



# SHAKER HEIGHTS

Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2019  
City of Shaker Heights, Ohio





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

We have reviewed the *Independent Auditor's Report* of the City of Shaker Heights, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period January 1, 2019 through December 31, 2019. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

#### Finding For Recovery – Recreation Department Theft

Brandon L. McMillan (AKA: Brandon L Bowling) (Ms. McMillan) was formerly employed by the City of Shaker Heights in the capacity of an Accounting Clerk assigned to the Recreation Department at Thornton Park. Ms. McMillan was responsible for handling cash and entering data into the Recreation Department's software package known as ETRAK. Irregularities led to a City investigation which determined Ms. McMillan stole cash collected for skate rentals and attempted to conceal the theft through a manipulation of voids in the ETRAK system. A total of \$4,855 was identified as stolen by Ms. McMillan during 2019.

Ms. McMillan was charged in Shaker Heights Municipal Court, entered a plea of no contest to Theft and Tampering with Records charges and was found guilty. In addition to any fines and costs, she was ordered to pay restitution in the amount of \$4,855. While a payment plan was entered into with Shaker Heights Municipal Court for the entirety of the amount stolen, this does not resolve a finding for recovery in accordance with Ohio Rev. Code §9.24(B).

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public property converted or misappropriated is hereby issued against Brandon L. McMillan, former Accounting Clerk, for \$4,855 and in favor of the City's General Fund.

Members of City Council  
City of Shaker Heights  
3400 Lee Road  
Shaker Heights, Ohio 44120  
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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". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 9, 2020

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

**Comprehensive Annual Financial Report  
For the Year Ended December 31, 2019**

**Prepared by: The Department of Finance  
John J. Potts, CPA, Director of Finance**



**INTRODUCTORY  
SECTION**



**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2019*

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## SHAKER HEIGHTS

July 27, 2020

Mayor David E. Weiss,  
Chief Administrative Officer, Jeri E. Chaikin,  
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 2019 Comprehensive Annual Financial Report**

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

I am pleased to submit for your review the City of Shaker Heights' (the City) 2019 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, 2019. 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, 2019, 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, 2019 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 and Cleveland Hopkins International Airport. 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 Services, Refuse Collection, Street Maintenance, Recreation, Municipal Court, Planning, Economic Development, Inspectional Services, Public Improvements and General Administrative Services. The City receives its Public Health services from the Cuyahoga County Board of Health. 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 7,496 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. In December 2019 City Council approved legislation authorizing new local sewer fees to be phased in over four years starting in 2020, including a new fixed monthly local sewer fee that applies equally to each water account, which will be phased in over four years, and an increase in the local usage rate (per thousand cubic feet of water used or MCF), which will vary depending on water usage and will be phased in over four years. The new fixed fee started in June for usage in May 2020. This fee will be phased in over four years through 2023. The monthly fixed fee will increase by \$2.50 each year until it reaches \$10.00/month in June 2023. The fees will generate a funding stream for long term planning and continued aggressive maintenance of existing sewers and capital costs related to infrastructure, such as new laterals and connections from the sewer main to private property, sewer linings and replacements. This will ensure that the sewer system remains viable for at least another 50 years and beyond.

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, and 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 City has entered into an Agreement with the Cities of Cleveland Heights, University Heights, South Euclid and Richmond Heights 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. The Public Works Department offers backyard collection of refuse and recycling, 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 along with organic materials. 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 and tires. Public Works maintains over 350 acres of greenspace. 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 Recreation Department 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. Recreation 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 20 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 Farnsleigh Road multipurpose path was completed in 2019 and the Warrensville Center Road multipurpose path will be complete in early summer 2020. These paths will introduce an additional mile of off-road, active transportation infrastructure in a high-demand area within the City. There are approximately 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 Huntington Convention Center of Cleveland. 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, Rocket Mortgage Field House (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 2019, four of the top eight 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 2019, approximately 72.2% of residential property taxes support the Shaker Heights City School District. 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.

According to the Cuyahoga County Fiscal Officer, the total property assessed valuation for the 2019 tax year/collection year 2020 is \$832,815,960. This amount is consistent with the prior year valuation of \$831,878,510. The 2018 tax year/collection year 2019 was up 8% from the prior year due to the reappraisal of all property in Cuyahoga County.

On a cash basis, City income tax revenue grew 81.9% during the ten-year period from 2010 to 2019. 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. For 2019, aggregate income tax receipts were \$2,368,427 higher than in 2018. The components of income tax collections in 2019 were 61.12% from individual taxpayers, 34.12% from withholding by employers and 3.01% from taxes on net profits.

## **Economic Development**

The City has historically permitted development pursuant only 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 diversify its tax base and support the City's long term economic strength. The plan focuses on business attraction in target industry sectors (ambulatory care and health sciences, professional services, technology and information services, and design and engineering); business retention and expansion; placemaking investments to create vibrant commercial districts; financial incentives for commercial property owners and businesses seeking to expand or locate in the City; and aggressive marketing, branding, and outreach.

The City's economic development incentive tools are designed to attract, retain and expand businesses, create jobs and new payroll within the City, and improve commercial properties. The Vision Fund assists established, growing businesses ready to move into office space by providing financial assistance for tenant improvements and equipment purchases based on income/payroll taxes the City collects over a three to five year period, or longer in specific circumstances. Through the SBA Shaker Partnership Loan program, the City – with financial support from Cuyahoga County and in partnership with the U.S. Small Business Administration – provides equity in the form of forgivable loans to small businesses that relocate to, expand or start up in Shaker Heights. The City's Storefront Renovation Program provides micro-grants to small businesses and commercial property owners for new or improved business signage or full storefront façade improvements.

The City works in partnership with the Shaker Heights Development Corporation (SHDC), a nonprofit community improvement corporation created to help enhance the City's commercial revitalization efforts. Forty percent of SHDC board members are City-elected and appointed officials. SHDC leases a former car dealership from the City for use as its offices and as "The Dealership", which offers co-working and office space for

entrepreneurs and businesses as well as small business programming presented in partnership with regional nonprofit organizations. SHDC also manages two business associations and invests in real estate development in the Lee Road commercial district, including by acquiring properties to support new businesses and to help current businesses expand. When the City purchases or receives commercial property through tax foreclosure, it either partners with SHDC to put the property back into productive use or partners with the Cuyahoga County Land Bank to demolish vacant buildings using Cuyahoga County grant dollars. After demolitions, SHDC assists in redeveloping properties to enable additional revitalization of the commercial corridor.

The Van Aken neighborhood spans approximately 20 acres and sits at the terminus of GCRTA's rapid transit line. 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. City Council approved a development and use agreement for the project in 2016. The demolition of a former 1960's shopping center occurred in 2016. Construction began in 2017, and the first phase of development was completed by April 2019, 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. The next phase of development will include apartment buildings built upon a city-owned parking lot on Farnsleigh Road.

The Van Aken District mixed-use development also 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.

Finally, the City's economic development programming also seeks to ensure connectivity between commercial districts and residential neighborhoods. The Economic Development Department leads the City's neighborhood engagement efforts, which are designed to increase cohesiveness and stability in the neighborhoods. Efforts focus on building relationships with and among residents, increasing resident participation within the greater community, developing resident leadership capacity, and connecting neighbors to foster network-building, safe and active streets, and stable neighborhoods.

## **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. 103 units of luxury apartment units were completed

at the Van Aken District in 2018. In April 2018, the City 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. The City has entered into a Development and Use agreement with Knez Builders for market rate single family homes in the southern Moreland neighborhood and they have completed and sold one house and are beginning work on the second. All twelve units of Phase I of The Townhomes of Van Aken project in northern Moreland have been built and sold.

High quality housing is maintained with a strong code enforcement program. In 2019, the Building and Housing Department conducted 652 new point of sale inspections, a 10.16% decrease over the prior year. 170 escrow accounts totaling \$1,148,055 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. Over 2,909 building permits were issued in 2019 for building improvements totaling over \$20.3 million. Code enforcement and permit activities resulted in over 7,400 inspections which ensures buildings are constructed and maintained in a manner that safeguards the building's occupants and the overall welfare of the community.

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 41 properties in 2019 for items such as, replacement of broken windows, exterior repairs, removal of litter and debris, yard cleanups, and demolition of 11 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 2019, the City's partnership with the Cleveland Restoration Society's Heritage Home Loan Program resulted in \$1,316,199 of reinvestment in 21 homes.

### **Resident and Business Attract and Retain Strategy**

The Communications and Marketing Department leads the City's efforts to identify Shaker Heights as a desirable place to live, work and do business. Marketing campaigns emphasize the progressive nature of the community; its commitment to diversity and inclusion; its walkability and access to public transportation; its dedication to the protection and preservation of parks and trails, housing, schools, and neighborhoods. Communications and Marketing strategies aimed at attracting and retaining residents and businesses include:

- Messaging and advertising in print, radio, video, social and digital media;
- Delivery of ENews to 11,800 subscribers;
- Websites ([shakeronline.com](http://shakeronline.com), [www.shaker.life](http://www.shaker.life), and [shaker365](http://shaker365));
- Social Media: Facebook, Twitter, Instagram, YouTube
- Creation and distribution of marketing collateral to realtors
- 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 2018, 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, 2019 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.

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, (Interim) Director of Finance Frank Brichacek, CPA (inactive), Assistant Director of Finance Cheryl Arslanian, CPA, Accountants Paul Beckwith, CPA (inactive), and Lorraine Miller, CPA, Accounting Specialist Beverly Brown, and Accounting Technician Linda Sulc. 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 Mayor David E. Weiss, Chief Administrative Officer and Clerk of Council, Jeri E. Chaikin, the City Council and its Finance Committee for their support and commitment to responsible and transparent financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Potts', written over a faint circular stamp or watermark.

John J. Potts, CPA  
Director of Finance

# City of Shaker Heights, Ohio

## Listing of Principal City Officials

**December 31, 2019**

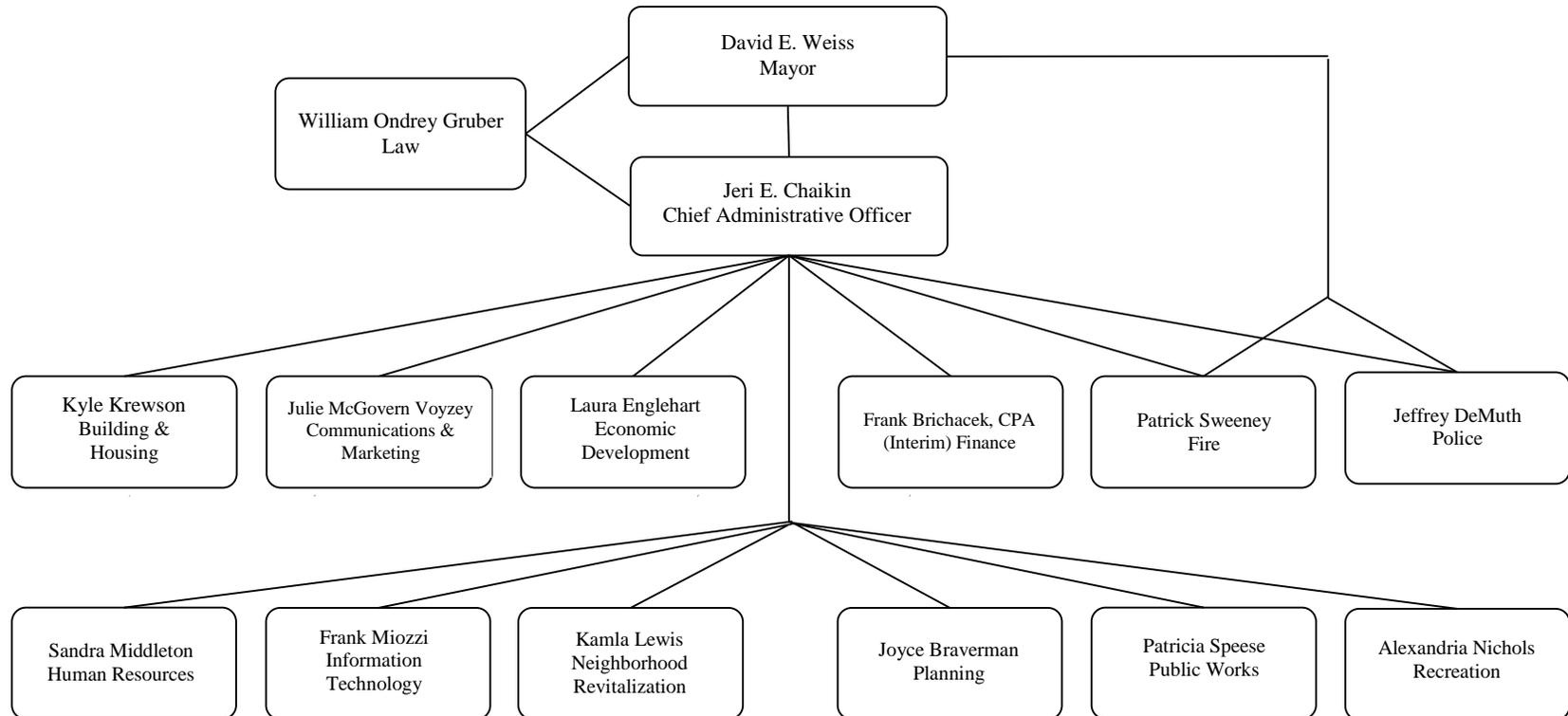
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Mayor.....	David E. Weiss
Council Member/Vice Mayor.....	Anne Williams
Council Member.....	Sean Malone
Council Member.....	Nancy Moore
Council Member.....	Tres Roeder
Council Member.....	Julianna Johnston Senturia
Council Member.....	Earl Williams, Jr.
Council Member.....	Rob Zimmerman

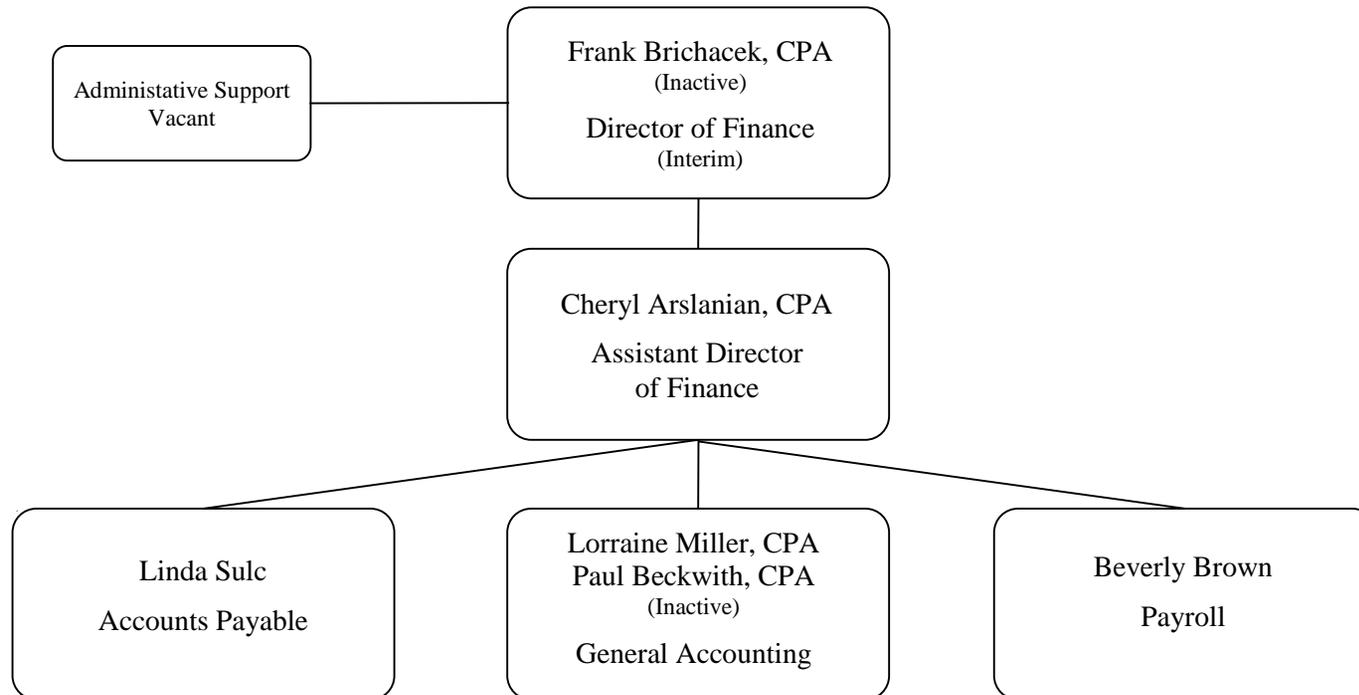
### APPOINTED OFFICIALS

Chief Administrative Officer.....	Jeri E. Chaikin
Director of Law.....	William Ondrey Gruber
Chief of Fire.....	Patrick Sweeney
Chief of Police.....	Jeffrey DeMuth
Director of Building and Housing.....	Kyle Krewson
Director of Communications and Marketing.....	Julie McGovern Voyzey
Director of Economic Development.....	Laura Englehart
Director of Finance.....	Frank Brichacek, CPA (Interim)
Manager of Human Resources.....	Sandra Middleton
Director of Information Technology.....	Frank Miozzi
Director of Neighborhood Revitalization.....	Kamla Lewis
Director of Planning.....	Joyce Braverman
Director of Public Works.....	Patricia Speese
Director of Recreation.....	Alexandria Nichols

# City of Shaker Heights, Ohio Administrative Organizational Chart December 31, 2019



# City of Shaker Heights, Ohio Finance Department Organizational Chart December 31, 2019





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, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**FINANCIAL  
SECTION**



July 27, 2020

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, 2019, 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, 2019, 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 and fund balances to account for the implementation of GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As described in Note 20, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. 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 July 27, 2020 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**  
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*For the Year Ended December 31, 2019*  
*(Unaudited)*

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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, 2019. 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 2019 are as follows:

- Net position increased \$25,178,451, which represents a 43 percent increase from 2018 restated net position.
- Total capital assets increased \$1,049,526 during 2019.
- Outstanding debt decreased from \$26,011,651 to \$24,294,657.
- The City early implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which resulted in a restatement to net position of \$2,928,327 as disclosed in Note 2.

