
Prior Measurement Period	0.1026318%	0.4608265%	
Change in Proportion	<u>-0.0035324%</u>	<u>-0.0024925%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 15,546,785	\$ 28,130,033	\$ 43,676,818
Pension Expense	\$ 3,152,803	\$ 3,017,247	\$ 6,170,050

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 15,877	\$ 426,893	\$ 442,770
Changes of Assumptions	1,857,937	1,225,774	3,083,711
Changes in Proportionate Share	58,696	0	58,696
City Contributions Subsequent to the Measurement Date	<u>1,735,876</u>	<u>2,153,207</u>	<u>3,889,083</u>
Total Deferred Outflows of Resources	<u>\$ 3,668,386</u>	<u>\$ 3,805,874</u>	<u>\$ 7,474,260</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 306,378	\$ 50,889	\$ 357,267
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,337,688	973,084	4,310,772
Changes in Proportionate Share	<u>385,011</u>	<u>1,310,877</u>	<u>1,695,888</u>
Total Deferred Inflows of Resources	<u>\$ 4,029,077</u>	<u>\$ 2,334,850</u>	<u>\$ 6,363,927</u>

\$3,889,083 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 in the year ending December 31, 2019. 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	OP&F	Total
2019	\$ 1,243,004	\$ 359,873	\$ 1,602,877
2020	(507,123)	104,041	(403,082)
2021	(1,460,944)	(903,837)	(2,364,781)
2022	(1,371,504)	(586,645)	(1,958,149)
2023	0	274,485	274,485
Thereafter	0	69,900	69,900
	<u>\$ (2,096,567)</u>	<u>\$ (682,183)</u>	<u>\$ (2,778,750)</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 was determined by an actuarial valuation as of December 31, 2017, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017 are presented below.

Valuation Date	December 31, 2017
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	7.50 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described table.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets within 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 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.50 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability 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 7.50 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 (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's Proportionate Share of the Net Pension Liability	\$ 27,607,128	\$ 15,546,785	\$ 5,492,092

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Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:

Actuarial Cost Method	Entry Age (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Increases	3.25 percent (inflation plus productivity increase)
Inflation Assumptions	2.75 percent
Cost-of-Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on lesser of the increase in CPI and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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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 expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return**</u>	<u>30 Year Expected Real Rate of Return**</u>
Domestic Equity	16.00 %	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income*	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
U.S. Inflation Linked Bonds*	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	<u>120.00 %</u>		

Note: Assumptions are geometric.

* Levered 2x

** Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall total portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.20 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 8.00 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 8.00 percent. Based on those assumptions, OP&F'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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's Proportionate Share of the Net Pension Liability	\$ 38,995,594	\$ 28,130,033	\$ 19,268,163

Note 10 – Defined Benefit OPEB Plans

Net OPEB Liability

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

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

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 OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/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 postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, 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.

Each year, the OPERS Board 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 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution for 2018.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F 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 contractually required contribution to OP&F was \$51,006 for 2018. Of this amount, \$12,101 is reported as an accrued wages and benefits payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.097906%	0.458334%	
Prior Measurement Period	<u>0.104400%</u>	<u>0.460827%</u>	
Change in Proportion	<u>-0.006494%</u>	<u>-0.002493%</u>	
Proportionate Share of the Net			
OPEB Liability	\$ 10,631,839	\$ 25,968,579	\$ 36,600,418
OPEB Expense	\$ 671,355	\$ 2,015,497	\$ 2,686,852

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 8,282	\$ 0	\$ 8,282
Changes of Assumptions	774,111	2,533,979	3,308,090
Changes in Proportionate Share	4,915	0	4,915
City Contributions Subsequent			
to the Measurement Date	<u>0</u>	<u>51,006</u>	<u>51,006</u>
Total Deferred Outflows of Resources	<u>\$ 787,308</u>	<u>\$ 2,584,985</u>	<u>\$ 3,372,293</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 0	\$ 130,975	\$ 130,975
Net Difference between Projected and Actual			
Earnings on OPEB Plan Investments	792,001	170,937	962,938
Changes in Proportionate Share	<u>448,690</u>	<u>103,223</u>	<u>551,913</u>
Total Deferred Inflows of Resources	<u>\$ 1,240,691</u>	<u>\$ 405,135</u>	<u>\$ 1,645,826</u>

\$51,006 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2019	\$ (36,106)	\$ 293,492	\$ 257,386
2020	(35,891)	293,492	257,601
2021	(183,385)	293,492	110,107
2022	(198,001)	293,491	95,490
2023	0	336,226	336,226
Thereafter	0	618,651	618,651
	\$ (453,383)	\$ 2,128,844	\$ 1,675,461

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 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	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	<u>100.00 %</u>	<u>4.98 %</u>

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's Proportionate Share of the Net OPEB Liability	\$ 14,124,857	\$ 10,631,839	\$ 7,806,023

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 10,172,404	\$ 10,631,839	\$ 11,106,424

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.20 percent simple for increased based on the lesser of the increase in CPI and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	16.00 %	5.21 %
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

* Levered 2x

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

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

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Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's Proportionate Share of the Net OPEB Liability	\$ 32,461,016	\$ 25,968,579	\$ 20,972,904

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 20,172,846	\$ 25,968,579	\$ 33,779,226

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

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Note 11 – Long-Term Obligations

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

	Restated Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
Urban Renewal Bonds, Series 2009, 4.30% due 12/1/2018	\$ 175,000	\$ 0	\$ 175,000	\$ 0	\$ 0
Urban Renewal Refunding Bonds, Series 2012 3.58%, due 12/1/2031	10,610,000	0	615,000	9,995,000	635,000
Premium on Urban Renewal Refunding Bonds	325,069	0	23,219	301,850	0
Urban Renewal Refunding Bonds, Series 2016 1.97%, due 12/1/2031	3,452,900	0	49,300	3,403,600	230,300
Van Aken Sewer Line Improvement Bonds Series 2013, 2.90%, due 6/1/18	300,000	0	25,000	275,000	25,000
Various Purpose Bonds, Series 2017					
Serial Bonds, 2% - 3%, maturing 12/1/27	1,440,000	0	135,000	1,305,000	135,000
Term Bonds, 3.25% - 3.75%, maturing 12/1/37	1,755,000	0	0	1,755,000	0
Premium on Various Purpose Bonds	97,947	0	5,155	92,792	0
Total General Obligation Bonds	18,155,916	0	1,027,674	17,128,242	1,025,300
<i>Loans</i>					
OPWC - CA08F - Water System Improvements, 0%, maturing 7/1/2025	1,188,445	0	139,817	1,048,628	139,817
OPWC - CA17E - City Water Line Improvements, 0%, maturing 7/1/2025	487,126	0	64,950	422,176	64,950
OPWC – CA17K – South Woodland Area Infrastructure Improvements, 0%, maturing 1/1/2029	971,049	0	88,277	882,772	88,277
OPWC – CA18M – Hildana-Ludgate Sanitary Sewer Improvements, 0%, maturing 7/1/2030	358,125	0	28,650	329,475	28,650
Total Loans	3,004,745	0	321,694	2,683,051	321,694
<i>Non-Tax Revenue Bonds</i>					
CCCPA Non-Tax Revenue Bonds					
Serial Bonds, 3% - 5%, maturing 12/1/30	2,730,000	0	165,000	2,565,000	170,000
Term Bonds, 3.5% - 5%, maturing 12/1/37	2,230,000	0	0	2,230,000	0
Premium on Non-Tax Revenue Bonds	436,294	0	22,963	413,331	0
Total Non-Tax Revenue Bonds	5,396,294	0	187,963	5,208,331	170,000
<i>Net Pension/OPEB Liability</i>					
Pension	52,514,315	0	8,837,497	43,676,818	0
OPEB	32,419,153	4,181,265	0	36,600,418	0
Total Net Pension/OPEB Liability	84,933,468	4,181,265	8,837,497	80,277,236	0
Notes Payable	2,000,000	1,600,000	2,000,000	1,600,000 *	1,600,000
Capital Leases	1,273,119	0	298,732	974,387	279,375
Compensated Absences	6,259,144	2,758,952	2,691,973	6,326,123	379,091
Claims Payable	555,073	5,112,481	5,093,406	574,148	341,892
Total Governmental Long Term Liabilities	\$ 121,577,759	\$ 13,652,698	\$ 20,458,939	\$ 114,771,518	\$ 4,117,352

* See page 14 for details on Bond Anticipation Note.

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As of December 31, 2018, 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, notes payable, capital leases, compensated absences and claims payable. For governmental activities, the OPWC loans and the general obligation bonds are generally liquidated from the debt service funds, compensated absences and pension liability expense are generally liquidated by the general fund and claims payable are generally liquidated from the self-insurance internal service fund. There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer, and sanitation funds. For additional information related to the net pension liability and net OPEB liability see Notes 9 and 10.

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 street improvement notes. The notes were issued for \$1,800,000 and have a term of one year or less, and were issued to finance improvements to City owned property. The notes are dated May 31, 2018, and are due May 30, 2019, at an interest rate of 3.00 percent. The City has entered into a qualifying financing agreement subsequent to year end to refinance these in the amount of \$1,600,000. Premium relating to the issuance of the note was expensed in 2018 in the amount of \$17,640. The balance of \$200,000 is reported as a fund liability, as disclosed in Note 12.

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 percent to 4.0 percent 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 percent with semi-annual interest payments on June 1 and December 31 of each year, commencing December 1, 2013. The bonds mature on June 1, 2028.

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 balance of the defeased bonds was \$3,195,000 as of December 31, 2018.

On July 26, 2017, the City issued \$3,195,000 in various purpose serial and term general obligation bonds for the purpose of sewer improvements and RMS Park and Right of Way components of the VanAken Redevelopment project. The interest rates of the serial bonds are 2.00 to 3.00 percent and the interest rates of the term bonds is 3.25 percent to 3.75 percent. The bonds were sold at a premium of \$103,102. The bonds mature on December 1, 2037.

On June 29, 2017, the City issued \$4,960,000 in Cleveland- Cuyahoga County Port Authority Non-Tax Revenue serial and term bonds for the Van Aken Redevelopment project. The interest rates of the serial bonds are 3.00 to 5.00 percent and the interest rates of the term bonds are 3.00 percent to 5.00 percent. The bonds were sold at a premium of \$459,257. The bonds mature on December 1, 2037.

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The annual debt service requirements are as follows:

Year Ending December 31,	Governmental Activities						
	General Obligation Bonds			OPWC Loans	Non-Tax Revenue Bonds		
	Principal	Interest	Total	Principal	Principal	Interest	Total
2019	\$ 1,025,300	\$ 531,638	\$ 1,556,938	\$ 321,694	\$ 170,000	\$ 194,438	\$ 364,438
2020	1,047,600	507,802	1,555,402	321,694	175,000	189,338	364,338
2021	1,107,800	483,471	1,591,271	321,694	185,000	182,338	367,338
2022	1,087,600	455,913	1,543,513	321,694	190,000	174,938	364,938
2023	1,117,000	427,260	1,544,260	321,694	200,000	167,338	367,338
2024 - 2028	6,140,300	1,555,174	7,695,474	1,031,604	1,125,000	710,688	1,835,688
2029 - 2033	4,483,000	485,633	4,968,633	42,977	1,405,000	425,938	1,830,938
2034 - 2037	725,000	69,188	794,188	0	1,345,000	119,300	1,464,300
Total	\$ 16,733,600	\$ 4,516,079	\$ 21,249,679	\$ 2,683,051	\$ 4,795,000	\$ 2,164,316	\$ 6,959,316

Legal Debt Margin Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2018, the City's overall debt limitation is \$87,347,244 (10.5 percent of the City's total assessed property valuation of \$831,878,510) of which \$82,212,244 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 \$45,153,318 (5.5 percent of the City's total assessed property valuation) at December 31, 2018, of which \$40,618,318 is available.

The City has pledged future non-tax revenues to repay \$5.0 million in revenue bonds issued on June 29, 2017 to finance the redevelopment of the Van Aken Shopping Center issued by the Cleveland-Cuyahoga County Port Authority. The bonds are payable solely from all monies of the City that are not raised by taxation, including but not limited to payments in lieu of taxes, charges for services, fines and forfeitures, licenses and permits and investment earnings. Total principal, interest and fees remaining on the bonds is \$7,063,965, payable through December 2037. For the current year, interest and fees paid were \$197,369 and available non-tax revenues were \$13,436,915.

Note 12 – Notes Payable

Notes payable consisted of street improvement notes. The notes have a term of one year or less, and were issued to finance improvements to City owned property. The notes are dated May 31, 2018, and are due May 30, 2019, at an interest rate of 3.00 percent. Subsequent to year end, as described in Note 20, the City entered into a financing agreement in the amount of \$1,600,000 (See Note 11). The balance of \$200,000 will be retired with operational revenues of the debt service fund at maturity. See Note 20 for additional information.

Note 13 – 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 \$1,746,253 and are all classified as machinery and equipment with accumulated depreciation of \$352,482. 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.

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

Year Ending December 31,	Lease Payments
2019	\$ 297,515
2020	185,074
2021	185,014
2022	214,054
2023	144,055
Total Minimum Lease Payments	1,025,712
Less: Amount Representing Interest	(51,325)
Present Value of Minimum Lease Payments	\$ 974,387

Principal payments in the current year totaled \$298,732 in governmental activities and are generally liquidated from the general fund and the sewer maintenance fund.

Note 14 – 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.

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. Full-time employees with ten years minimum continuous service with the City 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. Safety forces bargaining unit members with at least 5 years minimum continuous service with the City and eligible for retirement may receive payment for their accumulated sick leave according to their bargaining agreement. Compensated absences are charged to various funds of the City in accordance to where an employee’s salary is charged.

Note 15 – Lease Receivable

As of December 31, 2018, 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 annual basic lease payment is \$100. The lease has been further renewed until August 29, 2053. In 2019, the Shaker Heights Public Library entered into a \$10,400,000 certificate of participation financing to fund additional renovation to the facility, but the City has no liability for this financing. Under the terms of the lease, the Library Board of Directors completed approximately \$4.3 million in renovations to the facility financed through bonds issued by the City, which have been retired.

City of Shaker Heights
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 December 16, 2016, with annual step increases of \$10,000 on December 16 of subsequent years through 2021.

Former Sussex School Building: The City became the owner of the former Sussex School Building in 1995, and entered into a lease with a non-profit entity known as the Shaker Family Center starting in 1996. The City subsequently entered into lease extensions with the SFC, now known as “Family Connections of Northeast Ohio” through 2018. Family Connections of Northeast Ohio operates an early learning and day care center for children. On January 1, 2018, the City and Family Connections entered into a new 3-year lease, with the rental amount remaining as it has been, at \$1.00 per year.

3558 Lee Road: The City entered into a Lease of this property with the Shaker Heights Development Corporation (SHDC) on July 1, 2016, and the Lease has been extended until December 31, 2028. Rental for the initial term in \$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.

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 2018, 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, 2018. In 2018, the City received \$3,118 in the general fund related to the oil and gas produced.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The following lists the components of the net investment in the operating leases as of December 31, 2018:

Year Ending December 31,	General Fund	Capital Projects Fund	Total
2019	\$ 35,100	\$ 40,000	\$ 75,100
2020	35,100	50,000	85,100
2021	35,100	0	35,100
2022	40,350	0	40,350
2023	40,350	0	40,350
2024 - 2028	213,825	0	213,825
2029 - 2033	245,423	0	245,423
2034 - 2038	282,122	0	282,122
2039 - 2043	324,440	0	324,440
2044 - 2046	211,193	0	211,193
	<u>\$ 1,463,003</u>	<u>\$ 90,000</u>	<u>\$ 1,553,003</u>

Note 16 – 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 2018, 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.

Trident – provided liability insurance for all City-owned vehicles 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 \$56,055,504 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.

City of Shaker Heights
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The City accounts for its general liability and property insurance premiums in the self-insurance fund (an internal service fund). At December 31, 2018, 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 2018 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 2018, 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.

At December 31, 2018, \$574,148 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 2018 and 2017 were as follows:

	Property and Casualty		Workers' Compensation		Hospitalization	
	2018	2017	2018	Restated 2017	2018	2017
Beginning of the Year Liability	\$ 0	\$ 0	\$ 128,880	\$ 894,348	\$ 426,193	\$ 448,014
Restatement (See Note 2U.)				(567,377)		
Current Year Claims and						
Changes in Estimates	87,225	39,532	(138,754)	(125,137)	(4,935,577)	4,702,586
Claim Payments	(87,225)	(39,532)	122,528	(72,954)	4,970,878	(4,724,407)
End of the Year Liability	\$ 0	\$ 0	\$ 112,654	\$ 128,880	\$ 461,494	\$ 426,193

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 17 – 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 2018. Financial information can be obtained by contacting NOPEC, 31320 Solon Rd, Suite 20, Solon, Ohio 44139.

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 2018, 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, the Cities of Cleveland Heights, University Heights and South Euclid, to form a Council of Governments (COG), 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 is 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 is operated and maintained by HHCC. On September 1, 2017, the HHCC COG Agreement was amended to add the City of Richmond Heights as a member. The HHCC Dispatch Center is paid for by all five cities, based on formulae set forth in the Agreement. HHCC first began partial operation on

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

November 1, 2017, with further increase in operation on December 13, 2017, and full operation for all five cities beginning on or about March 31, 2018.

B. Related Organization

Shaker Heights Development Corporation (SHDC)

In 1980, the City formed the Community Improvement Corporation of Shaker Heights, Ohio (CIC) under Chapter 1724 of the Ohio Revised Code, 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. The organization was re-named the Shaker Heights Development Corporation, and applied to the IRS for, and was granted, status as a section 501(c)(3) tax exempt organization. The City acts as fiscal agent for the Shaker Heights Development Corporation.

Note 18 – Construction and Other Significant Commitments

As of December 31, 2018, the City’s construction commitments were as follows:

	Contractual Commitment	Expended	Remaining Commitment
Street Improvement Projects	\$ 3,309,261	\$ 1,225,680	\$2,083,581
NOPEC/Transit Village Van Aken District	44,414	12,378	32,036
Van Aken District Community Green Space	492,500	485,000	7,500
Storm & Sanitary Sewer Improvements	697,500	579,439	118,061
	\$ 4,543,675	\$ 2,302,497	\$ 2,241,178

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the following outstanding encumbrance commitments disclosed in this note.