***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 2019 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 2019?" 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*  
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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 and repair, 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 basis of 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 custodial funds to report within the fiduciary fund category. Custodial funds are reported on the accrual basis and present a statement of fiduciary net position and statement of changes in fiduciary net position.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
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*(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 2019 compared to 2018:

**Table 1**  
**Net Position**

	Governmental Activities		
	2019	Restated 2018	Change
<b>Assets</b>			
Current and Other Assets	\$ 92,751,119	\$ 83,074,086	\$ 9,677,033
Capital Assets	101,697,682	100,648,156	1,049,526
<i>Total Assets</i>	<u>194,448,801</u>	<u>183,722,242</u>	<u>10,726,559</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charges on Refunding Pension & OPEB	692,850	750,588	(57,738)
	19,769,963	10,846,553	8,923,410
<i>Total Deferred Outflows of Resources</i>	<u>20,462,813</u>	<u>11,597,141</u>	<u>8,865,672</u>
<b>Liabilities</b>			
Current and Other Liabilities	6,556,627	6,356,450	200,177
Long-Term Liabilities:			
Due within One Year	3,822,548	4,117,352	(294,804)
Due in More Than One Year:			
Net Pension Liability	61,844,526	43,676,818	18,167,708
Net OPEB Liability	15,770,211	36,600,418	(20,830,207)
Other Amounts	29,348,197	30,376,930	(1,028,733)
<i>Total Liabilities</i>	<u>117,342,109</u>	<u>121,127,968</u>	<u>(3,785,859)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	6,790,281	6,793,596	(3,315)
Revenue in Lieu of Taxes	2,188,224	1,332,677	855,547
Pension & OPEB	5,357,160	8,009,753	(2,652,593)
<i>Total Deferred Inflows of Resources</i>	<u>14,335,665</u>	<u>16,136,026</u>	<u>(1,800,361)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	79,129,710	76,894,481	2,235,229
Restricted	11,953,612	12,001,989	(48,377)
Unrestricted	(7,849,482)	(30,841,081)	22,991,599
<i>Total Net Position</i>	<u>\$ 83,233,840</u>	<u>\$ 58,055,389</u>	<u>\$ 25,178,451</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2019 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year 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**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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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.

At year end, capital assets represented 52 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 \$79,129,710 at December 31, 2019. 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, \$11,953,612 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 \$7,849,482.

Current and other assets increased primarily due to an increase in cash and cash equivalents from operations. The City is expecting additional revenues in lieu of taxes relating to the Van Aken Tax Incremental Financing (TIF) agreements. This caused increases in revenue in lieu of taxes receivable and deferred inflows for revenue in lieu of taxes.

There was a significant change in net pension/OPEB liability for the City. These fluctuations are due to changes in the actuarial liabilities and related accruals that are passed through to the City's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and net pension/net OPEB liability are described in more detail in their respective notes.

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**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
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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 2019 and 2018.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	2019	2018	Change
<b>Revenues</b>			
<i>Program Revenues:</i>			
Charges for Services	\$ 10,718,541	\$ 10,110,129	\$ 608,412
Operating Grants	4,173,602	1,297,901	2,875,701
Capital Grants	2,770,361	2,460,085	310,276
<i>General Revenues:</i>			
Property Taxes	7,276,246	6,609,808	666,438
Municipal Income Taxes	37,406,115	34,125,923	3,280,192
Other Taxes	72,880	37,546	35,334
Grants and Entitlements	2,118,741	1,871,156	247,585
Revenue in Lieu of Taxes	1,296,896	1,612,192	(315,296)
Investment Earnings	1,177,814	703,493	474,321
Miscellaneous	481,681	285,207	196,474
<i>Total Revenues</i>	<u>67,492,877</u>	<u>59,113,440</u>	<u>8,379,437</u>
<b>Program Expenses</b>			
General Government			
Legislative and Executive	6,316,038	7,400,516	(1,084,478)
Judicial System	2,752,345	2,509,815	242,530
Security of Persons and Property			
Police	1,847,705	14,996,205	(13,148,500)
Fire	(486,818)	7,802,483	(8,289,301)
Other	799,451	820,632	(21,181)
Leisure Time Services			
Culture and Recreation	4,003,185	3,928,618	74,567
Parks and Public Land Maintenance	1,169,793	1,147,126	22,667
Housing and Community Development	9,621,662	7,080,052	2,541,610
Sanitation and Sewer Services	8,092,293	5,116,508	2,975,785
Street Maintenance and Repair	3,277,254	3,556,492	(279,238)
Transportation	484,758	451,245	33,513
Public Works	3,629,354	3,600,214	29,140
Interest and Fiscal Charges	807,406	816,124	(8,718)
<i>Total Program Expenses</i>	<u>42,314,426</u>	<u>59,226,030</u>	<u>(16,911,604)</u>
<i>Change in Net Position</i>	25,178,451	(112,590)	25,291,041
<i>Net Position Beginning of Year</i>	58,055,389	55,239,652	2,815,737
<i>Restatement, See Note 2U.</i>	0	2,928,327	(2,928,327)
<i>Net Position End of Year</i>	<u>\$ 83,233,840</u>	<u>\$ 58,055,389</u>	<u>\$ 25,178,451</u>

*Note: 2018 not updated for comparison due to the implementation of GASB 84.*

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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**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 2019 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 increased as the prior year income taxes were affected by the limitation on the deduction of state and local taxes under the new federal income tax law and increase in income tax collections from the new Van Aken District. Capital grants revenue increased, mainly for the Warrensville Center Road Streetscape project. Operating grants revenue and housing and community development expense increased during 2019 due to the restatement of the Point of Sale Escrow fund. See Note 2 for more information.

The largest program function of the City is for security of persons and property, which includes police and fire departments. This significant decrease in security of persons and property for police and fire is a result of OP&F changing its retiree health care model to a stipend-based health care model thus reducing its total OPEB liability, which translates to a significantly lower net OPEB liability reported by employers. This has caused security of persons and property – fire to report a negative expense for 2019.

The decrease in legislative and executive expense was primarily caused by the increase in net pension liability combined with an increase in capital asset acquisitions and decreased depreciation. Sanitation expenses increased due to more maintenance projects during 2019 and fewer capitalized projects compared to 2018.

***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.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

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The general fund is the chief operating fund of the City. The fund balance of the general fund increased \$3,300,818 during the current fiscal year due to an increase in investment earnings and municipal income tax revenue, offset by an increase in transfers out to finance other programs within the City.

The capital projects funds had a \$1,780,226 increase in fund balance due primarily to the timing of revenues used for project expenditures. The City received additional grant funding in 2019, as well as an increase in transfers from the general fund.

***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 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 Council before being presented to the Council for consideration for enactment by ordinance. During the course of 2019, 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 Council and its Finance Committee depicting monthly and year-to-date activity.

***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.

Budgeted income tax revenues were increased when it was determined that the prior year 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, would not occur again near the end of the year and the City realized an increase in income taxes collections from the new Van Aken District.

***Final Budget Compared to Actual Results*** There were no significant differences between estimated revenues and actual revenues. A review of actual expenditures compared to the appropriations in the final budget also yields no significant variances.

The City increased budgeted transfers during the year, primarily for the purchase of equipment, improvements to the Warrensville-Shaker intersection and the 2020 Street Resurfacing Program.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

**Capital Assets and Debt Administration**

**Capital Assets**

Table 3 shows fiscal year 2019 balances compared with 2018. 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	
	2019	2018
Land	\$ 20,006,651	\$ 19,997,651
Construction in Progress	7,118,873	5,644,736
Buildings and Improvements	9,505,773	9,895,922
Land Improvements	5,860,615	5,935,919
Machinery and Equipment	7,755,924	8,266,379
Infrastructure:		
Streets	31,685,499	30,614,846
Storm and Sanitary Sewers	11,276,752	11,469,078
Bridges	30,071	36,006
Culverts	44,738	45,484
Traffic signals	8,412,786	8,742,135
<i>Total</i>	<u>\$ 101,697,682</u>	<u>\$ 100,648,156</u>

**Debt**

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

**Table 4**  
**Outstanding Debt, at December 31**

	Governmental Activities	
	2019	2018
General Obligation Bonds	\$ 15,708,300	\$ 16,733,600
OPWC Loans	2,361,357	2,683,051
Non-Tax Revenue Bonds	4,625,000	4,795,000
Bond Anticipation Notes *	1,600,000	1,800,000
Lease Purchases	1,398,331	974,387
<i>Total</i>	<u>\$ 25,692,988</u>	<u>\$ 26,986,038</u>

\*\$1,400,000 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.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

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***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 United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The investments of the pension and other employee benefit plans in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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, 2016 and 2018 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, John Potts, CPA at the City of Shaker Heights, 3400 Lee Road, Shaker Heights, Ohio 44120, (216) 491-1420 and by email: [john.potts@shakeronline.com](mailto:john.potts@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, 2019*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 59,444,729
Accounts Receivable	1,665,647
Intergovernmental Receivable	3,028,422
Taxes Receivable	21,344,025
Revenue in Lieu of Taxes Receivable	2,188,224
Special Assessments Receivable	2,800,410
Loans Receivable	344,244
Materials and Supplies Inventory	457,415
Leases Receivable	1,478,003
Non-Depreciable Capital Assets	27,125,524
Depreciable Capital Assets, Net	74,572,158
<i>Total Assets</i>	194,448,801
<b>Deferred Outflows of Resources</b>	
Deferred Charges on Refunding	692,850
Pension	16,539,924
OPEB	3,230,039
<i>Total Deferred Outflows of Resources</i>	20,462,813
<b>Liabilities</b>	
Accounts Payable	1,960,698
Accrued Wages and Benefits	1,906,639
Contracts Payable	543,066
Retainage Payable	361,138
Accrued Interest Payable	58,125
Matured Compensated Absences Payable	23,850
Unearned Revenue	1,478,003
Payroll Withholding Payable	25,108
Notes Payable	200,000
Long-Term Liabilities:	
Due Within One Year	3,822,548
Due In More Than One Year:	
Net Pension Liability	61,844,526
Net OPEB Liability	15,770,211
Other Amounts Due in More Than One Year	29,348,197
<i>Total Liabilities</i>	117,342,109
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	6,790,281
Revenue in Lieu of Taxes	2,188,224
Pension	2,766,993
OPEB	2,590,167
<i>Total Deferred Inflows of Resources</i>	14,335,665
<b>Net Position</b>	
Net Investment in Capital Assets	79,129,710
Restricted for:	
Capital Projects	1,596,426
Streets	1,454,864
Public Safety	3,162,843
Judicial Services	1,028,027
Tree Maintenance	1,013,729
Other Purposes	3,697,723
Unrestricted	(7,849,482)
<i>Total Net Position</i>	\$ 83,233,840

See accompanying notes to the basic financial statements.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2019

	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
<b>Governmental Activities</b>					
General Government					
Legislative and Executive	\$ 6,316,038	\$ 58,150	\$ 35,163	\$ 0	\$ (6,222,725)
Judicial System	2,752,345	2,959,874	17,022	0	224,551
Security of Persons and Property					
Police	1,847,705	57,886	0	0	(1,789,819)
Fire	(486,818)	704,757	31,632	0	1,223,207
Other	799,451	545,180	0	0	(254,271)
Leisure Time Services					
Culture and Recreation	4,003,185	1,817,683	0	0	(2,185,502)
Parks and Public Land Maintenance	1,169,793	0	0	0	(1,169,793)
Housing and Community Development	9,621,662	2,686,298	2,664,500	0	(4,270,864)
Sanitation and Sewer Services	8,092,293	1,014,195	74,579	547,808	(6,455,711)
Street Maintenance and Repair	3,277,254	0	1,350,706	2,222,553	296,005
Transportation	484,758	0	0	0	(484,758)
Public Works	3,629,354	874,518	0	0	(2,754,836)
Interest and Fiscal Charges	807,406	0	0	0	(807,406)
<i>Total Governmental Activities</i>	<u>\$ 42,314,426</u>	<u>\$ 10,718,541</u>	<u>\$ 4,173,602</u>	<u>\$ 2,770,361</u>	<u>(24,651,922)</u>
<b>General Revenues:</b>					
Property Taxes Levied for:					
General Purposes					6,835,268
Police and Fire Pension					440,978
Municipal Income Taxes Levied for:					
General Purposes					37,406,115
Other Taxes Levied for:					
General Purposes					72,880
Grants and Entitlements not Restricted to Specific Programs					2,118,741
Revenue in Lieu of Taxes					1,296,896
Investment Earnings					1,177,814
Miscellaneous					481,681
<i>Total General Revenues</i>					<u>49,830,373</u>
<i>Change in Net Position</i>					25,178,451
<i>Net Position Beginning of Year Restated, See Note 2U.</i>					<u>58,055,389</u>
<i>Net Position End of Year</i>					<u>\$ 83,233,840</u>

See accompanying notes to the basic financial statements.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2019*

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 28,060,155	\$ 14,918,367	\$ 12,369,706	\$ 55,348,228
Accounts Receivable	1,350,036	0	315,611	1,665,647
Intergovernmental Receivable	1,595,532	790,426	642,464	3,028,422
Taxes Receivable	20,893,753	0	450,272	21,344,025
Revenue in Lieu of Taxes Receivable	0	0	2,188,224	2,188,224
Special Assessments Receivable	401,107	0	2,399,303	2,800,410
Loans Receivable	154,210	0	190,034	344,244
Interfund Receivable	186,000	0	99,986	285,986
Materials and Supplies Inventory	189,566	0	0	189,566
Leases Receivable	1,428,003	50,000	0	1,478,003
<i>Total Assets</i>	<u>\$ 54,258,362</u>	<u>\$ 15,758,793</u>	<u>\$ 18,655,600</u>	<u>\$ 88,672,755</u>
<b>Liabilities</b>				
Accounts Payable	\$ 858,636	\$ 554,674	\$ 377,059	\$ 1,790,369
Accrued Wages and Benefits	1,434,327	0	445,720	1,880,047
Contracts Payable	0	543,066	0	543,066
Retainage Payable	0	361,138	0	361,138
Interfund Payable	0	0	99,986	99,986
Matured Compensated Absences Payable	23,850	0	0	23,850
Unearned Revenue	1,428,003	50,000	0	1,478,003
Payroll Withholding Payable	25,108	0	0	25,108
Notes Payable	0	0	200,000	200,000
<i>Total Liabilities</i>	<u>3,769,924</u>	<u>1,508,878</u>	<u>1,122,765</u>	<u>6,401,567</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	6,378,989	0	411,292	6,790,281
Revenue in Lieu of Taxes	0	0	2,188,224	2,188,224
Unavailable Revenue	10,677,482	467,912	2,982,600	14,127,994
<i>Total Deferred Inflows of Resources</i>	<u>17,056,471</u>	<u>467,912</u>	<u>5,582,116</u>	<u>23,106,499</u>
<b>Fund Balances</b>				
Nonspendable	557,858	0	190,034	747,892
Restricted	0	1,578,299	7,704,069	9,282,368
Committed	238,984	12,203,704	4,133,469	16,576,157
Assigned	7,094,814	0	0	7,094,814
Unassigned	25,540,311	0	(76,853)	25,463,458
<i>Total Fund Balances</i>	<u>33,431,967</u>	<u>13,782,003</u>	<u>11,950,719</u>	<u>59,164,689</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 54,258,362</u>	<u>\$ 15,758,793</u>	<u>\$ 18,655,600</u>	<u>\$ 88,672,755</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, 2019*

<b>Total Governmental Fund Balances</b>		\$ 59,164,689
 <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.		101,697,682
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 643,567	
Municipal Income Taxes	7,297,390	
Intergovernmental	2,036,749	
Special Assessments	2,800,410	
Charges for Services	1,325,261	
Other	<u>24,617</u>	14,127,994
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.		1,970,044
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(58,125)
Unamortized gain/loss on refunding represents deferred outflows, which do not provide current financial resources and, therefore, are not reported in the funds.		692,850
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)	16,216,289	
Deferred Outflows - OPEB (net of internal service funds)	3,188,103	
Net Pension Liability (net of internal service funds)	(60,763,602)	
Net OPEB Liability (net of internal service funds)	(15,268,183)	
Deferred Inflows - Pension (net of internal service funds)	(2,686,911)	
Deferred Inflows - OPEB (net of internal service funds)	<u>(2,539,113)</u>	(61,853,417)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(15,708,300)	
Non-Tax Revenue Bonds	(4,625,000)	
Loans Payable	(2,361,357)	
Notes Payable	(1,400,000)	
Unamortized Bond Premium	(756,636)	
Lease Purchases	(1,398,331)	
Compensated Absences (net of internal service funds)*	<u>(6,258,253)</u>	<u>(32,507,877)</u>
 <i>Net Position of Governmental Activities</i>		 <u>\$ 83,233,840</u>