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	\$ 1,519,306
Capital Projects Fund	2,606,416
Nonmajor Governmental Funds	362,027
	\$ 4,487,749

Note 19 – 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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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. These audits 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.

Note 20 – Subsequent Event

In May of 2019, the City issued \$1,600,000 in Series 2019 Street Improvement Notes that will be used to retire the Series 2018 Street Improvement Notes that mature on May 30, 2019. The Series 2019 Notes will mature on May 28, 2020 and have an interest rate of 3 percent.

The City has entered into a lease of a new fire truck on February 1, 2019 in the amount of \$703,319.

City of Shaker Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Five Years (1)

	<u>2018</u>	<u>2017</u>	<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	0.099099%	0.1026318%	0.1015110%	0.1024820%	0.1024820%
City's Proportionate Share of the Net Pension Liability	\$ 15,546,785	\$ 23,305,942	\$ 17,582,985	\$ 12,360,475	\$ 12,081,293
City's Covered Payroll	\$ 13,088,757	\$ 13,267,258	\$ 12,631,533	\$ 12,564,683	\$ 12,185,785
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.78%	175.67%	139.20%	98.37%	99.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
<i>Ohio Police and Fire Pension Fund (OPF)</i>					
City's Proportion of the Net Pension Liability	0.458334%	0.4608265%	0.4799290%	0.4993868%	0.4993868%
City's Proportionate Share of the Net Pension Liability	\$ 28,130,033	\$ 29,208,373	\$ 30,874,169	\$ 25,870,319	\$ 24,321,704
City's Covered Payroll	\$ 10,032,051	\$ 9,969,898	\$ 9,785,692	\$ 9,926,202	\$ 9,919,601
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	280.40%	292.97%	315.50%	260.63%	245.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Although this schedule is intended to reflect information for ten years, 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.

See accompanying notes to the required supplementary information.

City of Shaker Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 1,735,876	\$ 1,701,538	\$ 1,592,071	\$ 1,515,784
Contributions in Relation to the Contractually Required Contribution	<u>(1,735,876)</u>	<u>(1,701,538)</u>	<u>(1,592,071)</u>	<u>(1,515,784)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 12,399,114	\$ 13,088,757	\$ 13,267,258	\$ 12,631,533
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 2,153,207	\$ 2,119,149	\$ 2,098,399	\$ 2,058,882
Contributions in Relation to the Contractually Required Contribution	<u>(2,153,207)</u>	<u>(2,119,149)</u>	<u>(2,098,399)</u>	<u>(2,058,882)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 10,201,281	\$ 10,032,051	\$ 9,969,898	\$ 9,785,692
Contributions as a Percentage of Covered Payroll	21.11%	21.12%	21.05%	21.04%

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

See accompanying notes to the required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,507,762	\$ 1,584,152	n/a	n/a	n/a	n/a
<u>(1,507,762)</u>	<u>(1,584,152)</u>	n/a	n/a	n/a	n/a
<u>\$ 0</u>	<u>\$ 0</u>	n/a	n/a	n/a	n/a
\$ 12,564,683	\$ 12,185,785	n/a	n/a	n/a	n/a
12.00%	13.00%	n/a	n/a	n/a	n/a
\$ 2,089,901	\$ 1,757,814	\$ 1,447,978	\$ 1,507,305	\$ 1,517,593	\$ 1,571,254
<u>(2,089,901)</u>	<u>(1,757,814)</u>	<u>(1,447,978)</u>	<u>(1,507,305)</u>	<u>(1,517,593)</u>	<u>(1,571,254)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 9,926,202	\$ 9,919,601	\$ 9,860,569	\$ 10,264,580	\$ 10,334,641	\$ 10,700,066
21.05%	17.72%	14.68%	14.68%	14.68%	14.68%

See accompanying notes to the required supplementary information.

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City of Shaker Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Last Two Years (1)

	<u>2018</u>	<u>2017</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>		
City's Proportion of the Net OPEB Liability	0.097906%	0.104400%
City's Proportionate Share of the Net OPEB Liability	\$ 10,631,839	\$ 10,544,755
City's Covered Payroll	\$ 13,088,757	\$ 13,267,258
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	81.23%	79.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%
<i>Ohio Police and Fire Pension Fund (OPF)</i>		
City's Proportion of the Net OPEB Liability	0.458334%	0.460827%
City's Proportionate Share of the Net OPEB Liability	\$ 25,968,579	\$ 21,874,398
City's Covered Payroll	\$ 10,032,051	\$ 9,969,898
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	258.86%	219.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	14.13%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

City of Shaker Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Last Ten Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 0	\$ 130,888	\$ 265,345	n/a
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>(130,888)</u>	<u>(265,345)</u>	n/a
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	n/a
City's Covered Payroll (1)	\$ 12,399,114	\$ 13,088,757	\$ 13,267,258	n/a
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%	n/a
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 51,006	\$ 50,160	\$ 49,850	\$ 48,930
Contributions in Relation to the Contractually Required Contribution	<u>(51,006)</u>	<u>(50,160)</u>	<u>(49,850)</u>	<u>(48,930)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 10,201,281	\$ 10,032,051	\$ 9,969,898	\$ 9,785,692
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan

See accompanying notes to the required supplementary information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</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
\$ 50,161	\$ 352,859	\$ 656,563	\$ 684,484	\$ 688,071	\$ 709,827
<u>(50,161)</u>	<u>(352,859)</u>	<u>(656,563)</u>	<u>(684,484)</u>	<u>(688,071)</u>	<u>(709,827)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 9,926,202	\$ 9,919,601	\$ 9,860,569	\$ 10,264,580	\$ 10,334,641	\$ 10,700,066
0.50%	3.56%	6.66%	6.67%	6.66%	6.63%

See accompanying notes to the required supplementary information.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Note 1 - Net Pension Liability

Changes in Assumptions – OPERS

Amounts reported in calendar year 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00 percent to 7.50 percent
- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Assumptions – OP&F

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

Note 2 - Net OPEB Liability

Changes in Assumptions - OPERS

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OP&F

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

**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 within 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. When the 2016 grant is expended, the City will no longer be fiscal agent for HIDTA.

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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,648,457	\$ 3,106,512	\$ 8,754,969
Accounts Receivable	320,746	0	320,746
Intergovernmental Receivable	588,320	0	588,320
Taxes Receivable	447,490	0	447,490
Revenue in Lieu of Taxes Receivable	0	924,245	924,245
Special Assessments Receivable	2,415,670	0	2,415,670
Interfund Receivable	99,986	0	99,986
<i>Total Assets</i>	<u>\$ 9,520,669</u>	<u>\$ 4,030,757</u>	<u>\$ 13,551,426</u>
Liabilities			
Accounts Payable	\$ 239,105	\$ 0	\$ 239,105
Accrued Wages and Benefits	436,152	0	436,152
Interfund Payable	99,986	0	99,986
Notes Payable	0	200,000	200,000
<i>Total Liabilities</i>	<u>775,243</u>	<u>200,000</u>	<u>975,243</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	411,794	0	411,794
Payment in Lieu of Taxes	0	924,245	924,245
Unavailable Revenue	3,028,697	0	3,028,697
<i>Total Deferred Inflows of Resources</i>	<u>3,440,491</u>	<u>924,245</u>	<u>4,364,736</u>
Fund Balances			
Restricted	4,205,439	0	4,205,439
Committed	1,176,349	2,906,512	4,082,861
Unassigned	(76,853)	0	(76,853)
<i>Total Fund Balances</i>	<u>5,304,935</u>	<u>2,906,512</u>	<u>8,211,447</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 9,520,669</u>	<u>\$ 4,030,757</u>	<u>\$ 13,551,426</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, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$ 405,558	\$ 0	\$ 405,558
Special Assessments	1,328,597	0	1,328,597
Charges for Services	1,033,789	0	1,033,789
Fines and Forfeitures	252,574	0	252,574
Intergovernmental	1,184,155	0	1,184,155
Investment Earnings	91,030	0	91,030
Revenue in Lieu of Taxes	0	1,612,192	1,612,192
Other Revenues	5,500	0	5,500
<i>Total Revenues</i>	<u>4,301,203</u>	<u>1,612,192</u>	<u>5,913,395</u>
Expenditures			
Current:			
General Government:			
Legislative and Executive	15,453	40,423	55,876
Judicial System	149,226	0	149,226
Security of Persons and Property:			
Police	1,215,708	0	1,215,708
Fire	1,149,476	0	1,149,476
Other	727,316	0	727,316
Housing and Community Development	755,433	0	755,433
Sanitation and Sewer Services	1,200,499	0	1,200,499
Transportation	121,896	0	121,896
Street Maintenance and Repair	1,285,842	0	1,285,842
Debt Service:			
Principal Retirement	71,357	3,485,994	3,557,351
Interest and Fiscal Charges	7,104	789,293	796,397
<i>Total Expenditures</i>	<u>6,699,310</u>	<u>4,315,710</u>	<u>11,015,020</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,398,107)</u>	<u>(2,703,518)</u>	<u>(5,101,625)</u>
Other Financing Sources (Uses)			
Issuance of Notes Payable	0	1,600,000 *	1,600,000
Premium on Debt Issuance	0	17,640	17,640
Transfers In	2,796,403	1,685,664	4,482,067
<i>Total Other Financing Sources (Uses)</i>	<u>2,796,403</u>	<u>3,303,304</u>	<u>6,099,707</u>
<i>Net Change in Fund Balance</i>	398,296	599,786	998,082
<i>Fund Balance Beginning of Year</i>	<u>4,906,639</u>	<u>2,306,726</u>	<u>7,213,365</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,304,935</u>	<u>\$ 2,906,512</u>	<u>\$ 8,211,447</u>

* See page 14 for details on Bond Anticipation Note.

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	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	\$ 554,662	\$ 193,787	\$ 988,344	\$ 795,931	\$ 458,747
Accounts Receivable	0	0	314,231	0	0
Intergovernmental Receivable	429,542	28,522	5,500	14,434	14,434
Taxes Receivable	0	0	0	223,745	223,745
Special Assessments Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 984,204</u>	<u>\$ 222,309</u>	<u>\$ 1,308,075</u>	<u>\$ 1,034,110</u>	<u>\$ 696,926</u>
Liabilities					
Accounts Payable	\$ 5,868	\$ 1,981	\$ 87,077	\$ 0	\$ 0
Accrued Wages and Benefits	21,903	0	5,013	208,790	192,832
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>27,771</u>	<u>1,981</u>	<u>92,090</u>	<u>208,790</u>	<u>192,832</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	205,897	205,897
Unavailable Revenue	280,057	18,456	166,582	32,282	32,282
<i>Total Deferred Inflows of Resources</i>	<u>280,057</u>	<u>18,456</u>	<u>166,582</u>	<u>238,179</u>	<u>238,179</u>
Fund Balance					
Restricted	676,376	201,872	0	587,141	265,915
Committed	0	0	1,049,403	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>676,376</u>	<u>201,872</u>	<u>1,049,403</u>	<u>587,141</u>	<u>265,915</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 984,204</u>	<u>\$ 222,309</u>	<u>\$ 1,308,075</u>	<u>\$ 1,034,110</u>	<u>\$ 696,926</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	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	\$ 79,395	\$ 156,821	\$ 559,459	\$ 81,189	\$ 43,484
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	1,356	3,056	8,259	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>\$ 80,751</u>	<u>\$ 159,877</u>	<u>\$ 567,718</u>	<u>\$ 81,189</u>	<u>\$ 43,484</u>
Liabilities					
Accounts Payable	\$ 4,123	\$ 425	\$ 1,981	\$ 0	\$ 615
Accrued Wages and Benefits	0	355	0	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>4,123</u>	<u>780</u>	<u>1,981</u>	<u>0</u>	<u>615</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	76,628	159,097	565,737	81,189	42,869
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>76,628</u>	<u>159,097</u>	<u>565,737</u>	<u>81,189</u>	<u>42,869</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 80,751</u>	<u>\$ 159,877</u>	<u>\$ 567,718</u>	<u>\$ 81,189</u>	<u>\$ 43,484</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	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	\$ 23,706	\$ 88,920	\$ 41,557	\$ 23,133	\$ 134,906
Accounts Receivable	0	0	0	0	6,515
Intergovernmental Receivable	500	2,017	799	76,853	0
Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	880,319
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 24,206</u>	<u>\$ 90,937</u>	<u>\$ 42,356</u>	<u>\$ 99,986</u>	<u>\$ 1,021,740</u>
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,960
Accrued Wages and Benefits	0	465	0	0	0
Interfund Payable	0	0	0	99,986	0
<i>Total Liabilities</i>	<u>0</u>	<u>465</u>	<u>0</u>	<u>99,986</u>	<u>7,960</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	0	0
Unavailable Revenue	0	0	0	76,853	886,834
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,853</u>	<u>886,834</u>
Fund Balance					
Restricted	24,206	90,472	42,356	0	0
Committed	0	0	0	0	126,946
Unassigned	0	0	0	(76,853)	0
<i>Total Fund Balance</i>	<u>24,206</u>	<u>90,472</u>	<u>42,356</u>	<u>(76,853)</u>	<u>126,946</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 24,206</u>	<u>\$ 90,937</u>	<u>\$ 42,356</u>	<u>\$ 99,986</u>	<u>\$ 1,021,740</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	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	\$ 18,452	\$ 176,182	\$ 379,974	\$ 849,808	\$ 5,648,457
Accounts Receivable	0	0	0	0	320,746
Intergovernmental Receivable	805	0	0	2,243	588,320
Taxes Receivable	0	0	0	0	447,490
Special Assessments Receivable	0	663,616	871,735	0	2,415,670
Interfund Receivable	0	0	0	99,986	99,986
<i>Total Assets</i>	<u>\$ 19,257</u>	<u>\$ 839,798</u>	<u>\$ 1,251,709</u>	<u>\$ 952,037</u>	<u>\$ 9,520,669</u>
Liabilities					
Accounts Payable	\$ 0	\$ 59,376	\$ 66,022	\$ 3,677	\$ 239,105
Accrued Wages and Benefits	0	0	6,794	0	436,152
Interfund Payable	0	0	0	0	99,986
<i>Total Liabilities</i>	<u>0</u>	<u>59,376</u>	<u>72,816</u>	<u>3,677</u>	<u>775,243</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	0	411,794
Unavailable Revenue	0	663,616	871,735	0	3,028,697
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>663,616</u>	<u>871,735</u>	<u>0</u>	<u>3,440,491</u>
Fund Balance					
Restricted	19,257	116,806	307,158	948,360	4,205,439
Committed	0	0	0	0	1,176,349
Unassigned	0	0	0	0	(76,853)
<i>Total Fund Balance</i>	<u>19,257</u>	<u>116,806</u>	<u>307,158</u>	<u>948,360</u>	<u>5,304,935</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 19,257</u>	<u>\$ 839,798</u>	<u>\$ 1,251,709</u>	<u>\$ 952,037</u>	<u>\$ 9,520,669</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, 2018

	Street Maintenance and Repair Fund	State Highway Fund	Sewer Maintenance Fund	Police Pension Fund	Fire Pension Fund
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 202,779	\$ 202,779
Special Assessments	0	0	0	0	0
Charges for Services	0	0	1,019,713	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	977,181	67,270	0	28,893	28,893
Investment Earnings	4,897	2,593	53,908	0	0
Other Revenues	0	0	5,500	0	0
<i>Total Revenues</i>	<u>982,078</u>	<u>69,863</u>	<u>1,079,121</u>	<u>231,672</u>	<u>231,672</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	0
Judicial System	0	0	0	0	0
Security of Persons and Property:					
Police	0	0	0	1,065,589	0
Fire	0	0	0	0	1,149,476
Other	0	0	0	0	0
Housing and Community Development	0	0	0	0	0
Sanitation and Sewer Services	0	0	1,200,499	0	0
Transportation	121,896	0	0	0	0
Street Maintenance and Repair	1,226,790	59,052	0	0	0
Debt Service:					
Principal Retirement	0	0	71,357	0	0
Interest and Fiscal Charges	0	0	7,104	0	0
<i>Total Expenditures</i>	<u>1,348,686</u>	<u>59,052</u>	<u>1,278,960</u>	<u>1,065,589</u>	<u>1,149,476</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(366,608)	10,811	(199,839)	(833,917)	(917,804)
Other Financing Sources (Uses)					
Transfers In	400,000	0	502,000	803,094	826,309
<i>Net Change in Fund Balance</i>	33,392	10,811	302,161	(30,823)	(91,495)
<i>Fund Balance Beginning of Year</i>	<u>642,984</u>	<u>191,061</u>	<u>747,242</u>	<u>617,964</u>	<u>357,410</u>
<i>Fund Balance End of Year</i>	<u>\$ 676,376</u>	<u>\$ 201,872</u>	<u>\$ 1,049,403</u>	<u>\$ 587,141</u>	<u>\$ 265,915</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, 2018

	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
Fines and Forfeitures	19,047	28,445	87,134	0	0
Intergovernmental	0	0	0	0	0
Investment Earnings	1,044	2,179	7,759	1,513	695
Other Revenues	0	0	0	0	0
<i>Total Revenues</i>	<u>20,091</u>	<u>30,624</u>	<u>94,893</u>	<u>1,513</u>	<u>695</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	15,453
Judicial System	10,289	21,722	74,709	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	55,912	0
Sanitation and Sewer Services	0	0	0	0	0
Transportation	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>10,289</u>	<u>21,722</u>	<u>74,709</u>	<u>55,912</u>	<u>15,453</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	9,802	8,902	20,184	(54,399)	(14,758)
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balance</i>	9,802	8,902	20,184	(54,399)	(14,758)
<i>Fund Balance Beginning of Year</i>	<u>66,826</u>	<u>150,195</u>	<u>545,553</u>	<u>135,588</u>	<u>57,627</u>
<i>Fund Balance End of Year</i>	<u>\$ 76,628</u>	<u>\$ 159,097</u>	<u>\$ 565,737</u>	<u>\$ 81,189</u>	<u>\$ 42,869</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, 2018

	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	0
Charges for Services	360	0	0	0	13,716
Fines and Forfeitures	0	33,356	8,107	0	0
Intergovernmental	8,500	0	0	73,418	0
Investment Earnings	313	1,215	556	0	1,948
Other Revenues	0	0	0	0	0
<i>Total Revenues</i>	<u>9,173</u>	<u>34,571</u>	<u>8,663</u>	<u>73,418</u>	<u>15,664</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	0
Judicial System	0	24,028	4,372	0	0
Security of Persons and Property:					
Police	2,835	0	0	60,453	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Housing and Community Development	0	0	0	0	24,918
Sanitation and Sewer Services	0	0	0	0	0
Transportation	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>2,835</u>	<u>24,028</u>	<u>4,372</u>	<u>60,453</u>	<u>24,918</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	6,338	10,543	4,291	12,965	(9,254)
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balance</i>	6,338	10,543	4,291	12,965	(9,254)
<i>Fund Balance Beginning of Year</i>	<u>17,868</u>	<u>79,929</u>	<u>38,065</u>	<u>(89,818)</u>	<u>136,200</u>
<i>Fund Balance End of Year</i>	<u>\$ 24,206</u>	<u>\$ 90,472</u>	<u>\$ 42,356</u>	<u>\$ (76,853)</u>	<u>\$ 126,946</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, 2018

	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	\$ 405,558
Special Assessments	0	573,327	755,270	0	1,328,597
Charges for Services	0	0	0	0	1,033,789
Fines and Forfeitures	14,316	0	0	62,169	252,574
Intergovernmental	0	0	0	0	1,184,155
Investment Earnings	250	0	0	12,160	91,030
Other Revenues	0	0	0	0	5,500
<i>Total Revenues</i>	<u>14,566</u>	<u>573,327</u>	<u>755,270</u>	<u>74,329</u>	<u>4,301,203</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	15,453
Judicial System	14,106	0	0	0	149,226
Security of Persons and Property:					
Police	0	0	0	86,831	1,215,708
Fire	0	0	0	0	1,149,476
Other	0	727,316	0	0	727,316
Housing and Community Development	0	0	674,603	0	755,433
Sanitation and Sewer Services	0	0	0	0	1,200,499
Transportation	0	0	0	0	121,896
Street Maintenance and Repair	0	0	0	0	1,285,842
Debt Service:					
Principal Retirement	0	0	0	0	71,357
Interest and Fiscal Charges	0	0	0	0	7,104
<i>Total Expenditures</i>	<u>14,106</u>	<u>727,316</u>	<u>674,603</u>	<u>86,831</u>	<u>6,699,310</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	460	(153,989)	80,667	(12,502)	(2,398,107)
Other Financing Sources (Uses)					
Transfers In	0	265,000	0	0	2,796,403
<i>Net Change in Fund Balance</i>	460	111,011	80,667	(12,502)	398,296
<i>Fund Balance Beginning of Year</i>	<u>18,797</u>	<u>5,795</u>	<u>226,491</u>	<u>960,862</u>	<u>4,906,639</u>
<i>Fund Balance End of Year</i>	<u>\$ 19,257</u>	<u>\$ 116,806</u>	<u>\$ 307,158</u>	<u>\$ 948,360</u>	<u>\$ 5,304,935</u>

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 850,220	\$ 2,256,292	\$ 3,106,512
Revenue in Lieu of Taxes Receivable	0	924,245	924,245
<i>Total Assets</i>	<u>\$ 850,220</u>	<u>\$ 3,180,537</u>	<u>\$ 4,030,757</u>
Liabilities			
Notes Payable	\$ 200,000	\$ 0	\$ 200,000
Deferred Inflows of Resources			
Payment in Lieu of Taxes	0	924,245	924,245
Fund Balance			
Committed	650,220	2,256,292	2,906,512
<i>Total Fund Balance</i>	<u>650,220</u>	<u>2,256,292</u>	<u>2,906,512</u>
<i>Total Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 850,220</u>	<u>\$ 3,180,537</u>	<u>\$ 4,030,757</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, 2018

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
Revenues			
Revenue in Lieu of Taxes	\$ 0	\$ 1,612,192	\$ 1,612,192
Expenditures			
Current:			
General Government:			
Legislative and Executive	33,540	6,883	40,423
Debt Service:			
Principal Retirement	2,646,694	839,300	3,485,994
Interest and Fiscal Charges	335,771	453,522	789,293
<i>Total Expenditures</i>	<u>3,016,005</u>	<u>1,299,705</u>	<u>4,315,710</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,016,005)	312,487	(2,703,518)
Other Financing Sources (Uses)			
Issuance of Notes Payable	1,600,000 *	0	1,600,000
Premium on Debt Issuance	17,640	0	17,640
Transfers In	1,205,186	480,478	1,685,664
<i>Total Other Financing Sources (Uses)</i>	<u>2,822,826</u>	<u>480,478</u>	<u>3,303,304</u>
<i>Net Change in Fund Balance</i>	(193,179)	792,965	599,786
<i>Fund Balance Beginning of Year</i>	<u>843,399</u>	<u>1,463,327</u>	<u>2,306,726</u>
<i>Fund Balance End of Year</i>	<u>\$ 650,220</u>	<u>\$ 2,256,292</u>	<u>\$ 2,906,512</u>

* See page 14 for details on Bond Anticipation Note.

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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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 7,109,375	\$ 7,182,888	\$ 7,182,888	\$ 0
Municipal Income Taxes	34,494,635	34,947,210	33,721,082	(1,226,128)
Other Local Taxes	60,000	39,365	45,491	6,126
Charges for Services	3,296,221	3,500,014	5,067,020	1,567,006
Fees, Licenses and Permits	1,056,236	922,519	1,248,864	326,345
Fines and Forfeitures	550,050	450,050	496,038	45,988
Intergovernmental	756,190	749,194	865,223	116,029
Investment Earnings	300,000	413,833	734,208	320,375
Other Revenues	516,427	235,557	984,584	749,027
Total Revenues	48,139,134	48,440,630	50,345,398	1,904,768
Expenditures:				
Current:				
General Government:				
Legislative and Executive:				
Mayor's Office:				
Personal Services	212,776	212,776	210,042	2,734
Other	31,675	31,675	27,063	4,612
Total Mayor's Office	244,451	244,451	237,105	7,346
Council:				
Personal Services	142,342	142,342	141,066	1,276
Other	15,083	15,083	9,600	5,483
Total Council	157,425	157,425	150,666	6,759
Chief Administrative Officer:				
Personal Services	231,976	231,976	229,001	2,975
Other	13,979	13,979	9,520	4,459
Total Chief Administrative Officer	245,955	245,955	238,521	7,434
Information Technology:				
Personal Services	441,856	443,856	441,610	2,246
Other	140,597	140,597	136,913	3,684
Total Information Technology	582,453	584,453	578,523	5,930
Contract Charges and Statutory Expenses:				
Personal Services	95,978	105,978	103,578	2,400
Other	1,741,166	1,731,166	1,688,142	43,024
Total Contract Charges and Statutory Expenses	1,837,144	1,837,144	1,791,720	45,424
Legal Administration:				
Personal Services	599,143	604,143	601,240	2,903
Other	113,050	113,050	106,738	6,312
Total Legal Administration	712,193	717,193	707,978	9,215
Finance:				
Personal Services	651,617	671,617	662,367	9,250
Other	169,120	174,120	169,062	5,058
Total Finance	820,737	845,737	831,429	14,308

(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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Human Resources:				
Personal Services	249,327	249,327	247,538	1,789
Other	198,575	203,602	151,475	52,127
Total Human Resources	<u>447,902</u>	<u>452,929</u>	<u>399,013</u>	<u>53,916</u>
Total Legislative and Executive	<u>5,048,260</u>	<u>5,085,287</u>	<u>4,934,955</u>	<u>150,332</u>
Judicial System:				
Personal Services	2,207,591	2,207,591	2,036,933	170,658
Other	102,463	102,463	93,928	8,535
Total Judicial System	<u>2,310,054</u>	<u>2,310,054</u>	<u>2,130,861</u>	<u>179,193</u>
Total General Government	<u>7,358,314</u>	<u>7,395,341</u>	<u>7,065,816</u>	<u>329,525</u>
Security of Persons and Property:				
Police:				
Personal Services	8,816,595	8,633,595	8,138,549	495,046
Other	1,834,099	1,834,099	1,584,354	249,745
Total Police	<u>10,650,694</u>	<u>10,467,694</u>	<u>9,722,903</u>	<u>744,791</u>
Fire:				
Personal Services	6,048,645	6,108,645	6,084,071	24,574
Other	596,093	623,263	595,685	27,578
Total Fire	<u>6,644,738</u>	<u>6,731,908</u>	<u>6,679,756</u>	<u>52,152</u>
Other:				
Other	67,393	80,393	76,400	3,993
Total Other	<u>67,393</u>	<u>80,393</u>	<u>76,400</u>	<u>3,993</u>
Total Security of Persons and Property	<u>17,362,825</u>	<u>17,279,995</u>	<u>16,479,059</u>	<u>800,936</u>
Leisure Time Activities:				
Culture and Recreation:				
Personal Services	2,332,950	2,332,950	2,246,903	86,047
Other	1,028,058	1,028,058	979,424	48,634
Total Culture and Recreation	<u>3,361,008</u>	<u>3,361,008</u>	<u>3,226,327</u>	<u>134,681</u>
Parks and Public Lands Maintenance:				
Personal Services	778,620	627,396	578,894	48,502
Other	421,783	427,783	408,629	19,154
Total Parks and Public Lands Maintenance	<u>1,200,403</u>	<u>1,055,179</u>	<u>987,523</u>	<u>67,656</u>
Total Leisure Time Activities:	<u>4,561,411</u>	<u>4,416,187</u>	<u>4,213,850</u>	<u>202,337</u>
Housing and Community Development:				
Building & Housing Inspection:				
Personal Services	1,335,736	1,340,736	1,334,122	6,614
Other	201,201	201,201	148,151	53,050
Total Building & Housing Inspection	<u>1,536,937</u>	<u>1,541,937</u>	<u>1,482,273</u>	<u>59,664</u>
Planning and Development:				
Personal Services	536,218	536,218	504,128	32,090
Other	221,435	221,435	82,806	138,629
Total Planning and Development	<u>757,653</u>	<u>757,653</u>	<u>586,934</u>	<u>170,719</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Neighborhood Revitalization:				
Personal Services	153,793	153,793	152,188	1,605
Other	108,429	108,429	27,494	80,935
Total Neighborhood Revitalization	<u>262,222</u>	<u>262,222</u>	<u>179,682</u>	<u>82,540</u>
Economic Development:				
Personal Services	269,253	269,253	169,841	99,412
Other	726,854	1,680,688	1,382,018	298,670
Total Economic Development	<u>996,107</u>	<u>1,949,941</u>	<u>1,551,859</u>	<u>398,082</u>
Community Life:				
Personal Services	304,516	324,516	317,372	7,144
Other	156,513	156,513	151,489	5,024
Total Community Life	<u>461,029</u>	<u>481,029</u>	<u>468,861</u>	<u>12,168</u>
Communications and Marketing:				
Personal Services	339,985	345,985	343,785	2,200
Other	471,745	471,745	434,262	37,483
Total Communications and Outreach	<u>811,730</u>	<u>817,730</u>	<u>778,047</u>	<u>39,683</u>
Tree Maintenance and Leaf Collection:				
Personal Services	275,337	326,537	326,142	395
Other	195,993	198,164	172,819	25,345
Total Tree Maintenance and Leaf Collection	<u>471,330</u>	<u>524,701</u>	<u>498,961</u>	<u>25,740</u>
Total Housing and Community Development	<u>5,297,008</u>	<u>6,335,213</u>	<u>5,546,617</u>	<u>788,596</u>
Sanitation and Sewer Services:				
Sewer Maintenance:				
Other	46,351	46,351	41,065	5,286
Refuse Collection and Disposal:				
Personal Services	1,104,959	1,256,959	1,256,498	461
Other	961,806	954,306	952,111	2,195
Total Refuse Collection and Disposal	<u>2,066,765</u>	<u>2,211,265</u>	<u>2,208,609</u>	<u>2,656</u>
Solid Waste Recycling:				
Personal Services	96,595	136,595	136,237	358
Other	24,677	31,037	30,631	406
Total Solid Waste Recycling	<u>121,272</u>	<u>167,632</u>	<u>166,868</u>	<u>764</u>
Brush Collection and Disposal:				
Personal Services	406,779	443,179	442,960	219
Other	298,879	304,679	304,064	615
Total Brush Collection and Disposal	<u>705,658</u>	<u>747,858</u>	<u>747,024</u>	<u>834</u>
Total Sanitation and Sewer Services	<u>2,940,046</u>	<u>3,173,106</u>	<u>3,163,566</u>	<u>9,540</u>
Street Maintenance and Repair:				
Personal Services	383,196	337,084	332,083	5,001
Other	479,200	519,425	511,384	8,041
Total Street Maintenance and Repair	<u>862,396</u>	<u>856,509</u>	<u>843,467</u>	<u>13,042</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Works - Other:				
Public Works Administration:				
Personal Services	665,688	665,924	664,431	1,493
Other	81,543	80,247	52,943	27,304
Total Public Works Administration	<u>747,231</u>	<u>746,171</u>	<u>717,374</u>	<u>28,797</u>
Public Building Maintenance:				
Personal Services	672,095	649,595	638,821	10,774
Other	994,994	930,234	791,264	138,970
Total Public Building Maintenance	<u>1,667,089</u>	<u>1,579,829</u>	<u>1,430,085</u>	<u>149,744</u>
Total Public Works - Other	<u>2,414,320</u>	<u>2,326,000</u>	<u>2,147,459</u>	<u>178,541</u>
Total Expenditures	<u>40,796,320</u>	<u>41,782,351</u>	<u>39,459,834</u>	<u>2,322,517</u>
Excess of Revenues Over (Under) Expenditures	<u>7,342,814</u>	<u>6,658,279</u>	<u>10,885,564</u>	<u>4,227,285</u>
Other Financing Sources (Uses):				
Advances - In	0	0	96,000	96,000
Advances - Out	0	(195,000)	(110,000)	85,000
Transfers - Out	(9,812,067)	(10,746,067)	(10,746,067)	0
Total Other Financing Sources (Uses)	<u>(9,812,067)</u>	<u>(10,941,067)</u>	<u>(10,760,067)</u>	<u>181,000</u>
Net Change in Fund Balance	(2,469,253)	(4,282,788)	125,497	4,408,285
Beginning Cash Fund Balance	22,965,350	22,965,350	22,965,350	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(325,561)	(325,561)	(325,561)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(1,238,695)</u>	<u>(1,238,695)</u>	<u>(1,238,695)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 18,931,841</u>	<u>\$ 17,118,306</u>	21,526,591	<u>\$ 4,408,285</u>
Reserved for Encumbrances - All Budget Years			<u>1,991,858</u>	
Total Cash Fund Balance - December 31			<u>\$ 23,518,449</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 851,651	\$ 851,651	\$ 835,952	\$ (15,699)
Other Revenues	37,360	37,360	44,417	7,057
Total Revenue	<u>889,011</u>	<u>889,011</u>	<u>880,369</u>	<u>(8,642)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	21,870	21,870	16,594	5,276
Public Works - Other	901,539	901,539	749,630	151,909
General Government:				
Legislative and Executive	7,500	7,500	5,173	2,327
Total Expenditures	<u>930,909</u>	<u>930,909</u>	<u>771,397</u>	<u>159,512</u>
Operating Income (Loss)	<u>(41,898)</u>	<u>(41,898)</u>	<u>108,972</u>	<u>(168,154)</u>
Net Change in Fund Balance	(41,898)	(41,898)	108,972	150,870
Beginning Cash Fund Balance	379,417	379,417	379,417	0
Prior Year's Reserve For Encumbrances				
Outstanding At December 31	(707)	(707)	(707)	0
Current Year Cash Expenditures Against Prior				
Year's Cash Fund Balance Reserved				
For Encumbrance	<u>(79,861)</u>	<u>(79,861)</u>	<u>(79,861)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 256,951</u>	<u>\$ 256,951</u>	407,821	<u>\$ 150,870</u>
Reserved for Encumbrances - All Budget Years			<u>85,199</u>	
Total Cash Fund Balance - December 31			<u>\$ 493,020</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 Maintenance and Repair Fund
For the Year Ended December 31, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State Levied Shared Taxes	\$ 1,063,204	\$ 834,094	\$ (229,110)
Intergovernmental	150,000	161,405	11,405
Investment Earnings	250	4,897	4,647
Total Revenues	<u>1,213,454</u>	<u>1,000,396</u>	<u>(213,058)</u>
Expenditures:			
Current:			
Street Maintenance and Repair	<u>1,484,473</u>	<u>1,363,210</u>	<u>121,263</u>
Excess of Revenues Over (Under) Expenditures	(271,019)	(362,814)	(91,795)
Other Financing Sources (Uses):			
Transfers - In	<u>400,000</u>	<u>400,000</u>	<u>0</u>
Net Change in Fund Balance	128,981	37,186	(91,795)
Beginning Cash Fund Balance	505,476	505,476	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(236)	(236)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(39,136)</u>	<u>(39,136)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 595,085</u>	503,290	<u>\$ (91,795)</u>
Reserved for Encumbrances - All Budget Years		<u>51,372</u>	
Total Cash Fund Balance - December 31		<u>\$ 554,662</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State Levied Shared Taxes	\$ 69,418	\$ 67,629	\$ (1,789)
Investment Earnings	110	2,593	2,483
Total Revenues	<u>69,528</u>	<u>70,222</u>	<u>694</u>
Expenditures:			
Current:			
Street Maintenance and Repair	<u>54,480</u>	<u>30,365</u>	<u>24,115</u>
Net Change in Fund Balance	15,048	39,857	24,809
Beginning Cash Fund Balance	188,374	188,374	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(34,564)</u>	<u>(34,564)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 168,858</u>	193,667	<u>\$ 24,809</u>
Reserved for Encumbrances - All Budget Years		<u>120</u>	
Total Cash Fund Balance - December 31		<u>\$ 193,787</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,049,700	\$ 1,022,548	\$ (27,152)
Investment Earnings	125	53,908	53,783
Other Revenues	0	5,500	5,500
Total Revenues	<u>1,049,825</u>	<u>1,081,956</u>	<u>32,131</u>
Expenditures:			
Current:			
Sanitation and Sewer Services	<u>1,387,591</u>	<u>1,296,936</u>	<u>90,655</u>
Excess of Revenues Over (Under) Expenditures	(337,766)	(214,980)	122,786
Other Financing Sources (Uses):			
Transfers - In	<u>502,000</u>	<u>502,000</u>	<u>0</u>
Net Change in Fund Balance	164,234	287,020	122,786
Beginning Cash Fund Balance	711,966	711,966	0
Prior Year's Reserve For Encumbrances			
Outstanding At December 31	(68,608)	(68,608)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(141,673)</u>	<u>(141,673)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 665,919</u>	788,705	<u>\$ 122,786</u>
Reserved for Encumbrances - All Budget Years		<u>199,639</u>	
Total Cash Fund Balance - December 31		<u>\$ 988,344</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 394,367	\$ 231,672	\$ (162,695)
Expenditures:			
Current:			
Security of Persons and Property - Police	1,182,616	1,057,217	125,399
Excess of Revenues Over (Under) Expenditures	(788,249)	(825,545)	(37,296)
Other Financing Sources (Uses):			
Transfers - In	803,094	803,094	0
Net Change in Fund Balance	14,845	(22,451)	(37,296)
Beginning Cash Fund Balance	818,382	818,382	0
Total Cash Fund Balance - December 31	\$ 833,227	\$ 795,931	\$ (37,296)