\* Excludes \$156,134 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, 2019*

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 6,783,894	\$ 0	\$ 437,694	\$ 7,221,588
Municipal Income Taxes	36,703,070	0	0	36,703,070
Other Local Taxes	81,938	0	0	81,938
Special Assessments	138,527	0	1,335,137	1,473,664
Charges for Services	3,989,534	40,000	1,067,170	5,096,704
Fees, Licenses and Permits	1,081,045	0	0	1,081,045
Fines and Forfeitures	2,731,675	0	251,946	2,983,621
Intergovernmental	1,888,411	2,769,624	1,406,325	6,064,360
Investment Earnings	1,222,815	0	122,107	1,344,922
Revenue in Lieu of Taxes	0	0	1,296,896	1,296,896
Residential Point of Sale Escrow	0	0	2,662,038	2,662,038
Other Revenues	357,045	50,000	6,540	413,585
<i>Total Revenues</i>	<u>54,977,954</u>	<u>2,859,624</u>	<u>8,585,853</u>	<u>66,423,431</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	5,252,667	626,036	48,576	5,927,279
Judicial System	2,254,778	0	169,641	2,424,419
Security of Persons and Property:				
Police	9,700,394	255,287	1,113,901	11,069,582
Fire	7,239,555	5,712	1,150,277	8,395,544
Other	97,034	0	713,950	810,984
Leisure Time Services:				
Cultural and Recreation	3,252,539	252,368	0	3,504,907
Park and Public Land Development	1,023,203	16,762	0	1,039,965
Housing and Community Development	5,116,451	1,546,100	3,354,014	10,016,565
Sanitation and Sewer Services	3,357,211	3,245,660	1,347,554	7,950,425
Transportation	0	0	140,857	140,857
Street Maintenance and Repair	928,238	1,516,138	1,225,701	3,670,077
Public Works	2,754,283	15,491	0	2,769,774
Debt Service:				
Principal Retirement	206,012	0	3,190,357	3,396,369
Interest and Fiscal Charges	40,243	0	785,174	825,417
<i>Total Expenditures</i>	<u>41,222,608</u>	<u>7,479,554</u>	<u>13,240,002</u>	<u>61,942,164</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>13,755,346</u>	<u>(4,619,930)</u>	<u>(4,654,149)</u>	<u>4,481,267</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	69,504	156	0	69,660
Issuance of Notes Payable	0	0	1,400,000	1,400,000
Premium on Debt Issuance	0	0	22,000	22,000
Inception of Lease Purchase	703,319	0	0	703,319
Transfers In	0	6,400,000	4,827,351	11,227,351
Transfers Out	(11,227,351)	0	0	(11,227,351)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,454,528)</u>	<u>6,400,156</u>	<u>6,249,351</u>	<u>2,194,979</u>
<i>Net Change in Fund Balance</i>	3,300,818	1,780,226	1,595,202	6,676,246
<i>Fund Balance Beginning of Year (Restated, See Note 2U.)</i>	<u>30,131,149</u>	<u>12,001,777</u>	<u>10,355,517</u>	<u>52,488,443</u>
<i>Fund Balance End of Year</i>	<u>\$ 33,431,967</u>	<u>\$ 13,782,003</u>	<u>\$ 11,950,719</u>	<u>\$ 59,164,689</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, 2019*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 6,676,246</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 4,701,498	
Current Year Depreciation	<u>(3,468,480)</u>	1,233,018
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.		
		(183,492)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	54,658	
Municipal Income Taxes	703,045	
Intergovernmental	256,897	
Special Assessments	(74,067)	
Charges for Services	88,696	
Other	<u>(29,443)</u>	999,786
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	1,195,300	
OPWC Loans	321,694	
Bond Anticipation Notes	1,600,000	
Lease Purchases	<u>279,375</u>	3,396,369
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		(1,400,000) *
Inception of lease purchase in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(703,319)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	2,412	
Amortization of Premium on Bonds	51,337	
Amortization of Refunding Loss	<u>(57,738)</u>	(3,989)
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	3,849,746	
OPEB	<u>50,524</u>	3,900,270
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	(9,207,341)	
OPEB	<u>19,712,533</u>	10,505,192
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.		
		820,630
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**		(62,260)
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 25,178,451</u></u>

\* See Note 20 for details of Bond Anticipation Note.

\*\* Excludes \$26,004 reported in the Internal Service Fund.

See accompanying notes to the basic financial statements.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2019*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$ 6,208,275	\$ 6,525,022	\$ 6,783,894	\$ 258,872
Municipal Income Taxes	34,494,635	36,500,742	36,088,906	(411,836)
Other Local Taxes	60,000	46,104	70,948	24,844
Charges for Services	5,140,333	5,389,940	5,263,253	(126,687)
Fees, Licenses and Permits	1,036,730	1,126,854	1,084,441	(42,413)
Fines and Forfeitures	450,050	621,801	613,681	(8,120)
Intergovernmental	1,609,790	1,639,747	1,816,494	176,747
Investment Earnings	327,200	948,357	937,232	(11,125)
Other Revenues	768,427	1,046,318	1,052,848	6,530
<i>Total Revenues</i>	<u>50,095,440</u>	<u>53,844,885</u>	<u>53,711,697</u>	<u>(133,188)</u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive	5,775,984	5,532,247	5,258,463	273,784
Judicial System	2,398,459	2,293,459	2,249,879	43,580
Security of Persons and Property				
Police	10,691,237	10,206,237	9,783,132	423,105
Fire	6,922,599	6,895,289	6,711,093	184,196
Other	68,400	86,400	86,000	400
Leisure Time Services				
Cultural and Recreation	3,452,328	3,452,328	3,327,412	124,916
Park and Public Land Development	1,102,846	1,074,246	1,030,623	43,623
Housing and Community Development	5,608,410	5,816,396	5,321,039	495,357
Sanitation and Sewer Services	3,205,461	3,341,561	3,336,448	5,113
Street Maintenance and Repair	1,105,928	988,328	955,575	32,753
Public Works	2,474,644	2,358,944	2,222,774	136,170
<i>Total Expenditures</i>	<u>42,806,296</u>	<u>42,045,435</u>	<u>40,282,438</u>	<u>1,762,997</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,289,144</u>	<u>11,799,450</u>	<u>13,429,259</u>	<u>1,629,809</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	110,000	110,000
Advances Out	0	(240,000)	(186,000)	54,000
Transfers In	0	13,909	0	(13,909)
Transfers Out	(8,700,694)	(11,413,051)	(11,413,051)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(8,700,694)</u>	<u>(11,639,142)</u>	<u>(11,489,051)</u>	<u>150,091</u>
<i>Net Change in Fund Balance</i>	(1,411,550)	160,308	1,940,208	1,779,900
Beginning Cash Fund Balance	23,518,449	23,518,449	23,518,449	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(485,020)	(485,020)	(485,020)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrances	(1,081,202)	(1,081,202)	(1,081,202)	0
Ending Cash Fund Balance	<u>\$ 20,540,677</u>	<u>\$ 22,112,535</u>	23,892,435	<u>\$ 1,779,900</u>
Encumbrances - All Budget Years			<u>2,276,267</u>	
Total Cash Fund Balance - December 31			<u>\$ 26,168,702</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, 2019*

	Governmental Activities - Internal Service Funds
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,096,501
Materials and Supplies Inventory	267,849
<i>Total Current Assets</i>	4,364,350
<b>Deferred Outflows of Resources</b>	
Pension	323,635
OPEB	41,936
<i>Total Deferred Outflows of Resources</i>	365,571
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	170,329
Accrued Wages and Benefits	26,592
Interfund Payable	186,000
Compensated Absences Payable	9,278
Claims Payable	393,603
<i>Total Current Liabilities</i>	785,802
<i>Long-Term Liabilities:</i>	
Claims Payable - Net of Current Portion	113,131
Compensated Absences Payable - Net of Current Portion	146,856
Net Pension Liability	1,080,924
Net OPEB Liability	502,028
<i>Total Long-Term Liabilities</i>	1,842,939
 <i>Total Liabilities</i>	 2,628,741
<b>Deferred Inflows of Resources</b>	
Pension	80,082
OPEB	51,054
<i>Total Deferred Inflows of Resources</i>	131,136
<b>Net Position</b>	
Unrestricted	\$ 1,970,044

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, 2019*

	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>	
Charges for Services	\$ 7,497,944
Other	554
<i>Total Operating Revenues</i>	7,498,498
<b>Operating Expenses</b>	
Personal Services	1,108,360
Contractual Services	4,785,112
Materials and Supplies	773,621
Other	10,775
<i>Total Operating Expenses</i>	6,677,868
<i>Operating Income (Loss)</i>	820,630
<i>Net Position Beginning of Year</i>	1,149,414
<i>Net Position End of Year</i>	\$ 1,970,044

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, 2019

	Governmental Activities - Internal Service Funds
<b>Cash Flows from Operating Activities</b>	
Cash Received from Internal Services	\$ 7,497,944
Cash Received from Other Operating Receipts	554
Cash Payments for Goods and Services	(4,827,403)
Cash Payments to Employees for Services and Benefits	(911,841)
Cash Payments to Suppliers	(855,866)
Other Cash Payments	(10,775)
<i>Net Cash Provided By Operating Activities</i>	892,613
<b>Cash Flows from Noncapital Financing Activities</b>	
Advances In	186,000
Advances Out	(110,000)
<i>Net Cash Provided by Noncapital Financing Activities</i>	76,000
<i>Net Increase in Cash and Cash Equivalents</i>	968,613
<i>Cash and Cash Equivalents Beginning of Year</i>	3,127,888
<i>Cash and Cash Equivalents End of Year</i>	\$ 4,096,501
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>	
Operating Income	\$ 820,630
(Increase) Decrease in Assets and Deferred Outflows:	
Prepaid Items	51,242
Materials and Supplies Inventory	(21,034)
Deferred Outflows - Pension	(134,613)
Deferred Outflows - OPEB	(1,813)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(85,979)
Accrued Wages and Benefits	2,204
Claims Payable	(67,414)
Compensated Absences Payable	26,004
Deferred Inflows - Pension	(99,191)
Deferred Inflows - OPEB	(2,337)
Net Pension Liability	381,319
Net OPEB Liability	23,595
<i>Net Cash Provided By Operating Activities</i>	\$ 892,613

See accompanying notes to the basic financial statements.

**City of Shaker Heights**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2019*

	Custodial Funds
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,148,178
Cash in Segregated Accounts	342,467
Loans Receivable	42,643
<i>Total Assets</i>	1,533,288
<b>Liabilities</b>	
Accounts Payable	237,640
Intergovernmental Payable	256,659
Loans Payable	27,200
<i>Total Liabilities</i>	521,499
<b>Net Position</b>	
Restricted for Individuals, Organizations and Other Governments	\$ 1,011,789

See accompanying notes and accountant's compilation report.

**City of Shaker Heights**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2019*

	Custodial Funds
<b>Additions</b>	
Contributions and Donations	\$ 3,977
Intergovernmental	2,504,730
Amounts Received as Fiscal Agent	473,182
Licenses, Permits & Fees for Other Governments	360,364
Fines & Forfeitures for Other Governments	1,276,669
Amounts Received for Others	1,051,039
<i>Total Additions</i>	5,669,961
<b>Deductions</b>	
Distributions as Fiscal Agent	309,277
Licenses, Permits & Fee Distributions to Other Governments	351,260
Fines & Forfeitures Distributions to Other Governments	1,285,773
Other Distributions	3,012,115
<i>Total Deductions</i>	4,958,425
<i>Change in Net Position</i>	711,536
<i>Net Position Beginning of Year - Restated, See Note 2U.</i>	300,253
<i>Net Position End of Year</i>	\$ 1,011,789

See accompanying notes and accountant's compilation report.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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**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 16.

**Note 2 – Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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*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, the recreation fund, the 27<sup>th</sup> pay reserve fund, the unclaimed monies fund, the contractor deposit fund, and the FlexSave fund.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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*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 custodial 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 has eight custodial funds which are used to account for state mandated fees relating to the acceptance, review, and approval of building plans and specifications, for monies held for individuals and organizations for fines and forfeitures, for donations for public art and economic development throughout the City, scholarships and assets that provide aid to young children and their families for educational, recreational, social and support programs and services, for the design and construction design of water line projects, for the Heights Hillcrest Technical Rescue Team, and for activities of the Shaker Heights Development Corporation.

***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, 2019*

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*Fund Financial Statements*

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

All proprietary and fiduciary 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. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

***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, 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, 2019*

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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, 2019, 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, revenue 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, 2019, but which were levied to finance 2020 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, 2019*

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***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 2019, 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 2019 amounted to \$1,222,815, which includes \$695,192 assigned from other City funds. The adjustment to investments for fair value at December 31, 2019 increased investment income in the general fund by \$150,844 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, 2019, 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, 2019*

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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, 2019, 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, 2019 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, 2019*

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***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, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. 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.

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**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance. The Finance Director is authorized to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

City Council has adopted a minimum fund balance policy for the general fund with the goal of maintaining a fund balance of not less than 25 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.

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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 2019.

***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 and health insurance. 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 custodial funds, an annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. For 2019, the annual appropriation measure was passed by City Council on December 17, 2018.

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The appropriation measure may be amended during the year as new information becomes available provided that total appropriations do not exceed estimated resources as certified. Trust and custodial 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 2019 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, 2023, with an interest rate of 1 percent, all due at maturity.

***U. Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance***

For the year ended December 31, 2019, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

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- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the year ended December 31, 2019, the City has early implemented GASB No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 90, *Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the City's financial statements (see below).

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the City.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

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*Restatement of Net Position/Fund Balances*

The implementation of GASB 84 had the following effect on net position as reported December 31, 2018:

	Governmental Activities
Net Position, December 31, 2018	\$ 55,127,062
GASB Statement No. 84	2,928,327
Restated Net Position, December 31, 2018	\$ 58,055,389

The implementation of GASB 84 had the following effect on fund balance as reported December 31, 2018:

	General Fund	Other Governmental Funds
Fund Balance, December 31, 2018	\$ 29,346,892	\$ 8,211,447
GASB Statement No. 84	784,257	2,144,070
Restated Fund Balance, December 31, 2018	\$ 30,131,149	\$ 10,355,517

The implementation of GASB 84 had the following effect on fiduciary net position as reported December 31, 2018:

	Fiduciary Funds	
	Agency	Custodial
Net Position, December 31, 2018	\$ 0	\$ 0
GASB Statement No. 84	0	300,253
Adjustments:		
Assets	4,171,239	0
Liabilities	(4,171,239)	0
Restated Net Position, December 31, 2018	\$ 0	\$ 300,253

**Note 3 – Fund Balances**

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

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	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable for:				
Inventory	\$ 189,566	\$ 0	\$ 0	\$ 189,566
Unclaimed Money	214,082	0	0	214,082
Loans Receivable	154,210	0	190,034	344,244
Total Nonspendable	<u>557,858</u>	<u>0</u>	<u>190,034</u>	<u>747,892</u>
Restricted for:				
Street Maintenance and Repair	0	0	952,429	952,429
State Highway	0	0	255,325	255,325
Police and Fire Pensions	0	0	1,248,955	1,248,955
Indigent Driver Alcohol Treatment	0	0	89,260	89,260
Court Computer Legal Research	0	0	173,803	173,803
Clerk's Computerization	0	0	589,805	589,805
Housing Grants	0	0	128,988	128,988
Law Enforcement Grant	0	0	27,991	27,991
Court Alternate Dispute Resolution	0	0	100,265	100,265
Ohio Court Security Project	0	0	50,309	50,309
Indigent Driver Interlock	0	0	24,585	24,585
Tree Maintenance Special Assessment	0	0	216,216	216,216
Law Enforcement Trust	0	0	915,130	915,130
Street Lighting Special Assessment	0	0	244,394	244,394
Capital Projects	0	1,578,299	0	1,578,299
Point of Sale Escrow	0	0	2,407,683	2,407,683
Other	0	0	278,931	278,931
Total Restricted	<u>0</u>	<u>1,578,299</u>	<u>7,704,069</u>	<u>9,282,368</u>
Committed to:				
Sewer Maintenance	0	0	1,482,453	1,482,453
Housing and Nuisance Abatement	0	0	1,966,247	1,966,247
Capital Projects	0	12,203,704	0	12,203,704
Debt Service	0	0	684,769	684,769
27th Pay Reserve	185,700	0	0	185,700
Encumbrances:				
Housing and Community Development	53,284	0	0	53,284
Total Committed	<u>238,984</u>	<u>12,203,704</u>	<u>4,133,469</u>	<u>16,576,157</u>
Assigned for:				
Economic Development	5,295,458	0	0	5,295,458
Recreation	146,209	0	0	146,209
Central Services	572,990	0	0	572,990
Encumbrances:				
General Government	223,099	0	0	223,099
Security of Persons and Property	298,745	0	0	298,745
Leisure Time Services	12,096	0	0	12,096
Housing and Community Development	240,243	0	0	240,243
Public Works	142,301	0	0	142,301
Sanitation and Sewer Services	81,276	0	0	81,276
Street Maintenance and Repair	82,397	0	0	82,397
Total Assigned	<u>7,094,814</u>	<u>0</u>	<u>0</u>	<u>7,094,814</u>
Unassigned (Deficit)	<u>25,540,311</u>	<u>0</u>	<u>(76,853)</u> *	<u>25,463,458</u>
Total Fund Balance (Deficit)	<u>\$33,431,967</u>	<u>\$13,782,003</u>	<u>\$11,950,719</u>	<u>\$59,164,689</u>

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\* Fund balance at December 31, 2019, 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 \$1,280,176 at December 31, 2019 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 \$1,227,549 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		\$ 3,300,818
Net Adjustment for Revenue Accruals		(746,160)
Net Adjustment for Expenditure Accruals		1,954,131
Funds Budgeted Elsewhere		(292,314) *
Adjustment for Encumbrances		<u>(2,276,267)</u>
Budget Basis		<u>\$ 1,940,208</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, unclaimed monies fund, contractor deposit fund, and FlexSave 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, 2019, 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	\$ 8,162,400	\$ 4,462,430	\$ 3,699,970	\$ 0	44.9%
N/A	Negotiable Certificates of Deposit	10,017,918	3,228,309	6,541,268	248,341	55.1%
		<u>\$ 18,180,318</u>	<u>\$ 7,690,739</u>	<u>\$ 10,241,238</u>	<u>\$ 248,341</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, 2019. The City’s investments measured at fair value (Level 2) 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.