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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 275,012	\$ 231,672	\$ (43,340)
Expenditures:			
Current:			
Security of Persons and Property - Fire	1,155,681	1,147,433	8,248
Excess of Revenues Over (Under) Expenditures	(880,669)	(915,761)	(35,092)
Other Financing Sources (Uses):			
Transfers - In	826,309	826,309	0
Net Change in Fund Balance	(54,360)	(89,452)	(35,092)
Beginning Cash Fund Balance	548,199	548,199	0
Total Cash Fund Balance - December 31	\$ 493,839	\$ 458,747	\$ (35,092)

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 22,550	\$ 18,616	\$ (3,934)
Investment Earnings	50	1,043	993
Total Revenues	<u>22,600</u>	<u>19,659</u>	<u>(2,941)</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>45,358</u>	<u>11,060</u>	<u>34,298</u>
Net Change in Fund Balance	(22,758)	8,599	31,357
Beginning Cash Fund Balance	67,963	67,963	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(2,633)</u>	<u>(2,633)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 42,572</u>	73,929	<u>\$ 31,357</u>
Reserved for Encumbrances - All Budget Years		<u>5,466</u>	
Total Cash Fund Balance - December 31		<u>\$ 79,395</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 26,150	\$ 27,143	\$ 993
Investment Earnings	100	2,179	2,079
Total Revenues	<u>26,250</u>	<u>29,322</u>	<u>3,072</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>75,044</u>	<u>24,946</u>	<u>50,098</u>
Net Change in Fund Balance	(48,794)	4,376	53,170
Beginning Cash Fund Balance	<u>148,441</u>	<u>148,441</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 99,647</u>	152,817	<u>\$ 53,170</u>
Reserved for Encumbrances - All Budget Years		<u>4,004</u>	
Total Cash Fund Balance - December 31		<u>\$ 156,821</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 85,400	\$ 84,273	\$ (1,127)
Investment Earnings	300	7,759	7,459
Total Revenues	<u>85,700</u>	<u>92,032</u>	<u>6,332</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>227,855</u>	<u>75,660</u>	<u>152,195</u>
Net Change in Fund Balance	(142,155)	16,372	158,527
Beginning Cash Fund Balance	542,049	542,049	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(8,100)</u>	<u>(8,100)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 391,794</u>	550,321	<u>\$ 158,527</u>
Reserved for Encumbrances - All Budget Years		<u>9,138</u>	
Total Cash Fund Balance - December 31		<u>\$ 559,459</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 59,000	\$ 1,513	\$ (57,487)
Expenditures:			
Current:			
Housing and Community Development	26,351	8,998	17,353
Net Change in Fund Balance	32,649	(7,485)	(40,134)
Beginning Cash Fund Balance	135,588	135,588	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(17,550)	(17,550)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(46,914)	(46,914)	0
Ending Unreserved Cash Fund Balance	\$ 103,773	63,639	\$ (40,134)
Reserved for Encumbrances - All Budget Years		17,550	
Total Cash Fund Balance - December 31		\$ 81,189	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 34,985	\$ 0	\$ (34,985)
Investment Earnings	15	695	680
Total Revenues	<u>35,000</u>	<u>695</u>	<u>(34,305)</u>
Expenditures:			
Current:			
General Government:			
Legislative and Executive	<u>24,074</u>	<u>15,736</u>	<u>8,338</u>
Net Change in Fund Balance	10,926	(15,041)	(25,967)
Beginning Cash Fund Balance	<u>57,627</u>	<u>57,627</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 68,553</u>	42,586	<u>\$ (25,967)</u>
Reserved for Encumbrances - All Budget Years		<u>898</u>	
Total Cash Fund Balance - December 31		<u>\$ 43,484</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Law Enforcement Grants Fund
For the Year Ended December 31, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 7,150	\$ 8,000	\$ 850
Charges for Services	1,200	360	(840)
Investment Earnings	0	313	313
Total Revenues	8,350	8,673	323
Expenditures:			
Current:			
Security of Persons and Property - Police	13,624	3,076	10,548
Net Change in Fund Balance	(5,274)	5,597	10,871
Beginning Cash Fund Balance	17,868	17,868	0
Total Cash Fund Balance - December 31	\$ 12,594	23,465	\$ 10,871
Reserved for Encumbrances - All Budget Years		241	
Total Cash Fund Balance - December 31		\$ 23,706	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 25,310	\$ 33,849	\$ 8,539
Investment Earnings	40	1,215	1,175
Total Revenues	<u>25,350</u>	<u>35,064</u>	<u>9,714</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>24,418</u>	<u>23,563</u>	<u>855</u>
Excess of Revenues Over (Under) Expenditures	<u>932</u>	<u>11,501</u>	<u>10,569</u>
Net Change in Fund Balance	932	11,501	10,569
Beginning Cash Fund Balance	<u>77,419</u>	<u>77,419</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 78,351</u>	<u>\$ 88,920</u>	<u>\$ 10,569</u>

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 8,500	\$ 7,800	\$ (700)
Investment Earnings	500	556	56
Total Revenues	<u>9,000</u>	<u>8,356</u>	<u>(644)</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>9,608</u>	<u>4,372</u>	<u>5,236</u>
Net Change in Fund Balance	(608)	3,984	4,592
Beginning Cash Fund Balance	<u>37,573</u>	<u>37,573</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 36,965</u>	<u>\$ 41,557</u>	<u>\$ 4,592</u>

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 120,000	\$ 94,246	\$ (25,754)
Expenditures:			
Current:			
Security of Persons and Property - Police	140,000	94,244	45,756
Net Change in Fund Balance	(20,000)	2	20,002
Beginning Cash Fund Balance	23,131	23,131	0
Total Cash Fund Balance - December 31	<u>\$ 3,131</u>	23,133	<u>\$ 20,002</u>
Reserved for Encumbrances - All Budget Years		<u>0</u>	
Total Cash Fund Balance - December 31		<u>\$ 23,133</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Housing and Nuisance Abatement Fund
For the Year Ended December 31, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 0	\$ 13,716	\$ 13,716
Investment Earnings	0	1,948	1,948
Total Revenues	0	15,664	15,664
Expenditures:			
Current:			
Housing and Community Development	50,000	24,600	25,400
Excess of Revenues Over(Under) Expenditures	(50,000)	(8,936)	41,064
Net Change in Fund Balance	(50,000)	(8,936)	41,064
Beginning Cash Fund Balance	136,200	136,200	0
Ending Unreserved Cash Fund Balance	\$ 86,200	127,264	\$ 41,064
Reserved for Encumbrances - All Budget Years		7,642	
Total Cash Fund Balance - December 31		\$ 134,906	

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Indigent Driver Interlock Device Fund
For the Year Ended December 31, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 12,500	\$ 14,704	\$ 2,204
Investment Earnings	10	250	240
Other Revenues	0	0	0
Total Revenues	12,510	14,954	2,444
Expenditures:			
Current:			
General Government:			
Judicial System	15,000	15,000	0
Excess of Revenues Over (Under) Expenditures	(2,490)	(46)	2,444
Net Change in Fund Balance	(2,490)	(46)	2,444
Beginning Cash Fund Balance	17,604	17,604	0
Total Cash Fund Balance - December 31	\$ 15,114	17,558	\$ 2,444
Reserved for Encumbrances - All Budget Years		894	
Total Cash Fund Balance - December 31		\$ 18,452	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 570,000	\$ 573,327	\$ 3,327
Expenditures:			
Current:			
Security of Persons and Property - Other	812,872	787,682	25,190
Excess of Revenues Over (Under) Expenditures	(242,872)	(214,355)	28,517
Other Financing Sources (Uses):			
Transfers - In	250,000	265,000	15,000
Net Change in Fund Balance	7,128	50,645	43,517
Beginning Cash Fund Balance	130,392	130,392	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(121,897)	(121,897)	0
Ending Unreserved Cash Fund Balance	<u>\$ 15,623</u>	59,140	<u>\$ 43,517</u>
Reserved for Encumbrances - All Budget Years		<u>117,042</u>	
Total Cash Fund Balance - December 31		<u>\$ 176,182</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 767,991	\$ 755,270	\$ (12,721)
Expenditures:			
Current:			
Housing and Community Development	777,896	723,955	53,941
Excess of Revenues Over (Under) Expenditures	(9,905)	31,315	41,220
Net Change in Fund Balance	(9,905)	31,315	41,220
Beginning Cash Fund Balance	277,358	277,358	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(22,258)	(22,258)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(40,045)	(40,045)	0
Ending Unreserved Cash Fund Balance	<u>\$ 205,150</u>	246,370	<u>\$ 41,220</u>
Reserved for Encumbrances - All Budget Years		<u>133,604</u>	
Total Cash Fund Balance - December 31		<u>\$ 379,974</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 0	\$ 12,160	\$ 12,160
Fines and Forfeitures	0	59,926	59,926
Total Revenues	0	72,086	72,086
Expenditures:			
Current:			
Security of Persons and Property - Police	273,501	94,663	178,838
Net Change in Fund Balance	(273,501)	(22,577)	250,924
Beginning Cash Fund Balance	865,388	865,388	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance			
	(4,670)	(4,670)	0
Total Cash Fund Balance - December 31	\$ 587,217	838,141	\$ 250,924
Reserved for Encumbrances - All Budget Years		11,667	
Total Cash Fund Balance - December 31		\$ 849,808	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures:			
Current:			
General Government:			
Legislative and Executive	\$ 29,000	\$ 36,040	\$ (7,040)
Debt Service:			
Principal Retirements	2,650,796	2,646,694	4,102
Interest and Fiscal Charges	341,892	336,890	5,002
Total Expenditures	<u>3,021,688</u>	<u>3,019,624</u>	<u>2,064</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,021,688)</u>	<u>(3,019,624)</u>	<u>2,064</u>
Other Financing Sources (Uses):			
Proceeds from the Sale of Notes	1,530,422	1,816,740	286,318
Transfers - In	1,205,186	1,205,186	0
Total Other Financing Sources (Uses)	<u>2,735,608</u>	<u>3,021,926</u>	<u>286,318</u>
Net Change in Fund Balance	(286,080)	2,302	288,382
Beginning Cash Fund Balance	<u>843,399</u>	<u>843,399</u>	<u>0</u>
Ending Cash Fund Balance	<u>\$ 557,319</u>	845,701	<u>\$ 288,382</u>
Reserved for Encumbrances - All Budget Years		<u>4,519</u>	
Total Cash Fund Balance - December 31		<u>\$ 850,220</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 1,353,700	\$ 1,612,192	\$ 258,492
Expenditures:			
Current:			
General Government:			
Legislative and Executive	9,000	6,883	2,117
Debt Service:			
Principal Retirements	839,300	839,300	0
Interest and Fiscal Charges	453,525	453,522	3
Total Expenditures	1,301,825	1,299,705	2,120
Excess of Revenues Over(Under) Expenditures	51,875	312,487	260,612
Other Financing Sources (Uses):			
Transfers - In	480,478	480,478	0
Net Change in Fund Balance	532,353	792,965	260,612
Beginning Cash Fund Balance	1,463,327	1,463,327	0
Total Cash Fund Balance - December 31	\$ 1,995,680	\$ 2,256,292	\$ 260,612

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other Revenues	\$ 934,619	\$ 766,135	\$ (168,484)
Expenses:			
Contractual Services	27,490	30,674	(3,184)
Materials and Supplies	818,698	769,710	48,988
Total Expenses	846,188	800,384	45,804
Operating Income (Loss)	88,431	(34,249)	(122,680)
Other Financing Sources (Uses):			
Transfers Out	(200,000)	(86,000)	114,000
Advances - In	110,000	110,000	0
Total Other Financing Sources (Uses)	(90,000)	24,000	(114,000)
Net Change in Fund Equity	(1,569)	(10,249)	(8,680)
Beginning Cash Fund Equity	76,827	76,827	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(2,772)	(2,772)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(53,443)	(53,443)	0
Ending Unreserved Cash Fund Equity	\$ 19,043	10,363	\$ (8,680)
Reserved for Encumbrances - All Budget Years		109,385	
Total Cash Fund Balance - December 31		\$ 119,748	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other Revenues	\$ 81,000	\$ 38,383	\$ (42,617)
Expenses:			
Contractual Services	46,000	32,177	13,823
Operating Income (Loss)	35,000	6,206	(28,794)
Other Financing Sources (Uses):			
Transfers Out	(35,000)	(10,000)	25,000
Net Change in Fund Equity	0	(3,794)	(3,794)
Beginning Cash Fund Equity	14,310	14,310	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(7,930)	(7,930)	0
Ending Unreserved Cash Fund Equity	\$ 6,380	2,586	\$ (3,794)
Reserved for Encumbrances - All Budget Years		6,373	
Total Cash Fund Balance - December 31		\$ 8,959	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other Revenues	\$ 1,220,554	\$ 1,064,668	\$ (155,886)
Expenses:			
Personal Services	919,233	753,980	165,253
Travel and Education	2,402	618	1,784
Contractual Services	305,960	273,492	32,468
Materials and Supplies	73,105	67,572	5,533
Total Expenditures	<u>1,300,700</u>	<u>1,095,662</u>	<u>205,038</u>
Operating Income (Loss)	(80,146)	(30,994)	(360,924)
Other Financing Sources (Uses)			
Transfers Out	(150,000)	0	150,000
Advances In	150,000	0	(150,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Equity	(80,146)	(30,994)	49,152
Beginning Cash Fund Equity	153,486	153,486	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(22,374)	(22,374)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(41,017)</u>	<u>(41,017)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 9,949</u>	59,101	<u>\$ 49,152</u>
Reserved for Encumbrances - All Budget Years		<u>94,386</u>	
Total Cash Fund Equity - December 31		<u>\$ 153,487</u>	

City of Shaker Heights
Cuyahoga County, Ohio
Statement 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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other Revenues	\$ 5,175,193	\$ 5,180,898	\$ 5,705
Expenses:			
Personal Services	87,044	86,424	620
Travel and Education	453	0	453
Contractual Services	5,841,050	5,739,376	101,674
Materials and Supplies	872	874	(2)
Other Expenditures	80,000	104,110	(24,110)
Total Expenditures	<u>6,009,419</u>	<u>5,930,784</u>	<u>78,635</u>
Operating Income (Loss)	(834,226)	(749,886)	84,340
Other Financing Sources (Uses):			
Transfers In	<u>945,000</u>	<u>945,000</u>	<u>0</u>
Net Change in Fund Equity	110,774	195,114	84,340
Beginning Cash Fund Equity	2,535,286	2,535,286	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(34,314)	(34,314)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(496,909)</u>	<u>(496,909)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 2,114,837</u>	2,199,177	<u>\$ 84,340</u>
Reserved for Encumbrances - All Budget Years		<u>646,517</u>	
Total Cash Fund Equity - December 31		<u>\$ 2,845,694</u>	

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, 2018

	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	\$ 119,748	\$ 8,959	\$ 153,487	\$ 2,845,694	\$ 3,127,888
Prepaid Items	0	0	0	51,242	51,242
Materials and Supplies Inventory	246,815	0	0	0	246,815
<i>Total Assets</i>	<u>366,563</u>	<u>8,959</u>	<u>153,487</u>	<u>2,896,936</u>	<u>3,425,945</u>
Deferred Outflows of Resources					
Pension	0	0	162,076	26,946	189,022
OPEB	0	0	31,296	8,827	40,123
<i>Total Deferred Outflows of Resources</i>	<u>0</u>	<u>0</u>	<u>193,372</u>	<u>35,773</u>	<u>229,145</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	96,649	3,036	19,311	137,312	256,308
Accrued Wages and Benefits	0	0	24,388	0	24,388
Interfund Payable	110,000	0	0	0	110,000
Compensated Absences Payable	0	0	7,766	0	7,766
Claims Payable	0	0	0	341,892	341,892
<i>Total Current Liabilities</i>	<u>206,649</u>	<u>3,036</u>	<u>51,465</u>	<u>479,204</u>	<u>740,354</u>
<i>Long-Term Liabilities:</i>					
Claims Payable - Net of Current Portion	0	0	0	232,256	232,256
Compensated Absences Payable - Net of Current Portion	0	0	122,364	0	122,364
Net Pension Liability	0	0	621,871	77,734	699,605
Net OPEB Liability	0	0	425,274	53,159	478,433
<i>Total Long-Term Liabilities</i>	<u>0</u>	<u>0</u>	<u>1,169,509</u>	<u>363,149</u>	<u>1,532,658</u>
<i>Total Liabilities</i>	<u>206,649</u>	<u>3,036</u>	<u>1,220,974</u>	<u>842,353</u>	<u>2,273,012</u>
Deferred Inflows of Resources					
Pension	0	0	160,778	18,495	179,273
OPEB	0	0	49,431	3,960	53,391
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>210,209</u>	<u>22,455</u>	<u>232,664</u>
Net Position					
Unrestricted	<u>\$ 159,914</u>	<u>\$ 5,923</u>	<u>\$ (1,084,324)</u>	<u>\$ 2,067,901</u>	<u>\$ 1,149,414</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, 2018*

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Totals
Operating Revenues					
Charges for Services	\$ 766,134	\$ 38,383	\$ 1,064,668	\$ 5,180,898	\$ 7,050,083
Operating Expenses					
Personal Services	0	0	828,570	103,615	932,185
Contractual Services	28,375	35,344	223,608	5,669,339	5,956,666
Materials and Supplies	727,713	0	80,723	442	808,878
Other	0	0	0	87,225	87,225
<i>Total Operating Expenses</i>	<u>756,088</u>	<u>35,344</u>	<u>1,132,901</u>	<u>5,860,621</u>	<u>7,784,954</u>
Operating Income (Loss)	10,046	3,039	(68,233)	(679,723)	(734,871)
Non-Operating Revenues (Expenses)					
Transfers In	0	0	0	945,000	945,000
<i>Change in Net Position</i>	10,046	3,039	(68,233)	265,277	210,129
<i>Net Position Beginning of Year (Restated)</i>	<u>149,868</u>	<u>2,884</u>	<u>(1,016,091)</u>	<u>1,802,624</u>	<u>939,285</u>
<i>Net Position End of Year</i>	<u>\$ 159,914</u>	<u>\$ 5,923</u>	<u>\$ (1,084,324)</u>	<u>\$ 2,067,901</u>	<u>\$ 1,149,414</u>

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended December 31, 2018

	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	\$ 766,134	\$ 38,383	\$ 1,064,668	\$ 5,180,898	\$ 7,050,083
Cash Payments for Goods and Services	(30,844)	(33,734)	(245,071)	(5,641,229)	(5,950,878)
Cash Payments to Employees	0	0	(752,905)	(86,423)	(839,328)
Cash Payments to Suppliers	(716,369)	0	(66,691)	(613)	(783,673)
Other Cash Payments	0	0	0	(87,225)	(87,225)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>18,921</u>	<u>4,649</u>	<u>1</u>	<u>(634,592)</u>	<u>(611,021)</u>
Cash Flows from Noncapital Financing Activities					
Advances In	110,000	0	0	0	110,000
Advances Out	(86,000)	(10,000)	0	0	(96,000)
Transfers In	0	0	0	945,000	945,000
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>24,000</u>	<u>(10,000)</u>	<u>0</u>	<u>945,000</u>	<u>959,000</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	42,921	(5,351)	1	310,408	347,979
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>76,827</u>	<u>14,310</u>	<u>153,486</u>	<u>2,535,286</u>	<u>2,779,909</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 119,748</u>	<u>\$ 8,959</u>	<u>\$ 153,487</u>	<u>\$ 2,845,694</u>	<u>\$ 3,127,888</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ 10,046	\$ 3,039	\$ (68,233)	\$ (679,723)	\$ (734,871)
Adjustments:					
(Increase) Decrease in Assets and Deferred Outflows:					
Prepaid Items	0	0	0	(1,584)	(1,584)
Materials and Supplies Inventory	(17,186)	0	0	0	(17,186)
Deferred Outflows - Pension/OPEB	0	0	201,866	354	202,220
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	26,061	1,610	(7,431)	10,548	30,788
Accrued Wages and Benefits	0	0	(10,818)	0	(10,818)
Claims Payable	0	0	0	19,075	19,075
Compensated Absences Payable	0	0	(10,689)	0	(10,689)
Matured Compensated Absences Payable	0	0	(952)	0	(952)
Deferred Inflows - Pension/OPEB	0	0	203,141	21,248	224,389
Net Pension Liability	0	0	(310,367)	(15,490)	(325,857)
Net OPEB Liability	0	0	3,484	10,980	14,464
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 18,921</u>	<u>\$ 4,649</u>	<u>\$ 1</u>	<u>\$ (634,592)</u>	<u>\$ (611,021)</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-Hillcrest Technical Rescue Team Fund

To account for assets held by the City for the Heights-Hillcrest Technical Rescue Team (HHTRT).

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 from 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.

Point of Sale Escrow Fund

To account for the escrow funds held by the City for residential housing violations found during the Point of Sale Inspection. These funds are distributed to the depositor once all violations have been corrected, less an administrative fee to the City.

Shaker Plaza Urban Redevelopment Tax Increment Equivalent Fund

To account for moneys received from Cuyahoga County from payments in lieu of taxes for the Shaker Plaza property. These funds will be distributed to the Shaker Heights School District in accordance with a tax increment financing agreement with the Shaker Heights School District and the balance of these moneys will be distributed to the owner/developer of the Shaker Plaza and developer of the Van Aken District project pursuant to a Development and Use Agreement between the City and Van Aken Shopping Center, LLC.

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018

	Beginning Balance 1/1/2018	Additions	Reductions	Ending Balance 12/31/2018
Public Art Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 356	\$ 0	\$ 0	\$ 356
<i>Total Assets</i>	<u>\$ 356</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 356</u>
Liabilities				
Deposits Held and Due to Others	\$ 356	\$ 0	\$ 0	\$ 356
<i>Total Liabilities</i>	<u>\$ 356</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 356</u>
Obstruction Permit Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 100,820	\$ 30	\$ 38,620	\$ 62,230
<i>Total Assets</i>	<u>\$ 100,820</u>	<u>\$ 30</u>	<u>\$ 38,620</u>	<u>\$ 62,230</u>
Liabilities				
Deposits Held and Due to Others	\$ 100,820	\$ 30	\$ 38,620	\$ 62,230
<i>Total Liabilities</i>	<u>\$ 100,820</u>	<u>\$ 30</u>	<u>\$ 38,620</u>	<u>\$ 62,230</u>
Excavating Permit Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 15,625	\$ 0	\$ 0	\$ 15,625
<i>Total Assets</i>	<u>\$ 15,625</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,625</u>
Liabilities				
Deposits Held and Due to Others	\$ 15,625	\$ 0	\$ 0	\$ 15,625
<i>Total Liabilities</i>	<u>\$ 15,625</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,625</u>
Unclaimed Monies Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 117,952	\$ 15,182	\$ 39,469	\$ 93,665
<i>Total Assets</i>	<u>\$ 117,952</u>	<u>\$ 15,182</u>	<u>\$ 39,469</u>	<u>\$ 93,665</u>
Liabilities				
Deposits Held and Due to Others	\$ 117,952	\$ 15,182	\$ 39,469	\$ 93,665
<i>Total Liabilities</i>	<u>\$ 117,952</u>	<u>\$ 15,182</u>	<u>\$ 39,469</u>	<u>\$ 93,665</u>
Municipal Court Fund				
Assets				
Cash in Segregated Accounts	\$ 671,005	\$ 848,269	\$ 671,005	\$ 848,269
<i>Total Assets</i>	<u>\$ 671,005</u>	<u>\$ 848,269</u>	<u>\$ 671,005</u>	<u>\$ 848,269</u>
Liabilities				
Intergovernmental Payable	\$ 248,582	\$ 370,301	\$ 248,582	\$ 370,301
Deposits Held and Due to Others	422,423	477,968	422,423	477,968
<i>Total Liabilities</i>	<u>\$ 671,005</u>	<u>\$ 848,269</u>	<u>\$ 671,005</u>	<u>\$ 848,269</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, 2018

	Beginning Balance 1/1/2018	Additions	Reductions	Ending Balance 12/31/2018
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	\$ 18,385	\$ 2,274	\$ 5,622	\$ 15,037
<i>Total Assets</i>	<u>\$ 18,385</u>	<u>\$ 2,274</u>	<u>\$ 5,622</u>	<u>\$ 15,037</u>
Liabilities				
Deposits Held and Due to Others	\$ 18,385	\$ 2,274	\$ 5,622	\$ 15,037
<i>Total Liabilities</i>	<u>\$ 18,385</u>	<u>\$ 2,274</u>	<u>\$ 5,622</u>	<u>\$ 15,037</u>
Shaker Family Resource Center Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 1,032,130	\$ 1,032,128	\$ 2
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 1,032,130</u>	<u>\$ 1,032,128</u>	<u>\$ 2</u>
Liabilities				
Deposits Held and Due to Others	\$ 0	\$ 1,032,130	\$ 1,032,128	\$ 2
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 1,032,130</u>	<u>\$ 1,032,128</u>	<u>\$ 2</u>
Board of Building Standards Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 3,868	\$ 8,402	\$ 6,242	\$ 6,028
<i>Total Assets</i>	<u>\$ 3,868</u>	<u>\$ 8,402</u>	<u>\$ 6,242</u>	<u>\$ 6,028</u>
Liabilities				
Intergovernmental Payable	\$ 3,868	\$ 8,402	\$ 6,242	\$ 6,028
<i>Total Liabilities</i>	<u>\$ 3,868</u>	<u>\$ 8,402</u>	<u>\$ 6,242</u>	<u>\$ 6,028</u>
Heights-Hillcrest Technical Rescue Team Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 175,496	\$ 77,348	\$ 63,304	\$ 189,540
<i>Total Assets</i>	<u>\$ 175,496</u>	<u>\$ 77,348</u>	<u>\$ 63,304</u>	<u>\$ 189,540</u>
Liabilities				
Accounts Payable	\$ 3,260	\$ 1,020	\$ 3,260	\$ 1,020
Intergovernmental Payable	172,236	76,328	60,044	188,520
<i>Total Liabilities</i>	<u>\$ 175,496</u>	<u>\$ 77,348</u>	<u>\$ 63,304</u>	<u>\$ 189,540</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, 2018

	Beginning Balance 1/1/2018	Additions	Reductions	Ending Balance 12/31/2018
<i>Cleveland Waterline Projects Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 163,412	\$ 739,618	\$ 784,814	\$ 118,216
<i>Total Assets</i>	<u>\$ 163,412</u>	<u>\$ 739,618</u>	<u>\$ 784,814</u>	<u>\$ 118,216</u>
Liabilities				
Accounts Payable	\$ 17,802	\$ 56,714	\$ 17,802	\$ 56,714
Intergovernmental Payable	145,610	682,904	767,012	61,502
<i>Total Liabilities</i>	<u>\$ 163,412</u>	<u>\$ 739,618</u>	<u>\$ 784,814</u>	<u>\$ 118,216</u>
<i>Shaker Heights Development Corporation Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 206,619	\$ 302,099	\$ 270,978	\$ 237,740
Cash in Segregated Accounts	4,019	20,754	4,019	20,754
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	81,397	0	24,704	56,693
<i>Total Assets</i>	<u>\$ 292,035</u>	<u>\$ 322,853</u>	<u>\$ 299,701</u>	<u>\$ 315,187</u>
Liabilities				
Accounts Payable	\$ 0	\$ 3,129	\$ 0	\$ 3,129
Deposits Held and Due to Others	264,835	20,754	731	284,858
Loans Payable	27,200	0	0	27,200
<i>Total Liabilities</i>	<u>\$ 292,035</u>	<u>\$ 23,883</u>	<u>\$ 731</u>	<u>\$ 315,187</u>
<i>Shaker Cuyahoga Credit Enhancement Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 314,676	\$ 0	\$ 69,715	\$ 244,961
<i>Total Assets</i>	<u>\$ 314,676</u>	<u>\$ 0</u>	<u>\$ 69,715</u>	<u>\$ 244,961</u>
Liabilities				
Undistributed Monies	\$ 314,676	\$ 0	\$ 69,715	\$ 244,961
<i>Total Liabilities</i>	<u>\$ 314,676</u>	<u>\$ 0</u>	<u>\$ 69,715</u>	<u>\$ 244,961</u>
<i>Point of Sale Escrow Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,158,267	\$ 2,862,927	\$ 2,241,573	\$ 1,779,621
<i>Total Assets</i>	<u>\$ 1,158,267</u>	<u>\$ 2,862,927</u>	<u>\$ 2,241,573</u>	<u>\$ 1,779,621</u>
Liabilities				
Accounts Payable	\$ 47,340	\$ 57,441	\$ 47,340	\$ 57,441
Undistributed Monies	1,110,927	2,805,486	2,194,233	1,722,180
<i>Total Liabilities</i>	<u>\$ 1,158,267</u>	<u>\$ 2,862,927</u>	<u>\$ 2,241,573</u>	<u>\$ 1,779,621</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, 2018

	Beginning Balance 1/1/2018	Additions	Reductions	Ending Balance 12/31/2018
<i>Shaker Plaza Urban Redevelopment Tax Increment Equivalent Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 507,943	\$ 507,943	\$ 0
Revenue in Lieu of Taxes Receivable	0	408,432	0	408,432
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 916,375</u>	<u>\$ 507,943</u>	<u>\$ 408,432</u>
Liabilities				
Undistributed Monies	0	408,432	0	408,432
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 408,432</u>	<u>\$ 0</u>	<u>\$ 408,432</u>
 <i>Total Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,349,546	\$ 5,040,010	\$ 4,552,465	\$ 2,837,091
Cash in Segregated Accounts	675,024	869,023	675,024	869,023
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	81,397	0	24,704	56,693
Revenue in Lieu of Taxes Receivable	0	408,432	0	408,432
<i>Total Assets</i>	<u>\$ 3,105,967</u>	<u>\$ 6,317,465</u>	<u>\$ 5,252,193</u>	<u>\$ 4,171,239</u>
Liabilities				
Accounts Payable	\$ 68,402	\$ 118,304	\$ 68,402	\$ 118,304
Intergovernmental Payable	570,296	1,137,935	1,081,880	626,351
Deposits Held and Due to Others	1,014,466	1,548,338	1,538,993	1,023,811
Loans Payable	27,200	0	0	27,200
Undistributed Monies	1,425,603	3,213,918	2,263,948	2,375,573
<i>Total Liabilities</i>	<u>\$ 3,105,967</u>	<u>\$ 6,018,495</u>	<u>\$ 4,953,223</u>	<u>\$ 4,171,239</u>

**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 75 in 2018, the calculation of pension expense has changed; however, government-wide expenses for 2017 and prior years were not restated to reflect this change.

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
Cuyahoga County, Ohio
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)

	2018	Restated 2017	2016	2015	Restated 2014
Governmental Activities					
Net Investment in Capital Assets	\$ 76,894,481	\$ 70,763,174	\$ 74,476,459	\$ 69,897,453	\$ 67,676,056
Restricted:					
Capital Projects	3,988,068	3,737,425	768,122	11,284,974	12,231,909
Debt Service	0	0	0	1,269,277	1,170,127
Streets	1,091,166	1,040,808	835,057	719,628	930,033
Public Safety	2,670,608	2,755,095	2,974,436	2,990,023	2,447,391
Judicial Services	953,547	899,365	862,725	805,341	763,332
Tree Maintenance	1,129,546	1,046,737	972,982	774,319	794,291
Other	124,058	193,215	201,832	151,572	134,469
Unrestricted	(31,724,412)	(25,196,167)	8,909,483	(959,568)	(4,364,283)
Total Governmental Activities Net Position	\$ 55,127,062	\$ 55,239,652	\$ 90,001,096	\$ 86,933,019	\$ 81,783,325

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.

The City reported the impact of GASB Statement No. 75 beginning in 2017.

Source: City Financial Records

	2013	2012	2011	2010	2009
\$	66,942,897	\$ 64,688,653	\$ 63,654,963	\$ 61,972,614	\$ 61,712,406
	11,678,193	11,050,910	12,883,372	16,187,786	18,947,218
	699,569	788,674	468,541	1,745,316	1,237,432
	1,109,236	613,312	611,464	690,153	724,281
	2,396,924	2,247,417	2,125,142	1,492,645	1,724,661
	759,162	724,055	641,793	710,352	637,338
	0	0	0	0	0
	155,184	25,124	58,137	0	0
	28,656,421	22,894,998	24,708,622	20,655,757	19,904,961
\$	<u>112,397,586</u>	<u>\$ 103,033,143</u>	<u>\$ 105,152,034</u>	<u>\$ 103,454,623</u>	<u>\$ 104,888,297</u>

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

	2018	2017	2016	2015	2014
Program Revenues					
Governmental Activities:					
Charges for Services:					
Security of Persons and Property	1,290,140	\$ 1,315,283	\$ 1,323,855	\$ 1,390,008	\$ 1,612,394
Public Health Services	0	40,809	63,910	64,469	47,160
Leisure Time Activities	1,772,222	1,777,428	1,725,480	1,784,639	1,888,776
Housing and Community Development	2,796,781	3,023,773	2,719,958	2,730,614	2,976,704
Sanitation and Sewer Services	960,294	1,121,311	1,130,083	1,051,180	1,092,872
Street Maintenance and Repair	30,000	30,000	0	113	147
Public Works - Other	599,546	441,511	820,334	727,391	658,313
General Government	2,661,146	2,642,497	2,922,213	2,839,390	2,488,869
Operating Grants and Contributions:					
Security of Persons and Property	88,389	1,221,014	3,533,657	4,132,929	3,934,416
Public Health Services	0	30,166	44,650	33,119	36,711
Leisure Time Activities	0	0	3,628	15,807	0
Housing and Community Development	88,939	85,262	132,072	52,615	40,719
Sanitation and Sewer Services	59,408	27,033	6,034	308	0
Street Maintenance and Repair	1,045,954	1,074,557	1,218,647	1,114,270	0
Public Works - Other	0	45,739	4,741	0	0
General Government	15,211	91,512	16,787	72,597	17,000
Capital Grants and Contributions:					
Security of Persons and Property	0	0	0	0	0
Public Health Services	0	0	0	0	0
Housing and Community Development	300,000	0	0	0	0
Sanitation and Sewer Services	988,156	45,180	0	0	0
Street Maintenance and Repair	1,171,929	1,801,572	376,504	3,067,984	0
Public Works - Other	0	0	0	0	0
General Government	0	0	0	0	0
Total Governmental Activities Program Revenues	13,868,115	14,814,647	16,042,553	19,077,433	14,794,081
Expenses					
Governmental Activities:					
Security of Persons and Property	23,619,320	23,159,705	25,248,646	23,192,181	23,341,934
Public Health and Welfare	0	393,522	440,827	418,461	420,084
Leisure Time Activities	5,075,744	4,960,888	4,191,330	3,913,273	3,993,567
Housing and Community Development	7,080,052	12,709,824	5,318,429	6,149,090	5,658,971
Sanitation and Sewer Services	5,116,508	5,614,744	5,002,530	4,097,422	5,314,960
Transportation	451,245	454,926	0	0	0
Street Maintenance and Repair	3,556,492	3,830,430	3,197,767	6,553,316	3,462,608
Public Works - Other	3,600,214	2,768,174	3,034,027	2,343,649	2,474,210
General Government	9,910,331	8,825,164	7,788,922	7,554,498	7,309,823
Interest and Fiscal Charges	816,124	1,103,848	690,169	643,523	658,444
Total Governmental Activities Expenses	59,226,030	63,821,225	54,912,647	54,865,413	52,634,601
Net (Expense)/Revenue					
Governmental Activities	(45,357,915)	(49,006,578)	(38,870,094)	(35,787,980)	(37,840,520)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes	6,609,808	6,683,358	6,712,702	6,312,482	6,212,760
Income and Other Taxes	34,163,469	35,855,348	31,986,981	31,707,723	29,236,804
Grants, Entitlements and Estate Taxes	1,871,156	1,798,481	1,847,342	2,541,876	4,244,813
Revenue in Lieu of Taxes	1,612,192	885,610	914,230	0	0
Investment Earnings	703,493	259,455	273,406	6,863	58,812
Miscellaneous Income	285,207	433,610	203,510	368,730	219,399
Total Governmental Activities	45,245,325	45,915,862	41,938,171	40,937,674	39,972,588
Change in Net Position					
Governmental Activities	(112,590)	\$ (3,090,716)	\$ 3,068,077	\$ 5,149,694	\$ 2,132,068

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.