*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, 2019, consisted of municipal income taxes, property and other taxes, accounts, loans, special assessments, leases, interfund and intergovernmental receivables arising from grants, entitlements, revenue in lieu of taxes and shared revenues. All receivables are deemed collectible in full. Special assessments are expected to be collected within one year.

<u>Receivable</u>	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 6,983,576	\$ 450,272	\$ 7,433,848
Income Taxes	13,895,072	0	13,895,072
Other Local Taxes	<u>15,105</u>	<u>0</u>	<u>15,105</u>
Total	<u>\$ 20,893,753</u>	<u>\$ 450,272</u>	<u>\$ 21,344,025</u>

**A. Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2019 for real and public utility property taxes represents collections of the 2018 taxes.

2019 real property taxes were levied after October 1, 2019 on the assessed value as of January 1, 2019, 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. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2019, was \$9.90 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

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Category	Assessed Value
Real Property	\$ 816,335,970
Public Utilities - Personal	16,479,990
Total Assessed Value	\$ 832,815,960

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, 2019, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2019 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 2019. 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 \$13,895,072 has been recorded in the general fund. This total includes \$6,597,682 for the portion of taxes that is due prior to December 31, 2019, but is not received until January of the following year, and \$7,297,390 estimated to be collectable as of December 31, 2019, but is not available in the current period.

***C. Intergovernmental Receivables***

Intergovernmental receivables at December 31, 2019 include the following:

Governmental Activities	Amount
Grants	\$ 794,617
Homestead/Rollback	506,659
Gasoline Tax	482,322
Local Government Contracts	453,036
Local Government	344,534
Fines and Forfeitures	225,064
Other	140,167
Permissive Tax	82,023
	\$ 3,028,422

***D. Revenue in Lieu of Taxes Receivable***

Revenue in lieu of taxes receivables were \$2,188,224 at December 31, 2019.

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**Note 7 – Interfund Balances and Transfers**

**A. Interfund Receivables/Payables**

Interfund activity for the year ended December 31, 2019, consisted of the following:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>		<u>Total</u>
	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	
General Fund	\$ 0	\$ 186,000	\$ 186,000
Nonmajor Governmental Funds	99,986	0	99,986
<b>Total</b>	<b>\$ 99,986</b>	<b>\$ 186,000</b>	<b>\$ 285,986</b>

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 \$186,000 between the General fund and the Central Purchasing fund and Central Stores Purchasing fund.

**B. Transfers**

Interfund transfers for the year ended December 31, 2019, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$ 6,400,000	\$ 4,827,351	\$ 11,227,351

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 and nonmajor governmental funds to cover expenditures.

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**Note 8 – Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 19,997,651	\$ 9,000	\$ 0	\$ 20,006,651
Construction in Progress	5,644,736	3,826,604	(2,352,467)	7,118,873
Total Capital Assets, not being depreciated	<u>25,642,387</u>	<u>3,835,604</u>	<u>(2,352,467)</u>	<u>27,125,524</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	19,295,983	8,945	0	19,304,928
Land Improvements	10,927,078	314,471	0	11,241,549
Machinery and Equipment	22,575,398	748,286	(1,613,680)	21,710,004
Infrastructure:				
Streets	41,453,045	2,146,659	0	43,599,704
Storm and Sanitary Sewers	13,491,938	0	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	<u>121,124,381</u>	<u>3,218,361</u>	<u>(1,613,680)</u>	<u>122,729,062</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(9,400,061)	(399,094)	0	(9,799,155)
Land Improvements	(4,991,159)	(389,775)	0	(5,380,934)
Machinery and Equipment	(14,309,019)	(1,075,249)	1,430,188	(13,954,080)
Infrastructure:				
Streets	(10,838,199)	(1,076,006)	0	(11,914,205)
Storm and Sanitary Sewers	(2,022,860)	(192,326)	0	(2,215,186)
Bridges	(112,383)	(5,935)	0	(118,318)
Culverts	(10,516)	(746)	0	(11,262)
Traffic Signals	(4,434,415)	(329,349)	0	(4,763,764)
Total Accumulated Depreciation	<u>(46,118,612)</u>	<u>(3,468,480)</u>	<u>1,430,188</u>	<u>(48,156,904)</u>
Total Capital Assets being depreciated, net	<u>75,005,769</u>	<u>(250,119)</u>	<u>(183,492)</u>	<u>74,572,158</u>
Governmental Activities Capital Assets, Net	<u>\$ 100,648,156</u>	<u>\$ 3,585,485</u>	<u>\$ (2,535,959)</u>	<u>\$ 101,697,682</u>

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Depreciation expense was charged to governmental activities as follows:

	<u>Depreciation</u>
General Government	
Legislative and Executive	\$ 101,783
Judicial System	29,812
Security of Persons and Property	543,602
Leisure Time Activities	297,605
Sanitation and Sewer Services	199,752
Transportation	328,313
Street Maintenance and Repair	1,117,454
Community and Economic Development	357,733
Public Works	492,426
	<u>\$ 3,468,480</u>

**Note 9 - Defined Benefit Pension Plans**

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

***Net Pension Liability/Net OPEB Liability***

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and 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 net pension liability and the net OPEB liability represent 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/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 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/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

***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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. 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):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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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.

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
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.00 %
Employee	10.00 %
<b>2019 Actual Contribution Rates</b>	
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 \$1,791,525 for 2019. Of this amount, \$345,288 is reported in accrued wages and benefits.

***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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by calling 888-864-3363.

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.

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits.

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, surviving beneficiaries and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

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

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

	Police	Firefighters
<b>2019 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2019 Actual Contribution Rates</b>		
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 \$2,135,257 for 2019. Of this amount, \$254,602 is reported in accrued wages and benefits.

***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, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability was based

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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:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Period	0.091784%	0.449692%	
Prior Measurement Period	0.099099%	0.458334%	
Change in Proportion	<u>-0.007315%</u>	<u>-0.008642%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 25,137,777	\$ 36,706,749	\$ 61,844,526
Pension Expense	\$ 4,972,415	\$ 4,459,477	\$ 9,431,892

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, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	\$ 3,411,897	\$ 4,522,241	\$ 7,934,138
Differences between Expected and			
Actual Experience	1,158	1,508,133	1,509,291
Changes of Assumptions	2,188,295	973,145	3,161,440
Changes in Proportionate Share	8,273	0	8,273
City Contributions Subsequent			
to the Measurement Date	<u>1,791,525</u>	<u>2,135,257</u>	<u>3,926,782</u>
Total Deferred Outflows of Resources	<u>\$ 7,401,148</u>	<u>\$ 9,138,776</u>	<u>\$ 16,539,924</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 330,073	\$ 34,275	\$ 364,348
Changes in Proportionate Share	<u>1,021,664</u>	<u>1,380,981</u>	<u>2,402,645</u>
Total Deferred Inflows of Resources	<u>\$ 1,351,737</u>	<u>\$ 1,415,256</u>	<u>\$ 2,766,993</u>

\$3,926,782 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2020	\$ 1,649,020	\$ 1,745,502	\$ 3,394,522
2021	705,558	756,624	1,462,182
2022	316,524	1,070,223	1,386,747
2023	1,586,784	1,918,539	3,505,323
2024	0	97,375	97,375
	<u>\$ 4,257,886</u>	<u>\$ 5,588,263</u>	<u>\$ 9,846,149</u>

**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, 2018, 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, 2018 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Valuation Date	December 31, 2018
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	
Measurement Date	7.20 percent
Prior Measurement Date	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.

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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.

During 2018, 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 a loss of 2.94 percent for 2018.

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 2018 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 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.20 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected 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 7.20 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 (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 37,135,806	\$ 25,137,777	\$ 15,167,306

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**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
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
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 Buck 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 Buck 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.

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

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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, 2018, are summarized below:

<u>Asset Class</u>	Target <u>Allocation</u>	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	0.00 %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-U.S. Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income*	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation Linked Bonds*	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	<u>12.00</u>	5.70	6.10
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.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net Pension Liability	\$ 48,248,493	\$ 36,706,749	\$ 27,061,957

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**Note 10 – Defined Benefit OPEB Plans**

See Note 9 for a description of the net OPEB liability.

***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.

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 the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 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. Beginning in 2018, health care was not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution for 2019.

***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](http://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 2019, 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).

Beginning January 1, 2019, OP&F changed its retiree health care model and the self-insured health care plan is no longer offered. In its place is a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

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The City's contractually required contribution to OP&F was \$50,524 for 2019. Of this amount, \$6,072 is reported in accrued wages and benefits.

***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, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. 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&amp;F</u>	<u>Total</u>
<b>Proportion of the Net OPEB Liability:</b>			
Current Measurement Period	0.089549%	0.449692%	
Prior Measurement Period	0.097906%	0.458334%	
Change in Proportion	<u>-0.008357%</u>	<u>-0.008642%</u>	
<b>Proportionate Share of the Net</b>			
OPEB Liability	\$ 11,675,076	\$ 4,095,135	\$ 15,770,211
OPEB Expense	\$ 546,108	\$ (20,239,196)	\$ (19,693,088)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net Difference between Projected and Actual			
Earnings on OPEB Plan Investments	\$ 535,234	\$ 138,624	\$ 673,858
Differences between Expected and			
Actual Experience	3,953	0	3,953
Changes of Assumptions	376,419	2,122,720	2,499,139
Changes in Proportionate Share	2,565	0	2,565
City Contributions Subsequent to the Measurement Date	0	50,524	50,524
Total Deferred Outflows of Resources	<u>\$ 918,171</u>	<u>\$ 2,311,868</u>	<u>\$ 3,230,039</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 31,678	\$ 109,718	\$ 141,396
Changes of Assumptions	0	1,133,727	1,133,727
Changes in Proportionate Share	842,747	472,297	1,315,044
Total Deferred Inflows of Resources	<u>\$ 874,425</u>	<u>\$ 1,715,742</u>	<u>\$ 2,590,167</u>

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\$50,524 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 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2020	\$ (93,425)	\$ 103,299	\$ 9,874
2021	(211,486)	103,299	(108,187)
2022	79,022	103,297	182,319
2023	269,635	145,229	414,864
2024	0	79,125	79,125
Thereafter	0	11,353	11,353
	<u>\$ 43,746</u>	<u>\$ 545,602</u>	<u>\$ 589,348</u>

**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, 2017, rolled forward to the measurement date of December 31, 2018. 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 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.50 percent
Municipal Bond Rate	
Current Measurement Date	3.71 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029
Prior Measurement Date	7.50 percent, initial, 3.25 percent ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

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

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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.

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 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

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 2018 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	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trusts	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	100.00 %	5.16 %

**Discount Rate** A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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

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expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB 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 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 14,936,773	\$ 11,675,076	\$ 9,081,164

***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 2019 is 10.00 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	\$ 11,222,281	\$ 11,675,076	\$ 12,196,574

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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.

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

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Stipend Increase Rate	The stipend is not assumed to increase over the projection period.
Investment Rate of Return	
Current Measurement Date	8.00 percent
Prior Measurement Date	8.00 percent
Single Discount Rate:	
Current Measurement Date	4.66 percent
Prior Measurement Date	3.24 percent
Municipal Bond Rate	
Current Measurement Date	4.13 percent
Prior Measurement Date	3.16 percent
Health Care Cost Trend Rate	N/A-based on a medical benefit that is a flat dollar amount, therefore, it is unaffected by a health care cost trend rate.
Cost of Living Adjustments	3.00 percent simple; 2.20 percent simple for increases 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 Buck 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 Buck 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

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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.

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, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-U.S. Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income*	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
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 1.20 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 4.66 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 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 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 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, 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 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 4,988,993	\$ 4,095,135	\$ 3,344,819

**Note 11 – Long-Term Obligations**

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

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	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
<b>Governmental Activities</b>					
<i>General Obligation Bonds</i>					
Urban Renewal Refunding Bonds, Series 2012 3.58%, due 12/1/2031	\$ 9,995,000	\$ 0	\$ 635,000	\$ 9,360,000	\$ 645,000
Premium on Urban Renewal Refunding Bonds	301,850	0	23,219	278,631	0
Urban Renewal Refunding Bonds, Series 2016 1.97%, due 12/1/2031	3,403,600	0	230,300	3,173,300	237,600
Van Aken Sewer Line Improvement Bonds Series 2013, 2.90%, due 6/1/28	275,000	0	25,000	250,000	25,000
Various Purpose Bonds, Series 2017					
Serial Bonds, 2% - 3%, maturing 12/1/27	1,305,000	0	135,000	1,170,000	140,000
Term Bonds, 3.25% - 3.75%, maturing 12/1/37	1,755,000	0	0	1,755,000	0
Premium on Various Purpose Bonds	92,792	0	5,155	87,637	0
<b>Total General Obligation Bonds</b>	<b>17,128,242</b>	<b>0</b>	<b>1,053,674</b>	<b>16,074,568</b>	<b>1,047,600</b>
<i>Revenue Bonds</i>					
CCCPA Non-Tax Revenue Bonds, Series 2017					
Serial Bonds, 3% - 5%, maturing 12/1/30	2,565,000	0	170,000	2,395,000	175,000
Term Bonds, 3% - 5%, maturing 12/1/37	2,230,000	0	0	2,230,000	0
Premium on Non-Tax Revenue Bonds	413,331	0	22,963	390,368	0
<b>Total Revenue Bonds</b>	<b>5,208,331</b>	<b>0</b>	<b>192,963</b>	<b>5,015,368</b>	<b>175,000</b>
<i>Direct Borrowings</i>					
<i>OPWC Loans</i>					
OPWC - CA08F - Water System Improvements, 0%, maturing 6/1/2026	1,048,628	0	139,817	908,811	69,908
OPWC - CA17E - City Water Line Improvements, 0%, maturing 7/1/2025	422,176	0	64,950	357,226	32,475
OPWC - CA17K - South Woodland Area Infrastructure Improvements, 0%, maturing 1/1/2029	882,772	0	88,277	794,495	44,139
OPWC - CA18M - Hildana-Ludgate Sanitary Sewer Improvements, 0%, maturing 7/1/2030	329,475	0	28,650	300,825	14,325
<b>Total OPWC Loans</b>	<b>2,683,051</b>	<b>0</b>	<b>321,694</b>	<b>2,361,357</b>	<b>160,847</b>
<i>Lease Purchases</i>					
Refuse Truck & Street Sweeper (2014)	111,248	0	111,248	0	0
Fire Truck (2016)	683,212	0	131,845	551,367	134,201
Street Sweeper (2017)	179,927	0	36,282	143,645	37,225
Fire Truck (2019)	0	703,319	0	703,319	91,095
<b>Total Lease Purchases</b>	<b>974,387</b>	<b>703,319</b>	<b>279,375</b>	<b>1,398,331</b>	<b>262,521</b>
<b>Total Direct Borrowings</b>	<b>3,657,438</b>	<b>703,319</b>	<b>601,069</b>	<b>3,759,688</b>	<b>423,368</b>
<i>Other Long-Term Obligations</i>					
Pension	43,676,818	18,167,708	0	61,844,526	0
OPEB	36,600,418	0	20,830,207	15,770,211	0
Notes Payable	1,600,000	1,400,000	1,600,000	1,400,000 *	1,400,000
Compensated Absences	6,326,123	2,734,084	2,645,820	6,414,387	382,977
Claims Payable	574,148	4,709,175	4,776,589	506,734	393,603
<b>Total Other Long-Term Obligations</b>	<b>88,777,507</b>	<b>27,010,967</b>	<b>29,852,616</b>	<b>85,935,858</b>	<b>2,176,580</b>
<b>Total Governmental Long Term Liabilities</b>	<b>\$ 114,771,518</b>	<b>\$ 27,714,286</b>	<b>\$ 31,700,322</b>	<b>\$ 110,785,482</b>	<b>\$ 3,822,548</b>

\* See Note 20 for details on Bond Anticipation Note.

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As of December 31, 2019, 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, lease purchases, 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.

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 \$3,015,000 as of December 31, 2019.

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 Van Aken 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.