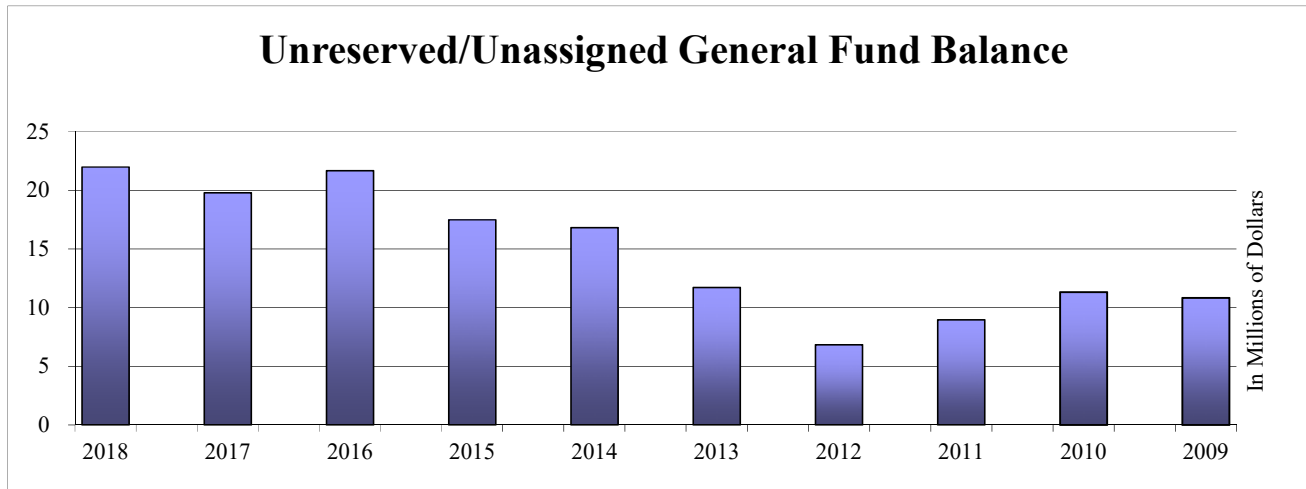
In 2017, certain expenses have been categorized as Transportation expense that were previously included in Street Maintenance and Repair.

Source: City Financial Records

	2013	2012	2011	2010	2009
\$	1,541,393	\$ 1,412,424	\$ 1,410,277	\$ 1,228,766	\$ 1,013,943
	45,760	77,494	70,806	88,852	70,133
	1,765,547	1,803,925	1,843,213	1,758,484	1,754,838
	2,504,699	733,415	2,199,232	2,412,588	2,504,195
	1,108,678	1,144,334	1,093,240	1,187,478	1,333,696
	0	1,804	1,480	2,322	8,231
	748,217	567,532	627,503	671,940	707,206
	2,690,130	2,399,937	3,047,272	2,916,571	2,708,388
	3,827,620	3,744,393	3,689,869	3,670,356	4,293,912
	59,981	35,562	43,876	103,824	4,780
	0	0	0	0	0
	637,217	161,430	207,980	331,218	44,215
	16,277	0	0	277,697	295,303
	0	0	0	0	0
	0	45,000	0	0	0
	42,294	26,794	45,202	15,294	13,000
	2,500	2,489	3,950	6,169	4,000
	0	0	0	0	0
	5,252	283,790	559,951	47,504	188,689
	0	0	0	0	298,216
	0	0	0	0	1,940
	0	0	0	0	0
	0	150,000	145,468	0	0
	<u>14,995,565</u>	<u>12,590,323</u>	<u>14,989,319</u>	<u>14,719,063</u>	<u>15,244,685</u>
	22,898,446	22,958,313	22,250,251	21,919,064	23,988,819
	378,658	579,141	572,027	590,758	692,906
	4,166,858	3,980,612	4,036,350	3,847,435	4,039,556
	5,473,863	5,947,226	5,377,610	6,381,587	7,441,799
	4,964,310	4,781,961	4,433,164	4,737,490	4,024,723
	0	0	0	0	0
	2,504,237	2,896,453	2,983,859	2,923,298	2,388,186
	2,092,510	2,496,087	2,502,961	2,913,412	2,971,552
	7,455,094	7,362,601	7,476,927	7,169,311	6,729,574
	671,152	713,001	902,508	1,012,429	928,950
	<u>50,605,128</u>	<u>51,715,395</u>	<u>50,535,657</u>	<u>51,494,784</u>	<u>53,206,065</u>
	<u>(35,609,563)</u>	<u>(39,125,072)</u>	<u>(35,546,338)</u>	<u>(36,775,721)</u>	<u>(37,961,380)</u>
	6,402,845	6,760,102	6,811,309	6,990,638	8,579,190
	33,202,434	23,274,622	21,442,300	19,777,714	19,523,078
	5,221,684	6,711,782	8,459,326	6,721,784	7,372,760
	0	0	0	0	0
	26,440	39,437	345,261	528,639	289,963
	120,603	220,238	185,553	485,557	451,678
	<u>44,974,006</u>	<u>37,006,181</u>	<u>37,243,749</u>	<u>34,504,332</u>	<u>36,216,669</u>
\$	<u>9,364,443</u>	<u>(2,118,891)</u>	<u>1,697,411</u>	<u>(2,271,389)</u>	<u>(1,744,711)</u>

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

	2018	2017	2016	2015	2014
General Fund					
Nonspendable	\$ 168,626	\$ 149,075	\$ 174,420	\$ 162,467	\$ 145,338
Committed	43,218	147,403	173,541	61,746	86,712
Assigned	7,147,740	8,949,057	6,496,316	7,797,286	6,318,448
Unassigned	21,987,308	19,789,323	21,674,733	17,485,238	16,818,500
Reserved	0	0	0	0	0
Unreserved	0	0	0	0	0
Total General Fund	29,346,892	29,034,858	28,519,010	25,506,737	23,368,998
All Other Governmental Funds					
Restricted	8,380,700	8,168,850	4,254,420	4,784,536	3,881,400
Committed	11,909,377	14,957,973	13,094,542	12,427,440	14,584,343
Unassigned	(76,853)	(89,818)	(36,093)	(402,506)	(155,539)
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	20,213,224	23,037,005	17,312,869	16,809,470	18,310,204
Total Governmental Funds	\$ 49,560,116	\$ 52,071,863	\$ 45,831,879	\$ 42,316,207	\$ 41,679,202



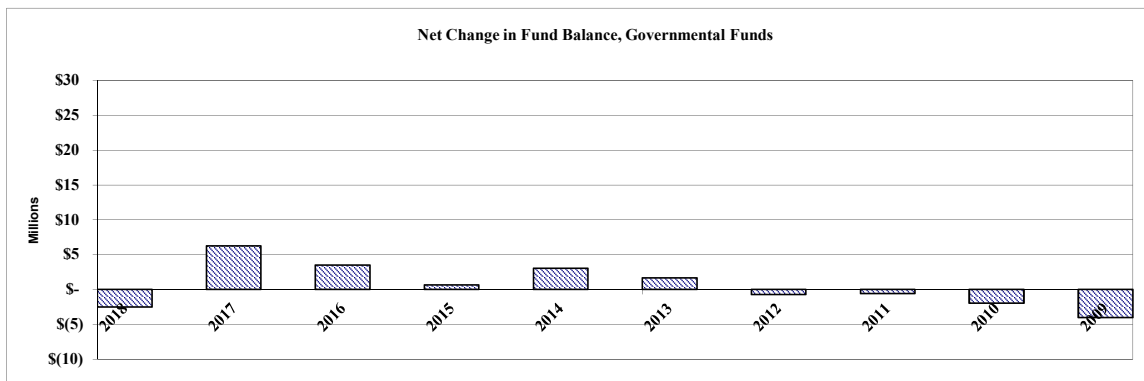
Note: The City implemented GASB Statement No. 54 in 2011, resulting in the reclassification of fund balances.

2013	2012	2011	2010	2009
\$ 79,771	\$ 195,565	\$ 150,924	\$ 0	\$ 0
197,711	292,726	443,724	0	0
8,162,882	12,451,743	9,150,763	0	0
11,712,915	6,836,659	8,957,461	0	0
0	0	0	635,380	672,271
0	0	0	11,325,272	10,832,936
20,153,279	19,776,693	18,702,872	11,960,652	11,505,207
4,236,402	3,783,070	3,623,543	0	0
14,331,748	13,791,986	15,805,315	0	0
(89,848)	(374,370)	(411,512)	0	0
0	0	0	5,385,836	5,917,500
0	0	0	7,617,822	8,165,918
0	0	0	1,657,429	1,043,472
0	0	0	11,679,020	13,653,858
18,478,302	17,200,686	19,017,346	26,340,107	28,780,748
\$ 38,631,581	\$ 36,977,379	\$ 37,720,218	\$ 38,300,759	\$ 40,285,955

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

	2018	2017	2016	2015	2014
Revenues					
Property taxes	\$ 6,692,659	\$ 6,610,146	\$ 6,657,936	\$ 6,318,907	\$ 6,435,800
Municipal Income Taxes	33,992,625	34,727,459	34,284,348	32,322,789	31,341,737
Other Local Taxes	28,488	49,673	73,283	47,244	65,231
Special Assessments	1,505,918	1,483,978	1,470,966	1,492,221	1,485,323
Charges for Services	5,005,249	5,071,968	7,131,974	6,850,563	6,648,614
Fees, Licenses and Permits	1,248,634	1,279,985	1,113,953	1,272,257	1,186,841
Fines and Forfeitures	2,700,396	2,639,889	888,108	570,441	813,715
Intergovernmental	4,914,974	6,377,564	7,399,711	10,022,274	8,319,959
Investment Earnings	761,197	299,282	293,713	2,500	63,187
Revenue in Lieu of Taxes	1,612,192	885,610	914,230	0	0
Other Revenue	282,144	457,323	222,481	343,664	319,100
Total Revenues	58,744,476	59,882,877	60,450,703	59,242,860	56,679,507
Expenditures					
Current:					
Security of Persons and Property	20,467,284	21,473,178	23,856,995	22,357,798	23,536,042
Public Health and Welfare (1)	0	370,229	414,282	414,237	421,555
Leisure Time Activities	4,358,088	4,054,952	3,717,057	3,764,184	3,574,222
Housing and Community Development	8,966,963	12,791,052	6,138,513	6,217,708	5,645,429
Sanitation and Sewer Services	7,210,250	5,073,507	5,349,697	4,799,429	4,805,347
Transportation	121,896	125,578	0	0	0
Street Maintenance and Repair	4,383,426	6,821,025	4,444,233	7,425,932	3,876,660
Public Works - Other	2,824,520	2,695,514	2,690,969	2,856,532	2,826,772
General Government	8,984,178	7,887,027	7,392,746	7,704,541	7,332,496
Debt Service:					
Principal Retirement	3,784,726	1,574,483	2,339,616	2,576,173	2,784,346
Interest and Fiscal Charges	843,002	964,584	649,977	628,358	636,275
Total Expenditures	61,944,333	63,831,129	56,994,085	58,744,892	55,439,144
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(3,199,857)</i>	<i>(3,948,252)</i>	<i>3,456,618</i>	<i>497,968</i>	<i>1,240,363</i>
Other Financing Sources (Uses)					
Transfers In	9,801,067	10,884,859	9,615,110	8,743,637	7,536,702
Transfers Out	(10,746,067)	(11,830,399)	(10,560,650)	(9,661,637)	(7,536,702)
Issuance of General Obligation Bonds	0	3,195,000	0	0	0
Issuance of Non-Tax Revenue Bonds	0	4,960,000	0	0	0
Issuance of Notes	1,600,000	2,000,000	0	1,025,000	1,230,000
Inception of Capital Leases	0	256,250	940,000	0	540,000
Proceeds from Sale of Capital Assets	15,470	146,087	18,767	29,759	29,534
Issuance of Refunding Bonds	0	0	3,501,300	0	0
Payment to Refunded Bond Escrow Agent	0	0	(3,455,473)	0	0
Premium on Sale of Bonds	0	562,359	0	0	0
Premium on Sale of Notes	17,640	14,080	0	2,278	7,724
Total Other Financing Sources (Uses)	688,110	10,188,236	59,054	139,037	1,807,258
Net Change in Fund Balances	\$ (2,511,747)	\$ 6,239,984	\$ 3,515,672	\$ 637,005	\$ 3,047,621
Debt Service as a Percentage of Noncapital Expenditures	8.60%	4.45%	5.82%	6.29%	6.51%

(1) Public health services are received from Cuyahoga County Board of Health effective January 1, 2018.



	2013	2012	2011	2010	2009
\$	6,350,984	\$ 6,754,730	\$ 6,768,107	\$ 6,992,558	\$ 8,399,301
	28,058,616	22,230,968	21,185,654	19,562,027	20,144,932
	78,817	48,432	63,867	46,219	53,478
	1,489,288	1,476,080	1,559,342	1,805,098	1,830,121
	6,659,388	7,106,179	6,949,653	7,042,983	6,538,429
	1,023,505	684,178	639,272	674,820	577,437
	1,018,393	914,175	940,688	740,453	1,069,127
	10,295,949	11,348,788	13,177,336	11,158,151	12,338,984
	40,290	61,853	352,822	514,234	254,263
	0	0	0	0	0
	225,324	286,778	321,243	694,612	669,754
	<u>55,240,554</u>	<u>50,912,161</u>	<u>51,957,984</u>	<u>49,231,155</u>	<u>51,875,826</u>
	23,148,941	21,899,899	21,747,850	22,096,210	23,577,387
	401,993	559,412	596,372	584,712	572,755
	3,853,301	3,508,357	3,513,027	4,155,613	3,634,079
	7,030,086	6,106,375	5,935,701	6,748,290	7,555,641
	4,631,355	4,359,148	4,023,249	4,697,166	5,031,160
	0	0	0	0	0
	3,268,737	3,609,356	3,552,894	3,598,187	3,345,052
	2,680,815	2,557,354	2,515,800	2,428,497	2,692,495
	7,197,757	6,895,735	7,510,586	6,952,171	6,400,685
	3,209,712	3,582,069	3,983,104	1,993,420	9,239,281
	641,869	718,493	903,912	903,720	1,098,209
	<u>56,064,566</u>	<u>53,796,198</u>	<u>54,282,495</u>	<u>54,157,986</u>	<u>63,146,744</u>
	<u>(824,012)</u>	<u>(2,884,037)</u>	<u>(2,324,511)</u>	<u>(4,926,831)</u>	<u>(11,270,918)</u>
	8,156,438	4,671,495	5,149,498	4,249,037	9,351,044
	(8,156,438)	(4,671,495)	(5,775,498)	(4,249,037)	(10,151,044)
	0	0	0	0	0
	0	0	0	0	0
	1,955,000	15,370,000	2,250,000	2,902,697	7,775,852
	488,389	0	0	0	0
	34,825	51,569	119,970	38,938	64,482
	0	0	0	0	0
	0	(13,744,754)	0	0	0
	0	464,383	0	0	176,497
	0	0	0	0	0
	<u>2,478,214</u>	<u>2,141,198</u>	<u>1,743,970</u>	<u>2,941,635</u>	<u>7,216,831</u>
\$	<u>1,654,202</u>	<u>(742,839)</u>	<u>(580,541)</u>	<u>(1,985,196)</u>	<u>(4,054,087)</u>
	7.52%	8.09%	9.60%	3.97%	17.77%

**City of Shaker Heights
Cuyahoga County, 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
2018/2019	\$ 748,447,170	\$ 68,054,960	\$ 2,332,863,229	\$ 15,376,380	\$ 18,089,859
2017/2018	697,621,010	60,131,660	2,165,007,629	14,608,960	17,187,012
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

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.

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

Source: Cuyahoga County Fiscal Officer

Total Direct Rate (1)	Total		
	Assessed Value	Estimated Actual Value	Ratio
9.90	\$ 831,878,510	\$ 2,350,953,088	35.38%
9.90	772,361,630	2,182,194,641	35.39%
9.90	777,036,490	2,197,272,290	35.36%
9.90	777,985,760	2,201,208,457	35.34%
9.90	740,751,790	2,095,242,980	35.35%
9.90	750,012,970	2,122,652,620	35.33%
9.90	750,176,340	2,124,819,476	35.31%
9.90	810,867,240	2,299,588,417	35.26%
9.90	821,284,520	2,329,911,368	35.25%
9.90	825,442,570	2,342,175,747	35.24%

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

	2018	2017	2016	2015	2014
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>	<u>\$ 4.40</u>	<u>\$ 4.40</u>	<u>\$ 4.40</u>	<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>	<u>\$ 9.90</u>	<u>\$ 9.90</u>	<u>\$ 9.90</u>	<u>\$ 9.90</u>
Overlapping Rates by Taxing District					
Shaker Heights City School District Voted Millage	190.48	\$ 190.48	\$ 186.73	\$ 186.73	\$ 186.83
Effective Millage Rates					
Residential/Agricultural Real	92.55	99.06	94.72	94.56	99.07
Commercial/Industrial and Public Utility	115.89	132.23	127.93	127.86	126.99
Tangible/Public Utility Personal	190.48	190.48	186.73	186.73	186.83
Cuyahoga County Voted Millage	21.88	21.43	20.93	20.93	20.93
Effective Millage Rates					
Residential/Agricultural Real	19.49	21.20	20.65	20.64	20.90
Commercial/Industrial and Public Utility	19.92	21.35	20.86	20.92	20.90
Tangible/Public Utility Personal	21.43	21.43	20.93	20.93	20.93
Shaker Heights Public Library Voted Millage	5.90	4.00	4.00	4.00	4.00
Effective Millage Rates					
Residential/Agricultural Real	5.32	3.84	3.81	4.00	4.00
Commercial/Industrial and Public Utility	5.11	4.00	4.00	4.00	4.00
Tangible/Public Utility Personal	5.90	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 2018 includes voted rate of 14.05 mills for County government, 2.75 mills for Cleveland Metroparks, 4.5 mills for Cuyahoga Community College and 0.13 mills for the Cleveland Cuyahoga Port Authority.