General obligation bonds are backed by the full faith and credit of the City.

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. In the event of default, the issuer may pursue all remedies to collect all amounts then due and thereafter to become due under the agreement.

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. In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default

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On April 7, 2020, OPWC deferred all July 2020 loan payments with no payment due until January 2021 billing cycle with a six-month deferment for the life of the loan. This is reflected in the due within one year amount and the amortization schedules above.

In 2014, the City entered into a lease purchase agreement for the acquisition of a refuse truck and street sweeper in the amount of \$540,000. The lease carried an interest rate of 1.49 percent, matured in 2019, and was repaid from the general fund and sewer maintenance fund.

In 2016, the City entered into a lease purchase agreement for the acquisition of a fire truck in the amount of \$940,000. The lease carries an interest rate of 1.79 percent and matures in 2023. Payments on this lease are made from the general fund.

In 2017, the City entered into a lease purchase agreement for the acquisition of a street sweeper in the amount of \$256,250. The lease carries an interest rate of 2.60 percent and matures in 2022. Payments on this lease are made from the general fund and sewer maintenance fund.

In 2019, the City entered into a lease purchase agreement for the acquisition of a fire truck in the amount of \$703,319. The lease carries an interest rate of 3.25 percent and matures in 2026. Payments on this lease are made from the general fund.

In the event of default, as defined by each lease purchase agreement, the lessor may declare all lease payments and all other amounts payable to be due and such amounts shall thereafter bear interest at the rate of 12 percent per annum. Additionally, the lessor may terminate the agreement and retake possession of the equipment. For each lease purchase agreement, the respective equipment is collateral.

Notes payable consisted of street improvement notes. In 2018, the City issued notes for \$1,800,000, which were retired in 2019 with principal payments made from the operational revenues of the debt service fund and the issuance of Notes Payable, Series 2019. The notes are dated May 29, 2019, and are due May 28, 2020, 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 \$1,400,000, as further discussed in Note 20. Premium relating to the issuance of the note was expensed in 2019 in the amount of \$22,000. The balance of \$200,000 is reported as a fund liability, as disclosed in Note 12.

The annual debt service requirements are as follows:

Year Ending December 31,	Governmental Activities						
	General Obligation Bonds		OPWC Loans	Non-Tax Revenue Bonds		Lease-Purchases	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2020	\$ 1,047,600	\$ 507,802	\$ 160,847	\$ 175,000	\$ 189,338	\$ 262,521	\$ 36,446
2021	1,107,800	483,471	321,694	185,000	182,338	268,849	30,119
2022	1,087,600	455,913	321,694	190,000	174,938	304,380	23,628
2023	1,117,000	427,260	321,694	200,000	167,338	241,794	16,213
2024	1,155,900	390,798	321,694	205,000	159,338	103,528	10,426
2025 - 2029	6,313,100	1,348,577	885,082	1,175,000	663,238	217,259	10,648
2030 - 2034	3,324,300	328,620	28,652	1,470,000	360,725	0	0
2035 - 2037	555,000	42,000	0	1,025,000	72,625	0	0
Total	<u>\$ 15,708,300</u>	<u>\$ 3,984,441</u>	<u>\$ 2,361,357</u>	<u>\$ 4,625,000</u>	<u>\$ 1,969,878</u>	<u>\$ 1,398,331</u>	<u>\$ 127,480</u>

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**Legal Debt Margin** Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2019, the City's overall debt limitation is \$87,445,676 (10.5 percent of the City's total assessed property valuation of \$832,815,960) of which \$82,670,676 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 \$45,804,878 (5.5 percent of the City's total assessed property valuation) at December 31, 2019, of which \$36,404,878 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 \$6,691,085, payable through December 2037. For the current year, interest and fees paid were \$201,630 and available non-tax revenues were \$13,318,947.

**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 29, 2019, and are due May 28, 2020, 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 \$1,400,000 (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 – 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. Non-bargaining and Recreation and Public Works full-time employees with ten years minimum continuous service with the City who terminate employment for other than disciplinary reasons may receive payment for one-half their accumulated sick leave to a maximum of 675 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 14 – Lease Receivable**

As of December 31, 2019, 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.

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**Former Moreland School Building:** This property was leased to the Shaker Heights Public Library during 1991 to serve as the library district's 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.

**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 (SFC) 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. The lease with Family Connections will expire on December 31, 2020.

**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 is \$1.50. The City has paid for various improvements to the property.

**Former Malvern School Building:** The City purchased this property in 1992 from the Shaker Heights Municipal School District. The building was then sold to Hanna Perkins School, but the City retained the land. Hanna 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 2019, 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, 2019. In 2019, the City received \$3,141 in the general fund related to the oil and gas produced.

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The following lists the components of the net investment in the operating leases as of December 31, 2019:

Year Ending December 31,	General Fund	Capital Projects Fund	Total
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	40,350	0	40,350
2025 - 2029	219,862	0	219,862
2030 - 2034	252,367	0	252,367
2035 - 2039	290,106	0	290,106
2040 - 2044	333,622	0	333,622
2045 - 2047	140,796	0	140,796
	<u>\$ 1,428,003</u>	<u>\$ 50,000</u>	<u>\$ 1,478,003</u>

**Note 15 – Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2019, 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.

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The City accounts for its general liability and property insurance premiums in the self-insurance fund (an internal service fund). At December 31, 2019, 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 2019 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 2019, 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, 2019, \$506,734 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 2019 and 2018 were as follows:

	Property and Casualty		Workers' Compensation		Hospitalization	
	2019	2018	2019	2018	2019	2018
Beginning of the Year Liability	\$ 0	\$ 0	\$ 112,654	\$ 128,880	\$ 461,494	\$ 426,193
Current Year Claims and						
Changes in Estimates	34,056	87,225	(162,319)	(138,754)	(4,263,005)	(4,935,577)
Claim Payments	(34,056)	(87,225)	201,824	122,528	4,156,086	4,970,878
End of the Year Liability	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 152,159</u>	<u>\$ 112,654</u>	<u>\$ 354,575</u>	<u>\$ 461,494</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 16 – Jointly Governed Organizations and Related Organizations**

**A. Jointly Governed Organizations**

**Northeast Ohio Public Energy Council (NOPEC)**

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the ten-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2019. 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 2019, 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 a formula set forth in the Agreement. HHCC first began partial operation on

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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 17 – Construction and Other Significant Commitments**

As of December 31, 2019, the City’s construction commitments were as follows:

	Contractual Commitment	Expended	Remaining Commitment
Street Improvement Projects	\$ 1,776,625	\$ 1,016,447	\$ 760,178
Farnsleigh Road Streetscape Improvements	1,155,557	993,789	161,768
Warrensillve Center Road Enhancements	1,747,111	1,124,407	622,704
Storm & Sanitary Sewer Improvements	1,587,475	1,294,449	293,026
	\$ 6,266,768	\$ 4,429,092	\$ 1,837,676

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	\$ 1,668,704
Capital Projects Fund	3,757,113
Nonmajor Governmental Funds	2,622,808
	\$ 8,048,625

**Note 18 – Claims and Judgments**

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

**City of Shaker Heights**  
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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 19 – Solid Waste Transfer Station**

The City operates a solid waste transfer station at 15600 Chagrin Boulevard. The transfer station is used by residents and businesses to dispose of solid waste which is then transported to a commercial landfill outside the City.

In accordance with Ohio Environmental Protection Agency regulations promulgated in the Ohio Administrative Code, the City annually provides the required financial assurance through the local government financial test for final closure of the transfer station. Since the initiation of said regulations, the City has completed the local government financial test and met the required financial assurances.

As of December 31, 2019, management's estimate of the final closure cost of the transfer station is \$84,710. When using the local government financial test mechanism, the Ohio Environmental Protection Agency does not require a liability to be recognized provided the City meets the requirements of the financial test. Further, the City has no plans to close or move the facility. Therefore, no liability is recognized (actual or contingent) in the accompanying financial statements, for the cost to perform and complete transfer station closure activities.

**Note 20 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The investments of the pension and other employee benefit plans in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

On April 2, 2020, the City issued \$8,650,000 in taxable general obligation bonds (Series 2020) for the purpose of advance refunding a portion of the Series 2012 general obligation bonds outstanding in order to take advantage of lower interest rates. The interest rate on the Series 2020 refunding bonds is 1.64 percent. The City decreased its total debt service payments by \$844,255 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 \$761,293.

In May of 2020, the City issued \$3,400,000 in Various Purpose Notes, Series 2020. \$1,400,000 of the issuance will be used to retire the Series 2019 Street Improvement Notes that mature on May 28, 2020. The additional \$2,000,000 will be used to improve the City's sanitary sewage system. The Various Purpose Notes, Series 2020 will mature on May 27, 2021 and have an interest rate of 2 percent.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Ohio Public Employees' Retirement System (OPERS)</b>						
City's Proportion of the Net Pension Liability	0.091784%	0.099099%	0.1026318%	0.1015110%	0.1024820%	0.1024820%
City's Proportionate Share of the Net Pension Liability	\$ 25,137,777	\$ 15,546,785	\$ 23,305,942	\$ 17,582,985	\$ 12,360,475	\$ 12,081,293
City's Covered Payroll	\$ 12,399,114	\$ 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	202.74%	118.78%	175.67%	139.20%	98.37%	99.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
<b>Ohio Police and Fire Pension Fund (OP&amp;F)</b>						
City's Proportion of the Net Pension Liability	0.449692%	0.458334%	0.4608265%	0.4799290%	0.4993868%	0.4993868%
City's Proportionate Share of the Net Pension Liability	\$ 36,706,749	\$ 28,130,033	\$ 29,208,373	\$ 30,874,169	\$ 25,870,319	\$ 24,321,704
City's Covered Payroll	\$ 10,201,281	\$ 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	359.82%	280.40%	292.97%	315.50%	260.63%	245.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ 1,791,525	\$ 1,735,876	\$ 1,701,538	\$ 1,592,071
Contributions in Relation to the Contractually Required Contribution	<u>(1,791,525)</u>	<u>(1,735,876)</u>	<u>(1,701,538)</u>	<u>(1,592,071)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 12,796,607	\$ 12,399,114	\$ 13,088,757	\$ 13,267,258
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%
<b><i>Ohio Police and Fire Pension Fund (OP&amp;F)</i></b>				
Contractually Required Contribution	\$ 2,135,257	\$ 2,153,207	\$ 2,119,149	\$ 2,098,399
Contributions in Relation to the Contractually Required Contribution	<u>(2,135,257)</u>	<u>(2,153,207)</u>	<u>(2,119,149)</u>	<u>(2,098,399)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 10,104,828	\$ 10,201,281	\$ 10,032,051	\$ 9,969,898
Contributions as a Percentage of Covered Payroll	21.13%	21.11%	21.12%	21.05%

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

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,515,784	\$ 1,507,762	\$ 1,584,152	n/a	n/a	n/a
<u>(1,515,784)</u>	<u>(1,507,762)</u>	<u>(1,584,152)</u>	n/a	n/a	n/a
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	n/a	n/a	n/a
\$ 12,631,533	\$ 12,564,683	\$ 12,185,785	n/a	n/a	n/a
12.00%	12.00%	13.00%	n/a	n/a	n/a
\$ 2,058,882	\$ 2,089,901	\$ 1,757,814	\$ 1,447,978	\$ 1,507,305	\$ 1,517,593
<u>(2,058,882)</u>	<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>\$ 0</u>					
\$ 9,785,692	\$ 9,926,202	\$ 9,919,601	\$ 9,860,569	\$ 10,264,580	\$ 10,334,641
21.04%	21.05%	17.72%	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 Three Years (1)*

	<u>2019</u>		<u>2018</u>		<u>2017</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>					
City's Proportion of the Net OPEB Liability	0.089549%		0.097906%		0.104400%
City's Proportionate Share of the Net OPEB Liability	\$ 11,675,076	\$	10,631,839	\$	10,544,755
City's Covered Payroll	\$ 12,399,114	\$	13,088,757	\$	13,267,258
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	94.16%		81.23%		79.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%		54.14%		54.04%
<b><i>Ohio Police and Fire Pension Fund (OP&amp;F)</i></b>					
City's Proportion of the Net OPEB Liability	0.449692%		0.458334%		0.460827%
City's Proportionate Share of the Net OPEB Liability	\$ 4,095,135	\$	25,968,579	\$	21,874,398
City's Covered Payroll	\$ 10,201,281	\$	10,032,051	\$	9,969,898
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.14%		258.86%		219.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%		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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ 0	\$ 0	\$ 130,888	\$ 265,345
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>(130,888)</u>	<u>(265,345)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll (1)	\$ 12,796,607	\$ 12,399,114	\$ 13,088,757	\$ 13,267,258
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	1.00%	2.00%
<b><i>Ohio Police and Fire Pension Fund (OP&amp;F)</i></b>				
Contractually Required Contribution	\$ 50,524	\$ 51,006	\$ 50,160	\$ 49,850
Contributions in Relation to the Contractually Required Contribution	<u>(50,524)</u>	<u>(51,006)</u>	<u>(50,160)</u>	<u>(49,850)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 10,104,828	\$ 10,201,281	\$ 10,032,051	\$ 9,969,898
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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</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
\$ 48,930	\$ 50,161	\$ 352,859	\$ 656,563	\$ 684,484	\$ 688,071
<u>(48,930)</u>	<u>(50,161)</u>	<u>(352,859)</u>	<u>(656,563)</u>	<u>(684,484)</u>	<u>(688,071)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 9,785,692	\$ 9,926,202	\$ 9,919,601	\$ 9,860,569	\$ 10,264,580	\$ 10,334,641
0.50%	0.50%	3.56%	6.66%	6.67%	6.66%

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, 2019*

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**Note 1 - Net Pension Liability**

***Changes in Assumptions – OPERS***

For fiscal year 2019, the single discount rate changed from 7.50 percent to 7.20 percent.

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 calendar year 2019, the following changes were made to the actuarial assumptions:

- Discount rate from 3.85 percent to 3.96 percent
- Investment rate of return from 6.50 percent to 6.00 percent
- Municipal bond rate from 3.31 percent to 3.71 percent
- Health Care Cost Trend Rate from 7.50 percent to 10.00 percent

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

***Changes in Assumptions – OP&F***

For calendar year 2019, the discount rate increased from 3.24 percent to 4.66 percent and the municipal bond rate from 3.16 percent to 4.13 percent.

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

***Changes in Benefit Terms – OP&F***

Beginning January 1, 2019 OP&F changed its retiree health care model to 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.

**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*

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**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 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 rates 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*

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**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*

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**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.

***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. There is currently no Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented since this fund is not budgeted.

***Excavation 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. There is currently no Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented since this fund is not budgeted.

***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. There is currently no Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented since this fund is not budgeted.

***Shaker Plaza and Van Aken Urban Redevelopment Tax Increment Equivalent Fund***

To account for moneys received from Cuyahoga County from payments in lieu of taxes for the Shaker Plaza and Van Aken 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. There is currently no Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented since this fund is not budgeted.

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

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**Non-Major Special Revenue Funds (Continued)**

***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 process. These funds are distributed to the depositor once all violations have been corrected, less an administrative fee to the City. There is currently no Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented since this fund is not budgeted.

***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 closings, 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, 2019*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 9,622,188	\$ 2,747,518	\$ 12,369,706
Accounts Receivable	315,611	0	315,611
Intergovernmental Receivable	642,464	0	642,464
Taxes Receivable	450,272	0	450,272
Revenue in Lieu of Taxes Receivable	1,019,134	1,169,090	2,188,224
Special Assessments Receivable	2,399,303	0	2,399,303
Loans Receivable	190,034	0	190,034
Interfund Receivable	99,986	0	99,986
<i>Total Assets</i>	<u>\$ 14,738,992</u>	<u>\$ 3,916,608</u>	<u>\$ 18,655,600</u>
<b>Liabilities</b>			
Accounts Payable	\$ 377,059	\$ 0	\$ 377,059
Accrued Wages and Benefits	445,720	0	445,720
Interfund Payable	99,986	0	99,986
Notes Payable	0	200,000	200,000
<i>Total Liabilities</i>	<u>922,765</u>	<u>200,000</u>	<u>1,122,765</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes Levied for the Next Year	411,292	0	411,292
Revenue in Lieu of Taxes	1,019,134	1,169,090	2,188,224
Unavailable Revenue	2,982,600	0	2,982,600
<i>Total Deferred Inflows of Resources</i>	<u>4,413,026</u>	<u>1,169,090</u>	<u>5,582,116</u>
<b>Fund Balances</b>			
Nonspendable	190,034	0	190,034
Restricted	7,704,069	0	7,704,069
Committed	1,585,951	2,547,518	4,133,469
Unassigned	(76,853)	0	(76,853)
<i>Total Fund Balances</i>	<u>9,403,201</u>	<u>2,547,518</u>	<u>11,950,719</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 14,738,992</u>	<u>\$ 3,916,608</u>	<u>\$ 18,655,600</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, 2019*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 437,694	\$ 0	\$ 437,694
Special Assessments	1,335,137	0	1,335,137
Charges for Services	1,067,170	0	1,067,170
Fines and Forfeitures	251,946	0	251,946
Intergovernmental	1,390,881	15,444	1,406,325
Investment Earnings	122,107	0	122,107
Revenue in Lieu of Taxes	408,432	888,464	1,296,896
Residential Point of Sale Escrow	2,662,038	0	2,662,038
Other Revenues	6,540	0	6,540
<i>Total Revenues</i>	<u>7,681,945</u>	<u>903,908</u>	<u>8,585,853</u>
<b>Expenditures</b>			
Current:			
General Government:			
Legislative and Executive	12,683	35,893	48,576
Judicial System	169,641	0	169,641
Security of Persons and Property:			
Police	1,113,901	0	1,113,901
Fire	1,150,277	0	1,150,277
Other	713,950	0	713,950
Housing and Community Development	3,354,014	0	3,354,014
Sanitation and Sewer Services	1,347,554	0	1,347,554
Transportation	140,857	0	140,857
Street Maintenance and Repair	1,225,701	0	1,225,701
Debt Service:			
Principal Retirement	73,363	3,116,994	3,190,357
Interest and Fiscal Charges	5,098	780,076	785,174
<i>Total Expenditures</i>	<u>9,307,039</u>	<u>3,932,963</u>	<u>13,240,002</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,625,094)</u>	<u>(3,029,055)</u>	<u>(4,654,149)</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of Notes Payable	0	1,400,000 *	1,400,000
Premium on Debt Issuance	0	22,000	22,000
Transfers In	3,579,290	1,248,061	4,827,351
<i>Total Other Financing Sources (Uses)</i>	<u>3,579,290</u>	<u>2,670,061</u>	<u>6,249,351</u>
<i>Net Change in Fund Balance</i>	1,954,196	(358,994)	1,595,202
<i>Fund Balance Beginning of Year (Restated, See Note 2U.)</i>	<u>7,449,005</u>	<u>2,906,512</u>	<u>10,355,517</u>
<i>Fund Balance End of Year</i>	<u>\$ 9,403,201</u>	<u>\$ 2,547,518</u>	<u>\$ 11,950,719</u>

\* See Note 12 for details on Bond Anticipation Note.