2013	2012	2011	2010	2009
\$ 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
\$ 4.40	\$ 4.40	\$ 4.40	\$ 4.40	\$ 4.40
2.50	2.50	2.50	2.50	2.50
3.00	3.00	3.00	3.00	3.00
5.50	5.50	5.50	5.50	5.50
\$ 9.90	\$ 9.90	\$ 9.90	\$ 9.90	\$ 9.90
\$ 179.93	\$ 180.13	\$ 180.13	\$ 180.13	\$ 170.60
91.73	91.80	86.45	85.74	76.10
117.12	116.21	114.08	113.05	100.74
179.93	180.13	180.13	180.13	170.60
20.03	18.30	18.30	18.40	18.10
20.00	18.28	18.12	18.18	17.69
19.80	17.96	17.65	17.69	17.26
20.03	18.30	18.30	18.40	18.10
4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00

City of Shaker Heights
Cuyahoga County, 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
2018	\$ 9,662,995	\$ 9,307,222	96.32%	\$ 396,261	\$ 9,703,483
2017	9,271,284	8,101,835	87.39%	283,655	8,385,490
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

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
100.42%	\$ 736,137	7.62%
90.45%	839,702	9.06%
94.22%	748,183	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%

City of Shaker Heights
Cuyahoga County, Ohio
Principal Taxpayers - Real Estate Tax
2018 and 2009

2018		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 10,370,990	1.25%
Shaker MLZ	4,100,500	0.49%
Oliver Family LTD	3,159,520	0.38%
American Transmission System	2,859,870	0.34%
Shaker Plaza Development LLC	2,440,450	0.29%
Van Aken BC, LLC	2,154,540	0.26%
East Ohio Gas Company	2,145,520	0.26%
E2G Properties LLC	1,913,180	0.23%
Shaker Heights Country Club	1,882,770	0.23%
Kirt Montlack, LTD.	1,202,190	0.14%
Total	\$ 32,229,530	3.87%
Total Assessed Valuation	\$ 831,878,510	

2009		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 7,525,590	0.91%
EIG Shaker Towne Center	4,369,380	0.53%
Tower East Operating Assoc.	4,195,710	0.51%
University Hospitals Health System	3,185,810	0.39%
Deborah Salzberg Tr.	2,959,460	0.36%
Oliver Family LTD	2,296,110	0.28%
Shaker Plaza LTD	1,504,760	0.18%
East Ohio Gas Company	1,493,660	0.18%
Heartpoint Dev. Co. LLC	1,463,400	0.18%
Cleveland Skating Club	1,383,630	0.17%
Total	\$ 30,377,510	3.68%
Total Assessed Valuation	\$ 825,442,570	

Source: Cuyahoga County Fiscal Office

(1) Assessed valuation for tax year.

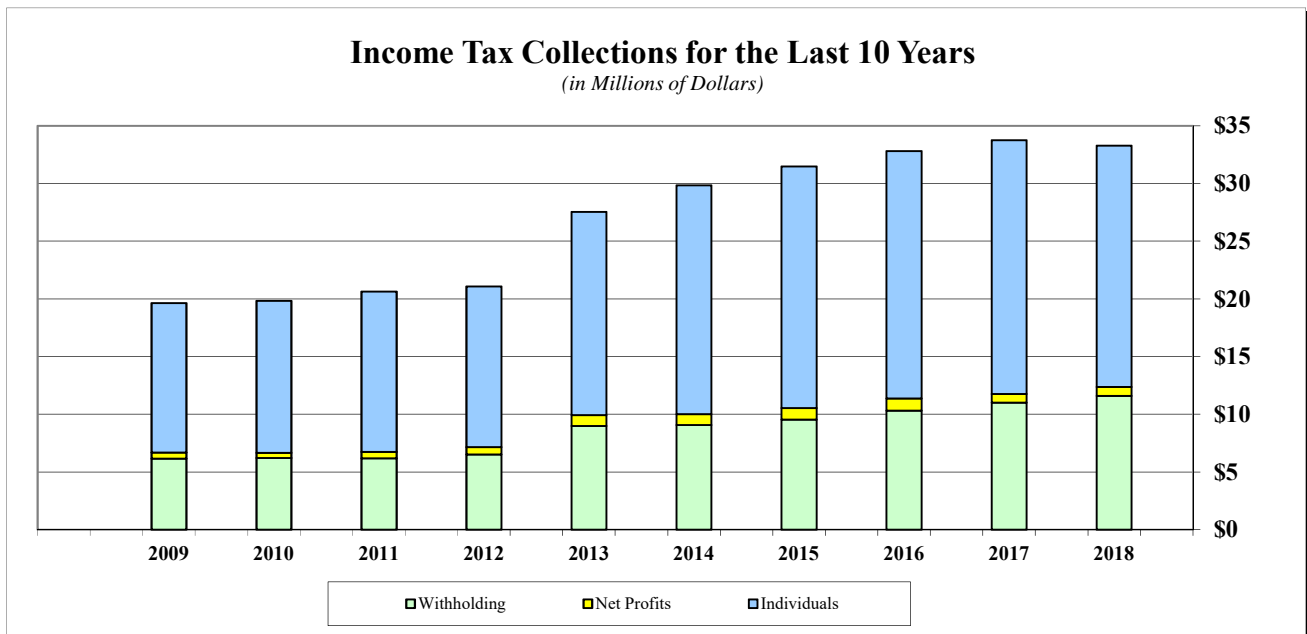
City of Shaker Heights
Cuyahoga County, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

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
2018	2.25%	\$ 33,721,082	\$ 11,590,078	34.37%	\$ 787,251	2.33%	\$ 20,891,196	61.95%
2017	2.25%	34,237,225	11,001,664	32.13%	756,538	2.21%	21,987,696	64.22%
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%

Source: Regional Income Tax Agency

- (1) 2009 through 2018 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 the State

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

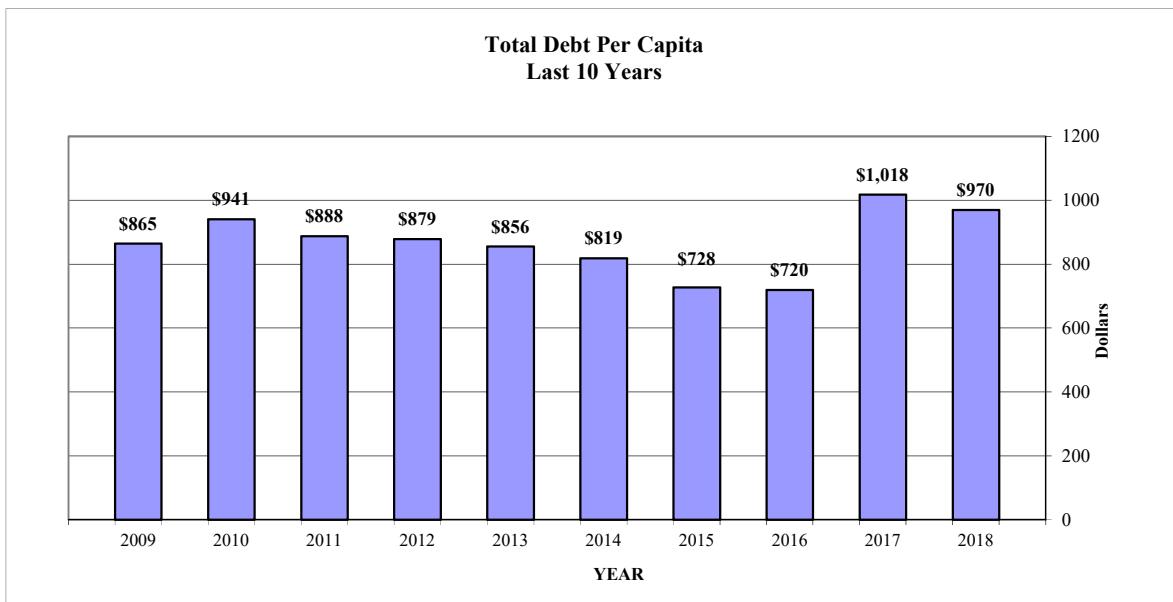


City of Shaker Heights
Cuyahoga County, Ohio
Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years

Year	Governmental Activities					Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	OPWC Loans	Non-Tax Revenue Bonds	Capital Leases Payable			
2018	\$ 17,128,242	\$ 1,600,000 *	\$ 2,683,051	\$ 5,208,331	\$ 974,387	\$ 27,594,011	1.75%	\$ 970
2017	17,732,900	2,000,000	3,004,745	4,960,000	1,273,119	28,970,764	1.94%	1,018
2016	15,749,588	0	3,326,439	0	1,406,258	20,482,285	1.45%	720
2015	16,394,866	0	3,648,133	0	659,179	20,702,178	1.47%	728
2014	17,206,108	1,230,000	3,990,015	0	883,470	23,309,593	1.65%	819
2013	18,007,350	1,570,000	4,352,085	0	425,746	24,355,181	1.81%	856
2012	18,378,592	1,910,000	4,714,154	0	0	25,002,746	1.86%	879
2011	17,945,451	2,250,000	5,076,223	0	0	25,271,674	1.80%	888
2010	18,518,474	2,625,000	5,619,327	0	0	26,762,801	1.90%	941
2009	18,895,000	865,000	5,675,050	0	0	25,435,050	1.75%	865

* See page 14 for details on the Bond Anticipation Note.

Note: Population and Personal Income data are presented on page S26
Beginning in 2018, premiums are included.



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

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value of Taxable Property (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2018	28,448 a	\$ 831,878,510	\$ 18,728,242	\$ 3,106,510	\$ 15,621,732	1.88%	\$ 549
2017	28,448 a	772,361,630	19,732,900	843,399	18,889,501	2.45%	664
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

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 and premiums with the exception of Special Assessment debt.

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City of Shaker Heights
Cuyahoga County, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2018

Jurisdiction	Governmental Activities Debt Outstanding (3)	Percentage Applicable to City (1)	Amount Applicable to City
Direct			
City of Shaker Heights			
General Obligation Bonds	\$17,128,242	100.00%	\$17,128,242
OPWC Loans	2,683,051	100.00%	2,683,051
Capital leases payable	974,387	100.00%	974,387
(4) Notes Payable	1,600,000	100.00%	1,600,000
CCCPA Non-Tax Revenue Bonds	<u>5,208,331</u>	100.00%	<u>5,208,331</u>
<i>Total Direct Debt</i>	<u>27,594,011</u>		<u>27,594,011</u>
Overlapping			
Shaker Heights City School District			
General Obligation Bonds	39,034,310	95.13%	37,133,339
Cuyahoga County			
General Obligation Bonds	145,177,000	2.77%	4,021,403
Cuyahoga Community College			
Miscellaneous	<u>212,260,000</u>	2.77%	<u>5,879,602</u>
<i>Total Overlapping Debt</i>	<u>396,471,310</u>		<u>47,034,344</u>
Total	<u><u>\$424,065,321</u></u>		<u><u>\$74,628,355</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.
- (2) The City has entered into an agreement with the Cleveland-Cuyahoga County Port Authority (CCCPA) and is liable for the debt incurred.
- (3) Includes Bond Premium.
- (4) See page 14 for details on the Bond Anticipation Note.

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

	2018	2017	2016	2015	2014
Total Assessed Property Value	\$ 831,878,510	\$ 772,361,630	\$ 777,036,490	\$ 777,985,760	\$ 740,751,790
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	\$ 87,347,244	\$ 81,097,971	\$ 81,588,831	\$ 81,688,505	\$ 77,778,938
Debt Outstanding:					
General Obligation Bonds	16,733,600	17,732,900	15,749,588	16,394,866	17,206,108
Bond Anticipation Notes	1,800,000	2,000,000	0	1,025,000	1,230,000
OPWC Loans	2,683,051	3,004,746	3,326,439	3,648,133	3,990,015
Non-Tax Revenue Bonds	4,795,000	4,960,000	0	0	0
Total Gross Indebtedness	26,011,651	27,697,646	19,076,027	21,067,999	22,426,123
Less:					
OPWC Loans	(2,683,051)	(3,004,745)	(3,326,439)	(3,648,133)	(3,990,015)
TIF Urban Renewal Bonds	0	(175,000)	(345,000)	(3,705,000)	(3,865,000)
Permanent Urban Renewal Bonds	0	0	0	0	0
Urban Renewal Refunding Bonds	(13,398,600)	(14,062,900)	(15,079,588)	(11,845,000)	(12,445,000)
Non-Tax Revenue Bonds	(4,795,000)	(4,960,000)	0	0	0
Amount Available in Debt Service (1) (2) (3)	0	(843,399)	(325,000)	(1,294,726)	(1,620,559)
Total Net Debt Applicable to Debt Limit	5,135,000	4,651,602	0	575,140	505,549
Legal Debt Margin Within 10 ½ % Limitations	\$ 82,212,244	\$ 76,446,369	\$ 81,588,831	\$ 81,113,365	\$ 77,273,389
Legal Debt Margin as a Percentage of the Debt Limit	94.12%	94.26%	100.00%	99.30%	99.35%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$ 45,753,318	\$ 42,479,890	\$ 42,737,007	\$ 42,789,217	\$ 40,741,348
Total Gross Indebtedness	26,011,651	27,697,646	19,076,027	21,067,999	22,426,123
Less:					
OPWC Loans	(2,683,051)	(3,004,745)	(3,326,439)	(3,648,133)	(3,990,015)
TIF Urban Renewal Bonds	0	(175,000)	(345,000)	(3,705,000)	(3,865,000)
Permanent Urban Renewal Bonds	0	0	0	0	0
Urban Renewal Refunding Bonds	(13,398,600)	(14,062,900)	(15,079,588)	(11,845,000)	(12,445,000)
Non-Tax Revenue Bonds	(4,795,000)	(4,960,000)	0	0	0
Amount Available in Debt Service (1) (2) (3)	0	(843,399)	(325,000)	(1,294,726)	(1,620,559)
Net Debt Within 5 ½ % Limitations	5,135,000	4,651,602	0	575,140	505,549
Unvoted Legal Debt Margin Within 5 ½ % Limitations	40,618,318	\$ 37,828,288	\$ 42,737,007	\$ 42,214,077	\$ 40,235,799
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	88.78%	89.05%	100.00%	98.66%	98.76%

Source: City Financial Records and Cuyahoga County Fiscal Office

- (1) Net position restricted for debt service
- (2) The net position restricted for debt service for 2012 was restated in the 2013 financial report.
- (3) Beginning in 2018, the net position for debt service is considered committed, but not restricted.

2013	2012	2011	2010	2009
<u>\$ 750,012,970</u>	<u>\$ 750,176,340</u>	<u>\$ 810,867,240</u>	<u>\$ 821,284,520</u>	<u>\$ 825,442,570</u>
<u>\$ 78,751,362</u>	<u>\$ 78,768,516</u>	<u>\$ 85,141,060</u>	<u>\$ 86,234,875</u>	<u>\$ 86,671,470</u>
18,007,350	17,785,000	17,785,000	18,350,000	18,895,000
1,570,000	1,910,000	2,250,000	2,625,000	865,000
4,352,085	4,714,154	5,076,224	5,372,489	5,675,050
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
23,929,435	24,409,154	25,111,224	26,347,489	25,435,050
(4,352,085)	(4,714,154)	(5,076,224)	(5,372,489)	(5,675,050)
(4,020,000)	(4,170,000)	(4,460,000)	(4,460,000)	(4,600,000)
0	(450,000)	(13,470,000)	(13,890,000)	(14,295,000)
(13,040,000)	(13,165,000)	0	0	0
0	0	0	0	0
<u>(699,569)</u>	<u>(788,674)</u>	<u>(561,689)</u>	<u>(1,838,464)</u>	<u>(209,581)</u>
<u>1,817,781</u>	<u>1,121,326</u>	<u>1,543,311</u>	<u>786,536</u>	<u>655,419</u>
<u>\$ 76,933,581</u>	<u>\$ 77,647,190</u>	<u>\$ 83,597,749</u>	<u>\$ 85,448,339</u>	<u>\$ 86,016,051</u>
97.69%	98.58%	98.19%	99.09%	99.24%
<u>\$ 41,250,713</u>	<u>\$ 41,259,699</u>	<u>\$ 44,597,698</u>	<u>\$ 45,170,649</u>	<u>\$ 45,399,341</u>
23,929,435	24,409,154	25,111,224	26,347,489	25,435,050
(4,352,085)	(4,714,154)	(5,076,224)	(5,372,489)	(5,675,050)
(4,020,000)	(4,170,000)	(4,460,000)	(4,460,000)	(4,600,000)
0	(450,000)	(13,470,000)	(13,890,000)	(14,295,000)
(13,040,000)	(13,165,000)	0	0	0
0	0	0	0	0
<u>(699,569)</u>	<u>(788,674)</u>	<u>(561,689)</u>	<u>(1,838,464)</u>	<u>(209,581)</u>
<u>1,817,781</u>	<u>1,121,326</u>	<u>1,543,311</u>	<u>786,536</u>	<u>655,419</u>
<u>\$ 39,432,932</u>	<u>\$ 40,138,373</u>	<u>\$ 43,054,387</u>	<u>\$ 44,384,113</u>	<u>\$ 44,743,922</u>
95.59%	97.28%	96.54%	98.26%	98.56%

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City of Shaker Heights
Cuyahoga County, Ohio
Principal Employers
2018 and 2009

2018

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,411	27.7%
University Hospital Health System	Health Care System	1,396	27.5%
City of Shaker Heights	Government Entity	573	11.3%
Hathaway Brown School	Private School	442	8.7%
Laurel School	Private School	324	6.4%
Heinens	Grocery	228	4.5%
University School (Shaker Heights Campus)	Private School	224	4.4%
Center for Dialysis Care	Medical Facility	217	4.3%
Group Management Services	Consulting	176	3.5%
The Equity Engineering Group	Engineering	94	1.8%
Total		5,085	100%
Total Employment within the City of Shaker Heights, Ohio		n/a	

2009

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,175	28.7%
University Hospital Health System	Health Care System	1,103	26.9%
City of Shaker Heights	Government Entity	679	16.6%
Hathaway Brown School	Private School	425	10.4%
Laurel School	Private School	272	6.6%
University School (Shaker Heights Campus)	Private School	223	5.4%
Center for Dialysis Care	Medical Facility	151	3.8%
The Equity Engineering Group	Engineering Support	66	1.6%
Total		4,094	100%
Total Employment within the City of Shaker Heights, Ohio		n/a	

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

City of Shaker Heights
Cuyahoga County, 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)
2018	28,448	\$ 1,580,684,672	\$ 55,564	\$ 114,957	40.3	64.70%
2017	28,448	1,491,841,568	52,441	107,938	41.0	64.90%
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%

(1) Source: U. S. Census

(a) Years 2010-2018, 2010 Census and yearly American Community Survey estimates

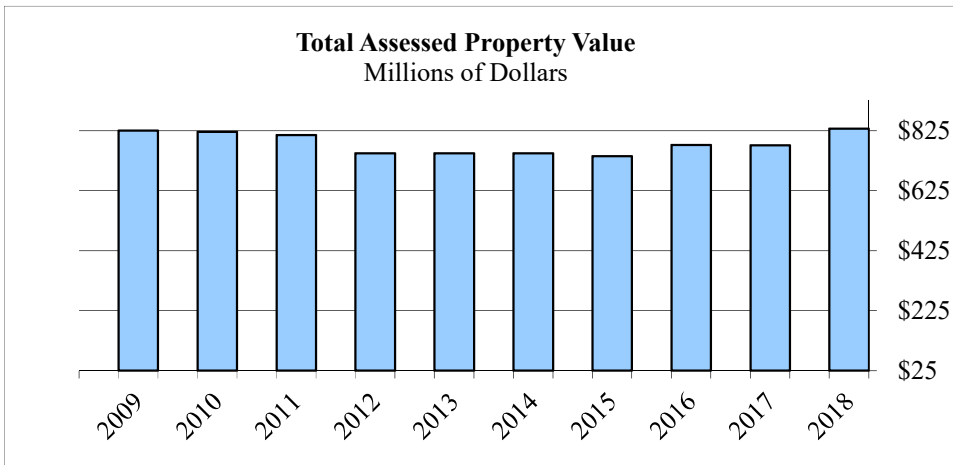
(b) Year 2009, 2000 Census and yearly American Community Survey estimates

(2) Source: Shaker Heights School District Comprehensive Annual Report For the Fiscal Year Ended June 30, 2018.