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2019*

	Street Maintenance and Repair Fund	State Highway Fund	Sewer Maintenance Fund	Police Pension Fund	Fire Pension Fund
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 767,930	\$ 244,945	\$ 1,398,938	\$ 978,368	\$ 675,086
Accounts Receivable	0	0	303,402	0	0
Intergovernmental Receivable	550,793	36,922	0	15,354	15,354
Taxes Receivable	0	0	0	225,136	225,136
Revenue in Lieu of Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
Loans Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 1,318,723</u>	<u>\$ 281,867</u>	<u>\$ 1,702,340</u>	<u>\$ 1,218,858</u>	<u>\$ 915,576</u>
<b>Liabilities</b>					
Accounts Payable	\$ 10,905	\$ 5,191	\$ 64,156	\$ 0	\$ 0
Accrued Wages and Benefits	23,565	0	7,440	208,187	196,312
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>34,470</u>	<u>5,191</u>	<u>71,596</u>	<u>208,187</u>	<u>196,312</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	0	0	0	205,646	205,646
Revenue in Lieu of Taxes	0	0	0	0	0
Unavailable Revenue	331,824	21,351	148,291	34,844	34,844
<i>Total Deferred Inflows of Resources</i>	<u>331,824</u>	<u>21,351</u>	<u>148,291</u>	<u>240,490</u>	<u>240,490</u>
<b>Fund Balance</b>					
Nonspendable	0	0	0	0	0
Restricted	952,429	255,325	0	770,181	478,774
Committed	0	0	1,482,453	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>952,429</u>	<u>255,325</u>	<u>1,482,453</u>	<u>770,181</u>	<u>478,774</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 1,318,723</u>	<u>\$ 281,867</u>	<u>\$ 1,702,340</u>	<u>\$ 1,218,858</u>	<u>\$ 915,576</u>

*(continued)*

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2019*

	Indigent Driver/Alcohol Treatment Fund	Court Computer Legal Research Fund	Clerk's Computerization Fund	Housing Grant Fund	Fair Housing Grant Fund
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 92,762	\$ 171,595	\$ 585,340	\$ 64,825	\$ 64,163
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	1,412	2,681	8,390	0	0
Taxes Receivable	0	0	0	0	0
Revenue in Lieu of Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
Loans Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 94,174</u>	<u>\$ 174,276</u>	<u>\$ 593,730</u>	<u>\$ 64,825</u>	<u>\$ 64,163</u>
<b>Liabilities</b>					
Accounts Payable	\$ 4,914	\$ 0	\$ 3,925	\$ 0	\$ 0
Accrued Wages and Benefits	0	473	0	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>4,914</u>	<u>473</u>	<u>3,925</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	0	0	0	0	0
Revenue in Lieu of Taxes	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>
<b>Fund Balance</b>					
Nonspendable	0	0	0	0	0
Restricted	89,260	173,803	589,805	64,825	64,163
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>89,260</u>	<u>173,803</u>	<u>589,805</u>	<u>64,825</u>	<u>64,163</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 94,174</u>	<u>\$ 174,276</u>	<u>\$ 593,730</u>	<u>\$ 64,825</u>	<u>\$ 64,163</u>

*(continued)*

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2019*

	Law Enforcement Grant Fund	Court Alternate Dispute Resolution Fund	Ohio Court Security Project Fund	HIDTA Grant Fund	Housing and Nuisance Abatement Fund
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 26,491	\$ 98,203	\$ 49,533	\$ 23,133	\$ 118,452
Accounts Receivable	0	0	0	0	12,209
Intergovernmental Receivable	1,500	2,616	776	0	0
Taxes Receivable	0	0	0	0	0
Revenue in Lieu of Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	880,021
Loans Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 27,991</u>	<u>\$ 100,819</u>	<u>\$ 50,309</u>	<u>\$ 23,133</u>	<u>\$ 1,010,682</u>
<b>Liabilities</b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,020
Accrued Wages and Benefits	0	554	0	0	0
Interfund Payable	0	0	0	99,986	0
<i>Total Liabilities</i>	<u>0</u>	<u>554</u>	<u>0</u>	<u>99,986</u>	<u>15,020</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	0	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	892,164
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>892,164</u>
<b>Fund Balance</b>					
Nonspendable	0	0	0	0	0
Restricted	27,991	100,265	50,309	0	0
Committed	0	0	0	0	103,498
Unassigned	0	0	0	(76,853)	0
<i>Total Fund Balance</i>	<u>27,991</u>	<u>100,265</u>	<u>50,309</u>	<u>(76,853)</u>	<u>103,498</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 27,991</u>	<u>\$ 100,819</u>	<u>\$ 50,309</u>	<u>\$ 23,133</u>	<u>\$ 1,010,682</u>

*(continued)*

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2019*

	Indigent Driver Interlock Device Fund	Street Lighting Assessment Fund	Tree Maintenance Assessment Fund	Law Enforcement Trust Fund	Obstruction Permit Deposit Fund
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 23,485	\$ 300,480	\$ 292,385	\$ 809,578	\$ 68,240
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	1,100	0	0	5,566	0
Taxes Receivable	0	0	0	0	0
Revenue in Lieu of Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	656,685	862,597	0	0
Loans Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	99,986	0
<i>Total Assets</i>	<u>\$ 24,585</u>	<u>\$ 957,165</u>	<u>\$ 1,154,982</u>	<u>\$ 915,130</u>	<u>\$ 68,240</u>
<b>Liabilities</b>					
Accounts Payable	\$ 0	\$ 56,086	\$ 66,980	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	9,189	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>56,086</u>	<u>76,169</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	0	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0	0
Unavailable Revenue	0	656,685	862,597	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>656,685</u>	<u>862,597</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>					
Nonspendable	0	0	0	0	0
Restricted	24,585	244,394	216,216	915,130	68,240
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>24,585</u>	<u>244,394</u>	<u>216,216</u>	<u>915,130</u>	<u>68,240</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 24,585</u>	<u>\$ 957,165</u>	<u>\$ 1,154,982</u>	<u>\$ 915,130</u>	<u>\$ 68,240</u>

*(continued)*

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2019*

	Excavation Permit Deposit Fund	Shaker- Cuyahoga Credit Enhancement Fund	Shaker Plaza and Van Aken Urban RTIEF Fund	Point of Sale Escrow Fund	Totals
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 16,135	\$ 193,654	\$ 2,042	\$ 2,556,425	\$ 9,622,188
Accounts Receivable	0	0	0	0	315,611
Intergovernmental Receivable	0	0	0	0	642,464
Taxes Receivable	0	0	0	0	450,272
Revenue in Lieu of Taxes Receivable	0	0	1,019,134	0	1,019,134
Special Assessments Receivable	0	0	0	0	2,399,303
Loans Receivable	0	190,034	0	0	190,034
Interfund Receivable	0	0	0	0	99,986
<i>Total Assets</i>	<u>\$ 16,135</u>	<u>\$ 383,688</u>	<u>\$ 1,021,176</u>	<u>\$ 2,556,425</u>	<u>\$ 14,738,992</u>
<b>Liabilities</b>					
Accounts Payable	\$ 1,140	\$ 0	\$ 0	\$ 148,742	\$ 377,059
Accrued Wages and Benefits	0	0	0	0	445,720
Interfund Payable	0	0	0	0	99,986
<i>Total Liabilities</i>	<u>1,140</u>	<u>0</u>	<u>0</u>	<u>148,742</u>	<u>922,765</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	0	0	0	0	411,292
Revenue in Lieu of Taxes	0	0	1,019,134	0	1,019,134
Unavailable Revenue	0	0	0	0	2,982,600
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>1,019,134</u>	<u>0</u>	<u>4,413,026</u>
<b>Fund Balance</b>					
Nonspendable	0	190,034	0	0	190,034
Restricted	14,995	193,654	2,042	2,407,683	7,704,069
Committed	0	0	0	0	1,585,951
Unassigned	0	0	0	0	(76,853)
<i>Total Fund Balance</i>	<u>14,995</u>	<u>383,688</u>	<u>2,042</u>	<u>2,407,683</u>	<u>9,403,201</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 16,135</u>	<u>\$ 383,688</u>	<u>\$ 1,021,176</u>	<u>\$ 2,556,425</u>	<u>\$ 14,738,992</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, 2019*

	Street Maintenance and Repair Fund	State Highway Fund	Sewer Maintenance Fund	Police Pension Fund	Fire Pension Fund
<b>Revenues</b>					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 218,847	\$ 218,847
Special Assessments	0	0	0	0	0
Charges for Services	0	0	1,026,986	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	1,200,735	84,122	5,500	30,712	30,712
Investment Earnings	7,642	3,545	74,579	0	0
Revenue in Lieu of Taxes	0	0	0	0	0
Residential Point of Sale Escrow	0	0	0	0	0
Other Revenues	20	0	0	0	0
<i>Total Revenues</i>	<u>1,208,397</u>	<u>87,667</u>	<u>1,107,065</u>	<u>249,559</u>	<u>249,559</u>
<b>Expenditures</b>					
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	1,038,575	0
Fire	0	0	0	0	1,150,277
Other	0	0	0	0	0
Housing and Community Development	0	0	0	0	0
Sanitation and Sewer Services	0	0	1,347,554	0	0
Transportation	140,857	0	0	0	0
Street Maintenance and Repair	1,191,487	34,214	0	0	0
Debt Service:					
Principal Retirement	0	0	73,363	0	0
Interest and Fiscal Charges	0	0	5,098	0	0
<i>Total Expenditures</i>	<u>1,332,344</u>	<u>34,214</u>	<u>1,426,015</u>	<u>1,038,575</u>	<u>1,150,277</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(123,947)	53,453	(318,950)	(789,016)	(900,718)
<b>Other Financing Sources (Uses)</b>					
Transfers In	400,000	0	752,000	972,056	1,113,577
<i>Total Other Financing Sources (Uses)</i>	<u>400,000</u>	<u>0</u>	<u>752,000</u>	<u>972,056</u>	<u>1,113,577</u>
<i>Net Change in Fund Balance</i>	276,053	53,453	433,050	183,040	212,859
<i>Fund Balance Beginning of Year (Restated, See Note 2U.)</i>	<u>676,376</u>	<u>201,872</u>	<u>1,049,403</u>	<u>587,141</u>	<u>265,915</u>
<i>Fund Balance End of Year</i>	<u>\$ 952,429</u>	<u>\$ 255,325</u>	<u>\$ 1,482,453</u>	<u>\$ 770,181</u>	<u>\$ 478,774</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, 2019*

	Indigent Driver/Alcohol Treatment Fund	Court Computer Legal Research Fund	Clerk's Computerization Fund	Housing Grant Fund	Fair Housing Grant Fund
<b>Revenues</b>					
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	24,781	33,916	106,992	0	0
Intergovernmental	0	0	0	0	33,100
Investment Earnings	1,487	2,882	9,907	1,186	877
Revenue in Lieu of Taxes	0	0	0	0	0
Residential Point of Sale Escrow	0	0	0	0	0
Other Revenues	0	0	0	0	0
<i>Total Revenues</i>	<u>26,268</u>	<u>36,798</u>	<u>116,899</u>	<u>1,186</u>	<u>33,977</u>
<b>Expenditures</b>					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	12,683
Judicial System	13,636	22,092	92,831	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	17,550	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>13,636</u>	<u>22,092</u>	<u>92,831</u>	<u>17,550</u>	<u>12,683</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	12,632	14,706	24,068	(16,364)	21,294
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	12,632	14,706	24,068	(16,364)	21,294
<i>Fund Balance Beginning of Year (Restated, See Note 2U.)</i>	<u>76,628</u>	<u>159,097</u>	<u>565,737</u>	<u>81,189</u>	<u>42,869</u>
<i>Fund Balance End of Year</i>	<u>\$ 89,260</u>	<u>\$ 173,803</u>	<u>\$ 589,805</u>	<u>\$ 64,825</u>	<u>\$ 64,163</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, 2019*

	Law Enforcement Grant Fund	Court Alternate Dispute Resolution Fund	Ohio Court Security Project Fund	HIDTA Grant Fund	Housing and Nuisance Abatement Fund
<b>Revenues</b>					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Assessments	0	0	0	0	0
Charges for Services	240	0	0	0	39,944
Fines and Forfeitures	0	32,569	10,064	0	0
Intergovernmental	6,000	0	0	0	0
Investment Earnings	443	1,626	791	0	2,462
Revenue in Lieu of Taxes	0	0	0	0	0
Residential Point of Sale Escrow	0	0	0	0	0
Other Revenues	0	0	0	0	0
<i>Total Revenues</i>	<u>6,683</u>	<u>34,195</u>	<u>10,855</u>	<u>0</u>	<u>42,406</u>
<b>Expenditures</b>					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	0
Judicial System	0	24,402	2,902	0	0
Security of Persons and Property:					
Police	2,898	0	0	0	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Housing and Community Development	0	0	0	0	92,511
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>2,898</u>	<u>24,402</u>	<u>2,902</u>	<u>0</u>	<u>92,511</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,785	9,793	7,953	0	(50,105)
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	26,657
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,657</u>
<i>Net Change in Fund Balance</i>	3,785	9,793	7,953	0	(23,448)
<i>Fund Balance Beginning of Year (Restated, See Note 2U.)</i>	<u>24,206</u>	<u>90,472</u>	<u>42,356</u>	<u>(76,853)</u>	<u>126,946</u>
<i>Fund Balance End of Year</i>	<u>\$ 27,991</u>	<u>\$ 100,265</u>	<u>\$ 50,309</u>	<u>\$ (76,853)</u>	<u>\$ 103,498</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, 2019*

	Indigent Driver Interlock Device Fund	Street Lighting Assessment Fund	Tree Maintenance Assessment Fund	Law Enforcement Trust Fund	Obstruction Permit Deposit Fund
<b>Revenues</b>					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Assessments	0	576,538	758,599	0	0
Charges for Services	0	0	0	0	0
Fines and Forfeitures	18,777	0	0	24,847	0
Intergovernmental	0	0	0	0	0
Investment Earnings	329	0	0	14,351	0
Revenue in Lieu of Taxes	0	0	0	0	0
Residential Point of Sale Escrow	0	0	0	0	0
Other Revenues	0	0	0	0	6,010
<b>Total Revenues</b>	<b>19,106</b>	<b>576,538</b>	<b>758,599</b>	<b>39,198</b>	<b>6,010</b>
<b>Expenditures</b>					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	0
Judicial System	13,778	0	0	0	0
Security of Persons and Property:					
Police	0	0	0	72,428	0
Fire	0	0	0	0	0
Other	0	713,950	0	0	0
Housing and Community Development	0	0	849,541	0	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
<b>Total Expenditures</b>	<b>13,778</b>	<b>713,950</b>	<b>849,541</b>	<b>72,428</b>	<b>0</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	5,328	(137,412)	(90,942)	(33,230)	6,010
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	265,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>265,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>5,328</b>	<b>127,588</b>	<b>(90,942)</b>	<b>(33,230)</b>	<b>6,010</b>
<i>Fund Balance Beginning of Year (Restated, See Note 2U.)</i>	19,257	116,806	307,158	948,360	62,230
<b>Fund Balance End of Year</b>	<b>\$ 24,585</b>	<b>\$ 244,394</b>	<b>\$ 216,216</b>	<b>\$ 915,130</b>	<b>\$ 68,240</b>

*(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, 2019*

	Excavation Permit Deposit Fund	Shaker- Cuyahoga Credit Enhancement Fund	Shaker Plaza and Van Aken Urban RTIEF Fund	Point of Sale Escrow Fund	Totals
<b>Revenues</b>					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 437,694
Special Assessments	0	0	0	0	1,335,137
Charges for Services	0	0	0	0	1,067,170
Fines and Forfeitures	0	0	0	0	251,946
Intergovernmental	0	0	0	0	1,390,881
Investment Earnings	0	0	0	0	122,107
Revenue in Lieu of Taxes	0	0	408,432	0	408,432
Residential Point of Sale Escrow	0	0	0	2,662,038	2,662,038
Other Revenues	510	0	0	0	6,540
<i>Total Revenues</i>	<u>510</u>	<u>0</u>	<u>408,432</u>	<u>2,662,038</u>	<u>7,681,945</u>
<b>Expenditures</b>					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	12,683
Judicial System	0	0	0	0	169,641
Security of Persons and Property:					
Police	0	0	0	0	1,113,901
Fire	0	0	0	0	1,150,277
Other	0	0	0	0	713,950
Housing and Community Development	1,140	10,347	406,390	1,976,535	3,354,014
Sanitation and Sewer Services	0	0	0	0	1,347,554
Transportation	0	0	0	0	140,857
Street Maintenance and Repair	0	0	0	0	1,225,701
Debt Service:					
Principal Retirement	0	0	0	0	73,363
Interest and Fiscal Charges	0	0	0	0	5,098
<i>Total Expenditures</i>	<u>1,140</u>	<u>10,347</u>	<u>406,390</u>	<u>1,976,535</u>	<u>9,307,039</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(630)	(10,347)	2,042	685,503	(1,625,094)
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	50,000	0	0	3,579,290
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>3,579,290</u>
<i>Net Change in Fund Balance</i>	(630)	39,653	2,042	685,503	1,954,196
<i>Fund Balance Beginning of Year (Restated, See Note 2U.)</i>	<u>15,625</u>	<u>344,035</u>	<u>0</u>	<u>1,722,180</u>	<u>7,449,005</u>
<i>Fund Balance End of Year</i>	<u>\$ 14,995</u>	<u>\$ 383,688</u>	<u>\$ 2,042</u>	<u>\$ 2,407,683</u>	<u>\$ 9,403,201</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Debt Service Funds*  
*December 31, 2019*

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Totals
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 884,769	\$ 1,862,749	\$ 2,747,518
Revenue in Lieu of Taxes Receivable	0	1,169,090	1,169,090
<i>Total Assets</i>	<u>\$ 884,769</u>	<u>\$ 3,031,839</u>	<u>\$ 3,916,608</u>
<b>Liabilities</b>			
Notes Payable	\$ 200,000	\$ 0	\$ 200,000
<b>Deferred Inflows of Resources</b>			
Revenue in Lieu of Taxes	0	1,169,090	1,169,090
<b>Fund Balance</b>			
Committed	684,769	1,862,749	2,547,518
<i>Total Fund Balance</i>	<u>684,769</u>	<u>1,862,749</u>	<u>2,547,518</u>
<i>Total Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 884,769</u>	<u>\$ 3,031,839</u>	<u>\$ 3,916,608</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, 2019*

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
<b>Revenues</b>			
Intergovernmental	\$ 0	\$ 15,444	\$ 15,444
Revenue in Lieu of Taxes	0	888,464	888,464
<i>Total Revenues</i>	<u>0</u>	<u>903,908</u>	<u>903,908</u>
<b>Expenditures</b>			
Current:			
General Government:			
Legislative and Executive	35,893	0	35,893
Debt Service:			
Principal Retirement	2,251,694	865,300	3,116,994
Interest and Fiscal Charges	347,925	432,151	780,076
<i>Total Expenditures</i>	<u>2,635,512</u>	<u>1,297,451</u>	<u>3,932,963</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,635,512)	(393,543)	(3,029,055)
<b>Other Financing Sources (Uses)</b>			
Issuance of Notes Payable	1,400,000 *	0	1,400,000
Premium on Debt Issuance	22,000	0	22,000
Transfers In	1,248,061	0	1,248,061
<i>Total Other Financing Sources (Uses)</i>	<u>2,670,061</u>	<u>0</u>	<u>2,670,061</u>
<i>Net Change in Fund Balance</i>	34,549	(393,543)	(358,994)
<i>Fund Balance Beginning of Year</i>	<u>650,220</u>	<u>2,256,292</u>	<u>2,906,512</u>
<i>Fund Balance End of Year</i>	<u>\$ 684,769</u>	<u>\$ 1,862,749</u>	<u>\$ 2,547,518</u>

\* See Note 12 for details on Bond Anticipation Note.

**GOVERNMENTAL FUNDS INDIVIDUAL FUND  
SCHEDULES OF REVENUES, EXPENDITURES/EXPENSES  
AND CHANGES IN FUND BALANCE -  
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, 2019*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 6,208,275	\$ 6,525,022	\$ 6,783,894	\$ 258,872
Municipal Income Taxes	34,494,635	36,500,742	36,088,906	(411,836)
Other Local Taxes	60,000	46,104	70,948	24,844
Charges for Services	5,140,333	5,389,940	5,263,253	(126,687)
Fees, Licenses and Permits	1,036,730	1,126,854	1,084,441	(42,413)
Fines and Forfeitures	450,050	621,801	613,681	(8,120)
Intergovernmental	1,609,790	1,639,747	1,816,494	176,747
Investment Earnings	327,200	948,357	937,232	(11,125)
Other Revenues	768,427	1,046,318	1,052,848	6,530
<b>Total Revenues</b>	<b>50,095,440</b>	<b>53,844,885</b>	<b>53,711,697</b>	<b>(133,188)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Security of Persons and Property:</b>				
<b>Police:</b>				
Personal Services	8,855,681	8,475,681	8,125,254	350,427
Other	1,835,556	1,730,556	1,657,878	72,678
<b>Total Police</b>	<b>10,691,237</b>	<b>10,206,237</b>	<b>9,783,132</b>	<b>423,105</b>
<b>Fire:</b>				
Personal Services	6,247,788	6,292,788	6,138,458	154,330
Other	674,811	602,501	572,635	29,866
<b>Total Fire</b>	<b>6,922,599</b>	<b>6,895,289</b>	<b>6,711,093</b>	<b>184,196</b>
<b>Other:</b>				
Other	68,400	86,400	86,000	400
<b>Total Security of Persons and Property</b>	<b>17,682,236</b>	<b>17,187,926</b>	<b>16,580,225</b>	<b>607,701</b>
<b>Leisure Time Activities:</b>				
<b>Culture and Recreation:</b>				
Personal Services	2,403,469	2,403,469	2,288,714	114,755
Other	1,048,859	1,048,859	1,038,698	10,161
<b>Total Culture and Recreation</b>	<b>3,452,328</b>	<b>3,452,328</b>	<b>3,327,412</b>	<b>124,916</b>
<b>Park and Land Development:</b>				
Personal Services	676,063	625,463	583,565	41,898
Other	426,783	448,783	447,058	1,725
<b>Total Park and Land Development</b>	<b>1,102,846</b>	<b>1,074,246</b>	<b>1,030,623</b>	<b>43,623</b>
<b>Total Leisure Time Activities:</b>	<b>4,555,174</b>	<b>4,526,574</b>	<b>4,358,035</b>	<b>168,539</b>
<b>Housing and Community Development:</b>				
<b>Building and Housing Inspection:</b>				
Personal Services	1,461,413	1,441,413	1,424,910	16,503
Other	135,730	135,730	125,100	10,630
<b>Total Building Inspection</b>	<b>1,597,143</b>	<b>1,577,143</b>	<b>1,550,010</b>	<b>27,133</b>

(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, 2019*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Planning and Development:				
Personal Services	531,531	545,531	533,733	11,798
Other	167,435	138,621	127,692	10,929
Total Planning and Development	<u>698,966</u>	<u>684,152</u>	<u>661,425</u>	<u>22,727</u>
Neighborhood Revitalization:				
Personal Services	155,494	159,494	156,799	2,695
Other	122,863	88,863	60,563	28,300
Total Neighborhood Revitalization	<u>278,357</u>	<u>248,357</u>	<u>217,362</u>	<u>30,995</u>
Economic Development:				
Personal Services	317,604	567,604	560,714	6,890
Other	971,171	916,171	579,184	336,987
Total Economic Development	<u>1,288,775</u>	<u>1,483,775</u>	<u>1,139,898</u>	<u>343,877</u>
Community Life:				
Personal Services	307,077	347,077	326,278	20,799
Other	156,513	161,513	136,969	24,544
Total Community Life	<u>463,590</u>	<u>508,590</u>	<u>463,247</u>	<u>45,343</u>
Communications and Marketing:				
Personal Services	347,076	372,076	366,926	5,150
Other	471,745	471,745	453,030	18,715
Total Communications and Marketing	<u>818,821</u>	<u>843,821</u>	<u>819,956</u>	<u>23,865</u>
Tree Maintenance and Leaf Collection:				
Personal Services	264,730	271,530	271,440	90
Other	198,028	199,028	197,701	1,327
Total Tree Maintenance and Leaf Collection	<u>462,758</u>	<u>470,558</u>	<u>469,141</u>	<u>1,417</u>
Total Housing and Community Development	<u>5,608,410</u>	<u>5,816,396</u>	<u>5,321,039</u>	<u>495,357</u>
Sanitation and Sewer Services:				
Sewer Maintenance:				
Other	\$ 46,351	\$ 46,351	\$ 44,706	\$ 1,645

*(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, 2019*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Refuse Collection and Disposal:				
Personal Services	1,266,132	1,289,132	1,288,280	852
Other	946,806	958,806	958,101	705
Total Refuse Collection and Disposal	<u>2,212,938</u>	<u>2,247,938</u>	<u>2,246,381</u>	<u>1,557</u>
Solid Waste Recycling:				
Personal Services	99,526	100,626	100,609	17
Other	29,677	29,677	29,167	510
Total Solid Waste Recycling	<u>129,203</u>	<u>130,303</u>	<u>129,776</u>	<u>527</u>
Brush Collection and Disposal:				
Personal Services	518,090	563,090	562,469	621
Other	298,879	353,879	353,116	763
Total Brush Collection and Disposal	<u>816,969</u>	<u>916,969</u>	<u>915,585</u>	<u>1,384</u>
Total Sanitation and Sewer Services	<u>3,205,461</u>	<u>3,341,561</u>	<u>3,336,448</u>	<u>5,113</u>
Street Maintenance and Repair:				
Personal Services	316,728	238,428	222,759	15,669
Other	789,200	749,900	732,816	17,084
Total Street Maintenance and Repair	<u>1,105,928</u>	<u>988,328</u>	<u>955,575</u>	<u>32,753</u>
Public Works:				
Public Works Administration:				
Personal Services	653,056	671,056	670,303	753
Other	81,543	61,543	50,454	11,089
Total Public Works Administration	<u>734,599</u>	<u>732,599</u>	<u>720,757</u>	<u>11,842</u>
Public Building Maintenance:				
Personal Services	771,651	706,651	631,945	74,706
Other	968,394	919,694	870,072	49,622
Total Public Building Maintenance	<u>1,740,045</u>	<u>1,626,345</u>	<u>1,502,017</u>	<u>124,328</u>
Total Public Works	<u>2,474,644</u>	<u>2,358,944</u>	<u>2,222,774</u>	<u>136,170</u>
General Government:				
Legislative and Executive:				
Mayor's Office:				
Personal Services	216,342	219,342	217,697	1,645
Other	32,775	29,775	27,377	2,398
Total Mayor's Office	<u>249,117</u>	<u>249,117</u>	<u>245,074</u>	<u>4,043</u>
Council:				
Personal Services	\$ 142,848	\$ 137,848	\$ 137,356	\$ 492
Other	15,083	10,083	7,945	2,138
Total Council	<u>157,931</u>	<u>147,931</u>	<u>145,301</u>	<u>2,630</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, 2019*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Chief Administrative Officer:				
Personal Services	234,002	229,002	227,161	1,841
Other	13,979	13,979	13,013	966
Total Chief Administrative Officer	<u>247,981</u>	<u>242,981</u>	<u>240,174</u>	<u>2,807</u>
Information Technology:				
Personal Services	448,750	455,750	452,265	3,485
Other	140,597	125,597	120,721	4,876
Total Information Technology	<u>589,347</u>	<u>581,347</u>	<u>572,986</u>	<u>8,361</u>
Contract Charges and Statutory Expenses:				
Personal Services	38,000	38,000	35,507	2,493
Other	2,447,082	2,247,082	2,044,255	202,827
Total Contract Charges and Statutory Expenses	<u>2,485,082</u>	<u>2,285,082</u>	<u>2,079,762</u>	<u>205,320</u>
Legal Administration:				
Personal Services	606,635	621,635	611,565	10,070
Other	139,525	139,525	137,021	2,504
Total Legal Administration	<u>746,160</u>	<u>761,160</u>	<u>748,586</u>	<u>12,574</u>
Finance:				
Personal Services	639,208	589,208	571,432	17,776
Other	176,695	201,695	189,027	12,668
Total Finance	<u>815,903</u>	<u>790,903</u>	<u>760,459</u>	<u>30,444</u>
Human Resources:				
Personal Services	276,771	280,771	276,073	4,698
Other	207,692	192,955	190,048	2,907
Total Human Resources	<u>484,463</u>	<u>473,726</u>	<u>466,121</u>	<u>7,605</u>
Total Legislative and Executive	<u>5,775,984</u>	<u>5,532,247</u>	<u>5,258,463</u>	<u>273,784</u>
Judicial System:				
Personal Services	2,295,996	2,190,996	2,153,515	37,481
Other	102,463	102,463	96,364	6,099
Total Judicial System	<u>2,398,459</u>	<u>2,293,459</u>	<u>2,249,879</u>	<u>43,580</u>
Total General Government	<u>8,174,443</u>	<u>7,825,706</u>	<u>7,508,342</u>	<u>317,364</u>
Total Expenditures	<u>42,806,296</u>	<u>42,045,435</u>	<u>40,282,438</u>	<u>1,762,997</u>
Excess of Revenues Over (Under) Expenditures	<u>7,289,144</u>	<u>11,799,450</u>	<u>13,429,259</u>	<u>1,629,809</u> <i>(continued)</i>