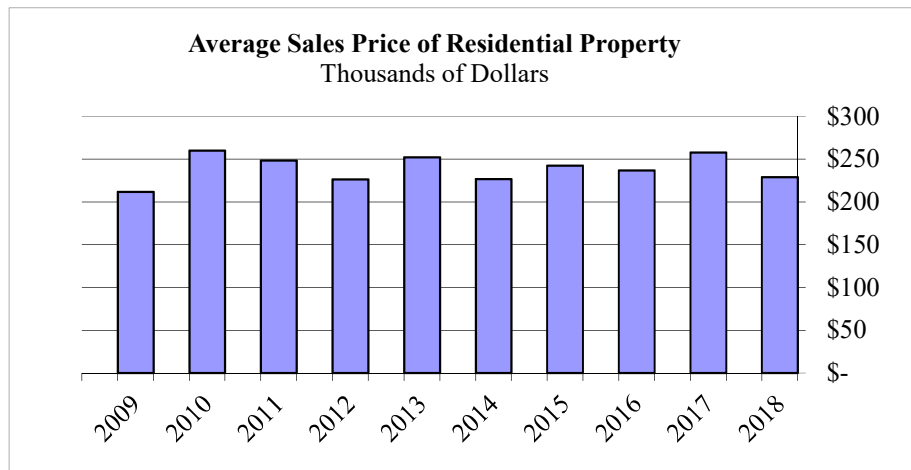
(3) Source: Ohio Department of Job & Family Services Bureau of Labor Market Information (<http://ohiolmi.com>)
 Website: <http://ohiolmi.com/laus/CLFE/AnnualAverages/2017Ranking.pdf>

(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)
4,955	5.20%	\$ 229,000	\$ 831,878,510
5,111	5.90%	257,930	777,036,490
5,260	5.40%	236,845	777,985,760
5,377	5.20%	242,498	740,751,790
5,343	6.40%	226,733	750,012,970
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



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

Function/Program	2018	2017	2016	2015	2014	2013
General Government						
Council	3.5	3.5	3.5	3.5	3.5	3.5
Finance	6.0	7.0	8.0	8.0	7.0	7.0
Mayor	2.0	2.0	2.0	2.0	2.0	2.0
Law	5.0	5.5	5.0	5.0	5.5	5.5
Chief Administrative Officer	2.0	2.0	2.0	2.0	2.0	2.0
Service Administration - Public Works	10.0	10.0	10.0	10.0	10.0	11.0
Municipal Court	30.0	29.5	41.0	41.5	42.0	30.5
Human Resources	3.5	4.0	4.0	4.0	5.0	5.0
Information Technology	4.0	4.0	4.0	4.0	4.0	4.0
Security of Persons and Property:						
Police	66.5	61.5	61.0	59.0	64.0	64.0
Police - Crossing Guards	10.0	10.0	9.0	8.5	8.0	9.0
Police - Dispatch/Records/Watch Officer	13.5	22.5	17.0	15.0	16.0	19.0
Police - Jailers	0.0	0.0	2.0	2.0	3.0	3.0
Police - Administrative ⁽¹⁾	3.0	3.0	5.0	5.5	4.0	4.0
Police - HIDTA	0.0	0.0	12.5	13.0	11.0	10.5
Fire	48.5	48.0	48.0	49.0	48.0	46.0
Fire - Other	3.5	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	1.0
Public Health Services (3)	0.0	4.0	6.5	7.0	6.0	5.0
Leisure Time Activities:						
Recreation	48.0	57.0	50.5	48.5	53.0	41.5
Park and Public Land Maintenance	10.0	6.0	9.0	11.0	11.0	11.0
Community Development:						
Building (4)	16.0	5.0	5.0	4.0	3.0	4.0
Housing (4)	0.0	9.0	10.0	10.0	10.0	9.0
Planning	6.5	7.0	8.0	8.5	9.0	8.5
Community Development - Other ⁽²⁾	31.5	27.5	28.0	30.0	34.0	27.5
Street Maintenance and Repair	7.0	6.0	7.0	7.0	7.0	9.0
Sanitation and Sewer Services:						
Refuse and Brush Collection	27.0	26.0	26.0	22.0	21.0	19.0
Sewer Maintenance	6.0	5.0	6.0	5.0	6.0	6.0
Public Works - Other:	23.0	27.5	27.5	25.5	24.5	25.5
Totals:	387.0	397.0	422.0	415.0	424.0	396.5

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.

(3) Public Health Services were contracted out to the Cuyahoga County Board of Health in 2018.

(4) In 2018, Building and Housing were combined into one department.

2012	2011	2010	2009
3.5	3.5	3.5	3.5
7.5	7.5	7.5	7.5
2.0	2.0	2.0	2.0
5.0	4.5	4.5	4.5
2.0	2.0	2.0	2.0
10.0	10.0	11.0	11.0
45.0	44.5	44.5	44.0
6.0	4.5	4.5	4.5
3.0	4.0	2.0	2.0
58.0	64.0	64.0	65.0
8.5	10.5	11.0	11.5
15.5	15.0	17.5	16.5
3.0	3.0	3.0	3.0
8.5	7.0	11.5	11.0
10.0	9.5	12.0	12.0
48.0	54.0	58.0	58.0
3.5	2.5	2.5	2.5
1.0	1.0	1.5	1.0
10.5	12.0	14.0	19.5
55.5	60.5	62.0	59.5
11.0	10.0	10.0	9.0
4.0	4.0	5.0	5.0
9.0	10.0	10.0	10.0
10.0	9.0	9.0	9.5
19.0	20.0	22.0	22.5
11.0	10.0	8.0	11.0
20.0	20.0	23.0	23.0
4.0	8.0	7.0	8.0
21.0	20.0	22.0	20.0
<u>415.0</u>	<u>432.5</u>	<u>454.5</u>	<u>458.5</u>

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

Function/Program	2018	2017	2016	2015	2014
General Government					
<i>Council and Clerk</i>					
Number of Ordinances Passed	117	125	151	109	98
Number of Resolutions Passed	10	8	8	9	11
Number of Planning Commission docket items	20	9	25	13	9
Zoning Board of Appeals docket items	29	22	27	23	13
<i>Finance Department</i>					
Number of checks/vouchers issued	7,107	7,663	7,587	7,672	7,471
Amount of checks written	\$ 40,844,458	\$ 40,693,588	\$ 34,391,018	\$ 35,763,950	\$ 31,523,347
Interest earnings for fiscal year (cash basis)	\$ 802,729	\$ 387,687	\$ 240,290	\$ 41,518	\$ 44,942
Number of Receipts issued	7,071	7,318	7,938	7,772	8,013
Number of Journal Entries issued	1,113	954	899	865	870
Agency Ratings - S&P Global Ratings	AA+	AA+	AA+	AA+	AA+
General Fund Receipts (cash basis)	\$ 48,581,349	\$ 50,704,557	\$ 47,132,537	\$ 45,087,632	\$ 44,371,402
General Fund Expenditures (cash basis)	\$ 47,322,719	\$ 47,855,168	\$ 46,926,777	\$ 43,666,249	\$ 41,789,230
General Fund Cash Balances	\$ 18,649,141	\$ 17,364,346	\$ 14,515,941	\$ 14,307,708	\$ 12,923,930
<i>Municipal Court</i>					
Number of Civil Cases	1,926	1,938	1,775	1,684	1,539
Number of Criminal cases	10,352	10,508	10,270	10,571	9,134
<i>Vital Statistics (City no longer handles as of 12/31/2012)</i>					
Certificates Filed	0	0	0	0	0
Number of Births	0	0	0	0	0
Number of Deaths	0	0	0	0	0
Certificates Issued	0	0	0	0	0
Number of Births	0	0	0	0	0
Number of Deaths	0	0	0	0	0
Burial Permits Issued	0	0	0	0	0
<i>Civil Service</i>					
Number of police entry tests administered	0	1	1	1	1
Number of fire entry tests administered	0	1	0	0	1
Number of police promotional tests administered	2	0	0	0	2
Number of fire promotional tests administered	0	0	0	2	0
Number of hires of Police Officers from certified lists	8	9	7	5	0
Number of hires of Fire/Medics from certified lists	2	0	0	4	5
Number of promotions from police certified lists	4	0	3	4	0
Number of promotions from fire certified lists	0	0	0	4	0

	2013	2012	2011	2010	2009
	113	124	126	142	135
	14	12	8	12	13
	14	12	7	20	15
	21	30	23	23	21
	7,481	7,418	6,946	7,113	7,281
\$	34,097,409	\$ 29,620,172	\$ 30,690,164	\$ 28,808,562	\$ 29,286,008
\$	83,981	\$ 248,687	\$ 339,749	\$ 343,297	\$ 261,123
	8,635	8,842	7,799	9,323	10,662
	882	839	781	984	1,230
	AA+	AA+	AA+	Aa1	Aa1
\$	43,718,468	\$ 37,291,189	\$ 39,401,358	\$ 39,746,140	\$ 42,276,620
\$	41,277,825	\$ 39,360,880	\$ 38,651,093	\$ 39,191,995	\$ 43,085,953
\$	10,358,358	\$ 7,909,343	\$ 8,336,820	\$ 8,406,133	\$ 7,809,636
	1,355	1,697	1,669	1,850	2,005
	10,232	10,611	10,948	11,493	11,802
	0	81	71	63	71
	0	0	0	0	0
	0	81	71	63	71
	0	430	461	375	470
	0	0	0	1	3
	0	430	461	374	467
	0	280	259	237	185
	1	0	0	1	0
	0	0	0	0	0
	0	0	1	0	0
	0	0	0	1	0
	5	0	4	0	0
	0	0	0	0	0
	0	2	0	0	0
	1	3	4	0	0

(continued)

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

Function/Program	2018	2017	2016	2015	2014
Security of Persons & Property					
<i>Police</i>					
Total Calls for Services	34,406	37,462	40,613	41,303	36,081
Number of traffic citations issued	10,517	9,518	9,503	9,975	8,987
Number of parking citations issued	2,917	2,616	4,018	3,469	2,795
Number of criminal arrests	723	945	1,260	912	1,968
Part 1 Offenses (major offenses)	371	386	544	613	616
DUI Arrests	149	112	105	105	97
Prisoners	744	740	834	754	757
Motor Vehicle Accidents	748	721	627	653	842
Property damage accidents	627	651	513	536	43
Fatalities from Motor Vehicle Accidents	0	1	0	1	0
Community Diversion Program Youths	9	21	58	20	28
Community Diversion Program - community service hours	63	80	64	37	152
<i>Fire</i>					
Total Fire Department Incidents	4,453	4,049	4,054	3,973	4,255
EMS Incidents (NFIRS 300's)	2,804	2,787	2,538	2,481	2,471
Fire Incidents (NFIRS 100's)	113	86	95	80	63
Other Incidents (NFIRS 200's, 400's - 900's)	1,536	1,226	1,421	1,412	1,721
Fires with Loss	11	5	13	9	18
Fires with Losses exceeding \$10K	7	4	8	8	6
Fire Losses \$	\$ 2,238,770	\$ 155,500	\$ 548,500	\$ 746,000	\$ 1,367,081
Fire Safety Inspections	1,153	1,999	2,083	2,175	2,585
Number of times Mutual Aid given for Fire and EMS	296	176	162	94	82
Number of times Mutual Aid received for Fire and EMS	98	107	164	98	93
Ambulance Billing Collections (net)	\$ 620,285	\$ 620,881	\$ 580,280	\$ 625,847	\$ 669,688
Leisure Time Activities					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$ 180,945	\$ 182,691	\$ 204,868	\$ 199,023	\$ 165,588
Recreation Mens & Womens Leagues receipts	0	0	0	0	0
Recreation Children's Leagues receipts	20,659	18,804	28,166	18,557	20,787
Senior Van Fees	0	0	0	0	0
Facilities rentals	137,264	141,931	138,549	169,271	153,560
Total Recreation Department receipts	<u>\$ 338,868</u>	<u>\$ 343,426</u>	<u>\$ 371,583</u>	<u>\$ 386,851</u>	<u>\$ 339,935</u>

2013	2012	2011	2010	2009
30,810	30,367	29,981	31,099	32,255
10,232	9,879	10,622	10,820	10,804
2,366	1,597	2,541	2,601	3,438
1,015	1,070	827	1,268	1,687
779	701	697	655	596
142	94	172	286	433
797	932	875	1,141	1,340
730	787	952	834	739
635	601	643	725	641
0	0	0		
36	75	28	36	59
186	529	80	111	187
3,928	3,896	3,788	3,488	3,433
2,462	2,317	2,396	2,212	2,166
51	65	68	66	73
1,415	1,514	1,324	1,210	1,194
9	15	18	23	38
5	8	8	10	8
\$ 343,000	\$ 1,448,600	\$ 636,600	\$ 923,159	\$ 244,235
2,557	2,359	2,263	2,195	2,560
73	82	81	52	45
49	63	82	84	58
\$ 577,190	\$ 576,153	\$ 566,130	\$ 522,429	\$ 574,525
\$ 190,497	\$ 211,874	\$ 215,024	\$ 209,410	\$ 223,917
0	175	350	450	2,800
49,804	23,337	32,839	33,780	22,879
0	0	0	0	795
106,543	131,852	136,970	129,849	145,394
\$ 346,844	\$ 367,238	\$ 385,183	\$ 373,489	\$ 395,785

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

Function/Program	2018	2017	2016	2015	2014
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

2013	2012	2011	2010	2009
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
40	40	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
16	16	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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City of Shaker Heights
Cuyahoga County, Ohio

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

For the Year Ended
December 31, 2018

City of Shaker Heights
Cuyahoga County, Ohio
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December 31, 2018

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June 27, 2019

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, 2018, 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 27, 2019, in which we noted the City restated beginning net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* and to correct an error in the prior period.

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.

Kea & Associates, Inc.

Medina, Ohio

June 27, 2019

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, 2018. 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, 2018.

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 27, 2019, which contained unmodified opinions on those financial statements, wherein we noted the City restated beginning net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* and to correct an error in the prior period. 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

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

*Schedule of Expenditures of Federal Awards
For The Fiscal Year Ended December 31, 2018*

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	\$ 14,200	\$0
<i>Passed Through Cuyahoga County Department of Development:</i>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants	14.218	N/A	57,137	0
Total CDBG - Entitlement Grants Cluster			57,137	0
Total U.S. Department of Housing and Urban Development			71,337	0
U.S. Department of Justice				
<i>Direct:</i>				
Bulletproof Vest Program	16.607	N/A	12,904	0
Total U.S. Department of Justice			12,904	0
U.S. Department of Transportation				
<i>Passed Through the Ohio Department of Transportation:</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	PID #100026	620,968	0
Total Highway Planning and Construction Cluster			620,968	0
Total U.S. Department of Transportation			620,968	0
National Endowment for the Arts				
<i>Direct:</i>				
Design - Our Town	45.024	17-4292-7056	43,373	0
Total National Endowment for the Arts			43,373	0
Executive Office of the President - Office of National Drug Control Policy				
<i>Direct:</i>				
High Intensity Drug Trafficking Areas (2016)	95.001	G16OH0001A	94,245	0
Total High Intensity Drug Trafficking Areas			94,245	0
Total Executive Office of the President - Office of National Drug Control Policy			94,245	0
National Highway Traffic Safety Administration - Federal Highway Administration				
<i>Passed Through Ohio Department of Public Safety, Ohio Traffic Safety Office:</i>				
Highway Safety Cluster:				
National Priority Safety Programs	20.616	OVI-2018 University Hospitals Cleve-00010	9,500	0
Total Highway Safety Cluster			9,500	0
Total National Highway Traffic Safety Administration - Federal Highway Administration			9,500	0
Total Expenditures of Federal Awards			\$ 852,327	\$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, 2018*

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, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D- 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, 2018*

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)?	None Reported
<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?	None Reported
<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): Highway Planning and Construction Cluster	CFDA #20.205
<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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None Noted.

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OHIO AUDITOR OF STATE
KEITH FABER



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
JULY 23, 2019**