**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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Advances In	0	0	110,000	110,000
Advances Out	0	(240,000)	(186,000)	54,000
Transfers In	0	13,909	0	(13,909)
Transfers Out	<u>(8,700,694)</u>	<u>(11,413,051)</u>	<u>(11,413,051)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(8,700,694)</u>	<u>(11,639,142)</u>	<u>(11,489,051)</u>	<u>150,091</u>
Net Change in Fund Balance	(1,411,550)	160,308	1,940,208	1,779,900
Beginning Cash Fund Balance	23,518,449	23,518,449	23,518,449	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(485,020)	(485,020)	(485,020)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(1,081,202)</u>	<u>(1,081,202)</u>	<u>(1,081,202)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 20,540,677</u>	<u>\$ 22,112,535</u>	23,892,435	<u>\$ 1,779,900</u>
Reserved for Encumbrances - All Budget Years			<u>2,276,267</u>	
Total Cash Fund Balance - December 31			<u>\$ 26,168,702</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, 2019*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 880,725	\$ 880,725	\$ 873,640	\$ (7,085)
Other Revenues	15,523	15,523	9,142	(6,381)
Total Revenue	<u>896,248</u>	<u>896,248</u>	<u>882,782</u>	<u>(13,466)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	21,870	21,870	16,713	5,157
Public Works - Other	957,674	957,674	743,907	213,767
General Government:				
Legislative and Executive	7,500	7,500	4,446	3,054
Total Expenditures	<u>987,044</u>	<u>987,044</u>	<u>765,066</u>	<u>221,978</u>
Operating Income (Loss)	<u>(90,796)</u>	<u>(90,796)</u>	<u>117,716</u>	<u>(235,444)</u>
Net Change in Fund Balance	(90,796)	(90,796)	117,716	208,512
Beginning Cash Fund Balance	493,020	493,020	493,020	0
Prior Year's Reserve For Encumbrances				
Outstanding At December 31	(2,991)	(2,991)	(2,991)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(78,023)</u>	<u>(78,023)</u>	<u>(78,023)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 321,210</u>	<u>\$ 321,210</u>	529,722	<u>\$ 208,512</u>
Reserved for Encumbrances - All Budget			<u>77,096</u>	
Total Cash Fund Balance - December 31			<u>\$ 606,818</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, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State Levied Shared Taxes	\$ 770,000	\$ 969,611	\$ 199,611
Intergovernmental	150,000	161,641	11,641
Investment Earnings	250	7,642	7,392
Other Revenues	0	20	20
Total Revenues	<u>920,250</u>	<u>1,138,914</u>	<u>218,664</u>
Expenditures:			
Current:			
Street Maintenance and Repair	<u>1,458,718</u>	<u>1,350,883</u>	<u>107,835</u>
Excess of Revenues Over (Under) Expenditures	(538,468)	(211,969)	326,499
Other Financing Sources (Uses):			
Transfers In	<u>400,000</u>	<u>400,000</u>	<u>0</u>
Net Change in Fund Balance	(138,468)	188,031	326,499
Beginning Cash Fund Balance	554,662	554,662	0
Prior Year's Reserve For Encumbrances			
Outstanding At December 31	(1,477)	(1,477)	0
Prior Year's Reserve For Encumbrances			
Outstanding At December 31	0	0	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(24,503)</u>	<u>(24,503)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 390,214</u>	716,713	<u>\$ 326,499</u>
Reserved for Encumbrances - All Budget Years		<u>51,217</u>	
Total Cash Fund Balance - December 31		<u>\$ 767,930</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, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State Levied Shared Taxes	\$ 63,000	\$ 78,617	\$ 15,617
Investment Earnings	110	3,545	3,435
Total Revenues	<u>63,110</u>	<u>82,162</u>	<u>19,052</u>
Expenditures:			
Current:			
Street Maintenance and Repair	<u>55,293</u>	<u>41,021</u>	<u>14,272</u>
Net Change in Fund Balance	7,817	41,141	33,324
Beginning Cash Fund Balance	193,787	193,787	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(37)</u>	<u>(37)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 201,567</u>	234,891	<u>\$ 33,324</u>
Reserved for Encumbrances - All Budget Years		<u>10,054</u>	
Total Cash Fund Balance - December 31		<u>\$ 244,945</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, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,049,700	\$ 1,025,024	\$ (24,676)
Investment Earnings	125	74,579	74,454
Other Revenues	0	5,500	5,500
Total Revenues	<u>1,049,825</u>	<u>1,105,103</u>	<u>55,278</u>
Expenditures:			
Current:			
Sanitation and Sewer Services	<u>1,345,178</u>	<u>1,324,286</u>	<u>20,892</u>
Total Expenditures	<u>1,345,178</u>	<u>1,324,286</u>	<u>20,892</u>
Excess of Revenues Over (Under) Expenditures	(295,353)	(219,183)	76,170
Other Financing Sources (Uses):			
Transfers In	<u>752,000</u>	<u>752,000</u>	<u>0</u>
Net Change in Fund Balance	456,647	532,817	76,170
Beginning Cash Fund Balance	988,344	988,344	0
Prior Year's Reserve For Encumbrances			
Outstanding At December 31	(13,024)	(13,024)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(179,470)</u>	<u>(179,470)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 1,252,497</u>	1,328,667	<u>\$ 76,170</u>
Reserved for Encumbrances - All Budget Years		<u>70,271</u>	
Total Cash Fund Balance - December 31		<u>\$ 1,398,938</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, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 245,845	\$ 249,559	\$ 3,714
Total Revenues	<u>245,845</u>	<u>249,559</u>	<u>3,714</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>1,194,848</u>	<u>1,039,178</u>	<u>155,670</u>
Excess of Revenues Over (Under) Expenditures	(949,003)	(789,619)	159,384
Other Financing Sources (Uses):			
Transfers In	<u>972,056</u>	<u>972,056</u>	<u>0</u>
Net Change in Fund Balance	23,053	182,437	159,384
Beginning Cash Fund Balance	<u>795,931</u>	<u>795,931</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 818,984</u>	<u>\$ 978,368</u>	<u>\$ 159,384</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Fire Pension Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 245,845	\$ 249,559	\$ 3,714
Total Revenues	<u>245,845</u>	<u>249,559</u>	<u>3,714</u>
Expenditures:			
Current:			
Security of Persons and Property - Fire	<u>1,176,652</u>	<u>1,146,797</u>	<u>29,855</u>
Excess of Revenues Over (Under) Expenditures	(930,807)	(897,238)	33,569
Other Financing Sources (Uses):			
Transfers In	<u>1,113,577</u>	<u>1,113,577</u>	<u>0</u>
Net Change in Fund Balance	182,770	216,339	33,569
Beginning Cash Fund Balance	<u>458,747</u>	<u>458,747</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 641,517</u>	<u>\$ 675,086</u>	<u>\$ 33,569</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Indigent Driver/Alcohol Treatment Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 15,250	\$ 24,725	\$ 9,475
Investment Earnings	50	1,487	1,437
Total Revenues	<u>15,300</u>	<u>26,212</u>	<u>10,912</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>45,358</u>	<u>13,183</u>	<u>32,175</u>
Net Change in Fund Balance	(30,058)	13,029	43,087
Beginning Cash Fund Balance	79,395	79,395	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(5,465)</u>	<u>(5,465)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 43,872</u>	86,959	<u>\$ 43,087</u>
Reserved for Encumbrances - All Budget Years		<u>5,803</u>	
Total Cash Fund Balance - December 31		<u>\$ 92,762</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Court Computer Legal Research Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 28,170	\$ 34,290	\$ 6,120
Investment Earnings	100	2,882	2,782
Total Revenues	<u>28,270</u>	<u>37,172</u>	<u>8,902</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>75,044</u>	<u>22,986</u>	<u>52,058</u>
Net Change in Fund Balance	(46,774)	14,186	60,960
Beginning Cash Fund Balance	156,821	156,821	0
Prior Year's Reserve For Encumbrances			
Outstanding At December 31	(2,856)	(2,856)	0
Current Year Cash Expenditures Against Prior			
Year's Cash Fund Balance Reserved			
For Encumbrance	<u>(1,149)</u>	<u>(1,149)</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 106,042</u>	\$ 167,002	<u>\$ 60,960</u>
Reserved for Encumbrances - All Budget Years		<u>4,593</u>	
Total Cash Fund Balance - December 31		<u>\$ 171,595</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Clerk's Computerization Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 91,000	\$ 106,861	\$ 15,861
Investment Earnings	300	9,907	9,607
Total Revenues	<u>91,300</u>	<u>116,768</u>	<u>25,468</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>227,855</u>	<u>94,904</u>	<u>132,951</u>
Net Change in Fund Balance	(136,555)	21,864	158,419
Beginning Cash Fund Balance	559,459	559,459	0
Prior Year's Reserve For Encumbrances			
Outstanding At December 31	(7,847)	(7,847)	0
Current Year Cash Expenditures Against Prior			
Year's Cash Fund Balance Reserved			
For Encumbrance	<u>(1,289)</u>	<u>(1,289)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 413,768</u>	572,187	<u>\$ 158,419</u>
Reserved for Encumbrances - All Budget Years		<u>13,153</u>	
Total Cash Fund Balance - December 31		<u>\$ 585,340</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Housing Grant Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings		\$ 1,186	\$ 1,186
Net Change in Fund Balance	0	1,186	1,186
Beginning Cash Fund Balance	81,189	81,189	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(17,550)	(17,550)	0
Ending Unreserved Cash Fund Balance	<u>\$ 63,639</u>	64,825	<u>\$ 1,186</u>
Reserved for Encumbrances - All Budget Years		<u>0</u>	
Total Cash Fund Balance - December 31		<u>\$ 64,825</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Fair Housing Grant Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 23,800	\$ 33,100	\$ 9,300
Investment Earnings	715	877	162
Total Revenues	<u>24,515</u>	<u>33,977</u>	<u>9,462</u>
Expenditures:			
Current:			
General Government:			
Legislative and Executive	<u>24,708</u>	<u>12,683</u>	<u>12,025</u>
Net Change in Fund Balance	(193)	21,294	21,487
Beginning Cash Fund Balance	43,484	43,484	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(615)</u>	<u>(615)</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 42,676</u>	<u>\$ 64,163</u>	<u>\$ 21,487</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Law Enforcement Grant Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 6,000	\$ 5,000	\$ (1,000)
Charges for Services	1,200	240	(960)
Investment Earnings	0	443	443
Total Revenues	<u>7,200</u>	<u>5,683</u>	<u>(1,517)</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>13,624</u>	<u>3,291</u>	<u>10,333</u>
Net Change in Fund Balance	(6,424)	2,392	8,816
Beginning Cash Fund Balance	<u>23,706</u>	<u>23,706</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 17,282</u>	26,098	<u>\$ 8,816</u>
Reserved for Encumbrances - All Budget Years		<u>393</u>	
Total Cash Fund Balance - December 31		<u>\$ 26,491</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Court Alternate Dispute Resolution Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 29,000	\$ 31,970	\$ 2,970
Investment Earnings	40	1,626	1,586
Total Revenues	<u>29,040</u>	<u>33,596</u>	<u>4,556</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>24,418</u>	<u>24,313</u>	<u>105</u>
Net Change in Fund Balance	4,622	9,283	4,661
Beginning Cash Fund Balance	<u>88,920</u>	<u>88,920</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 93,542</u>	<u>\$ 98,203</u>	<u>\$ 4,661</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Ohio Court Security Project Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 8,500	\$ 10,087	\$ 1,587
Investment Earnings	25	791	766
Total Revenues	<u>8,525</u>	<u>10,878</u>	<u>2,353</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>9,608</u>	<u>3,637</u>	<u>5,971</u>
Net Change in Fund Balance	(1,083)	7,241	8,324
Beginning Cash Fund Balance	<u>41,557</u>	<u>41,557</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 40,474</u>	\$ 48,798	<u>\$ 8,324</u>
Reserved for Encumbrances - All Budget Years		<u>735</u>	
Total Cash Fund Balance - December 31		<u>\$ 49,533</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*High Intensity Drug Trafficking Area Grant Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Cash Fund Balance	\$ 23,133	\$ 23,133	\$ 0
Total Cash Fund Balance - December 31	<u>\$ 23,133</u>	<u>\$ 23,133</u>	<u>\$ 0</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Housing and Nuisance Abatement Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 39,824	\$ 39,878	\$ 54
Investment Earnings	0	2,462	2,462
Total Revenues	<u>39,824</u>	<u>42,340</u>	<u>2,516</u>
Expenditures:			
Current:			
Housing and Community Development	<u>190,000</u>	<u>95,716</u>	<u>94,284</u>
Excess of Revenues Over(Under) Expenditures	<u>(150,176)</u>	<u>(53,376)</u>	<u>96,800</u>
Other Financing Sources (Uses):			
Transfers In	<u>26,657</u>	<u>26,657</u>	<u>0</u>
Net Change in Fund Balance	(123,519)	(26,719)	96,800
Beginning Cash Fund Balance	<u>134,906</u>	<u>134,906</u>	<u>0</u>
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(7,642)</u>	<u>(7,642)</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 3,745</u>	\$ 100,545	<u>\$ 96,800</u>
Reserved for Encumbrances - All Budget Years		<u>17,907</u>	
Total Cash Fund Balance - December 31		<u>\$ 118,452</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Indigent Driver Interlock Device Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 12,500	\$ 18,482	\$ 5,982
Investment Earnings	10	329	319
Total Revenues	<u>12,510</u>	<u>18,811</u>	<u>6,301</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>15,758</u>	<u>14,498</u>	<u>1,260</u>
Net Change in Fund Balance	(3,248)	4,313	7,561
Beginning Cash Fund Balance	<u>18,452</u>	<u>18,452</u>	<u>0</u>
Prior Year's Reserve For Encumbrances Outstanding At December 31	<u>(722)</u>	<u>(722)</u>	<u>0</u>
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(172)</u>	<u>(172)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 14,310</u>	21,871	<u>\$ 7,561</u>
Reserved for Encumbrances - All Budget Years		<u>1,614</u>	
Total Cash Fund Balance - December 31		<u>\$ 23,485</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Street Lighting Assessment Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 560,000	\$ 576,537	\$ 16,537
Expenditures:			
Current:			
Security of Persons and Property - Other	812,872	812,709	163
Excess of Revenues Over (Under) Expenditures	(252,872)	(236,172)	16,700
Other Financing Sources (Uses):			
Transfers In	265,000	265,000	0
Net Change in Fund Balance	12,128	28,828	16,700
Beginning Cash Fund Balance	176,182	176,182	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(59,702)	(59,702)	0
Ending Unreserved Cash Fund Balance	<u>\$ 128,608</u>	145,308	<u>\$ 16,700</u>
Reserved for Encumbrances - All Budget Years		<u>155,172</u>	
Total Cash Fund Balance - December 31		<u>\$ 300,480</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Tree Maintenance Assessment Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 740,000	\$ 758,599	\$ 18,599
Expenditures:			
Current:			
Housing and Community Development	906,344	804,890	101,454
Net Change in Fund Balance	(166,344)	(46,291)	120,053
Beginning Cash Fund Balance	379,974	379,974	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(6,383)	(6,383)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(104,259)	(104,259)	0
Ending Unreserved Cash Fund Balance	<u>\$ 102,988</u>	223,041	<u>\$ 120,053</u>
Reserved for Encumbrances - All Budget Years		69,344	
Total Cash Fund Balance - December 31		<u>\$ 292,385</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Law Enforcement Trust Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 0	\$ 21,524	\$ 21,524
Investment Earnings	0	14,351	14,351
Total Revenues	<u>0</u>	<u>35,875</u>	<u>35,875</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>301,231</u>	<u>74,960</u>	<u>226,271</u>
Excess of Revenues Over(Under) Expenditures	(301,231)	(39,085)	262,146
Net Change in Fund Balance	(301,231)	(39,085)	262,146
Beginning Cash Fund Balance	<u>849,808</u>	<u>849,808</u>	<u>0</u>
Prior Year's Reserve For Encumbrances			
Outstanding At December 31	(5,805)	(5,805)	0
Current Year Cash Expenditures Against Prior			
Year's Cash Fund Balance Reserved			
For Encumbrance	<u>(5,888)</u>	<u>(5,888)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 536,884</u>	799,030	<u>\$ 262,146</u>
Reserved for Encumbrances - All Budget Years		<u>10,548</u>	
Total Cash Fund Balance - December 31		<u>\$ 809,578</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Debt Service Administration Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures:			
Current:			
General Government:			
Legislative and Executive	\$ 38,893	\$ 38,893	\$ 0
Debt Service:			
Principal Retirements	2,463,243	2,451,694	11,549
Interest and Fiscal Charges	345,925	347,925	(2,000)
Total Expenditures	<u>2,848,061</u>	<u>2,838,512</u>	<u>9,549</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,848,061)</u>	<u>(2,838,512)</u>	<u>9,549</u>
Other Financing Sources (Uses):			
Issuance of Notes Payable	823,280	1,600,000	776,720
Premium on Debt Issuance	0	22,000	22,000
Transfers In	1,248,061	1,248,061	0
Total Other Financing Sources (Uses)	<u>2,071,341</u>	<u>2,870,061</u>	<u>798,720</u>
Net Change in Fund Balance	(776,720)	31,549	808,269
Beginning Cash Fund Balance	<u>850,220</u>	<u>850,220</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 73,500</u>	881,769	<u>\$ 808,269</u>
Reserved for Encumbrances - All Budget Years		<u>3,000</u>	
Total Cash Fund Balance - December 31		<u>\$ 884,769</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Urban Renewal Debt Service Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Revenue in Lieu of Taxes	\$ 830,000	\$ 888,464	\$ 58,464
Intergovernmental	0	15,444	15,444
Total Revenue	<u>830,000</u>	<u>903,908</u>	<u>73,908</u>
Expenditures:			
Current:			
General Government:			
Legislative and Executive	9,626	0	9,626
Debt Service:			
Principal Retirements	865,300	865,300	0
Interest and Fiscal Charges	432,151	432,151	0
Total Expenditures	<u>1,307,077</u>	<u>1,297,451</u>	<u>9,626</u>
Excess of Revenues Over(Under) Expenditures	<u>(477,077)</u>	<u>(393,543)</u>	<u>83,534</u>
Other Financing Sources (Uses):			
Transfers In	480,478	0	(480,478)
Total Other Financing Sources	<u>480,478</u>	<u>0</u>	<u>(480,478)</u>
Net Change in Fund Balance	3,401	(393,543)	(396,944)
Beginning Cash Fund Balance	<u>2,256,292</u>	<u>2,256,292</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 2,259,693</u>	<u>\$ 1,862,749</u>	<u>\$ (396,944)</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Central Purchasing Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,030,753	\$ 729,820	\$ (300,933)
Expenses:			
Contractual Services	27,490	27,336	154
Materials and Supplies	903,624	810,698	92,926
Total Expenses	<u>931,114</u>	<u>838,034</u>	<u>93,080</u>
Operating Income (Loss)	99,639	(108,214)	(207,853)
Other Financing Sources (Uses):			
Advances Out	(110,000)	(110,000)	0
Advances In	0	186,000	186,000
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>76,000</u>	<u>186,000</u>
Net Change in Fund Equity	(10,361)	(32,214)	(21,853)
Beginning Cash Fund Equity	119,748	119,748	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(85,423)</u>	<u>(85,423)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 23,964</u>	2,111	<u>\$ (21,853)</u>
Reserved for Encumbrances - All Budget Years		<u>103,183</u>	
Total Cash Fund Equity - December 31		<u>\$ 105,294</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Copier Management Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 43,413	\$ 33,849	\$ (9,564)
Expenses:			
Contractual Services	46,000	33,737	12,263
Operating Income (Loss)	(2,587)	112	2,699
Net Change in Fund Equity	(2,587)	112	2,699
Beginning Cash Fund Equity	8,959	8,959	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(6,372)	(6,372)	0
Ending Unreserved Cash Fund Equity	\$ -	2,699	\$ 2,699
Reserved for Encumbrances - All Budget Years		5,763	
Total Cash Fund Equity - December 31		\$ 8,462	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
**Municipal Garage Fund**  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,319,925	\$ 1,177,055	\$ (142,870)
Expenses:			
Personal Services	978,289	846,936	131,353
Travel and Education	2,402	633	1,769
Contractual Services	325,230	320,079	5,151
Materials and Supplies	73,105	61,807	11,298
Total Expenditures	<u>1,379,026</u>	<u>1,229,455</u>	<u>149,571</u>
Operating Income (Loss)	(59,101)	(52,400)	(292,441)
Net Change in Fund Equity	(59,101)	(52,400)	6,701
Beginning Cash Fund Equity	153,487	153,487	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(4,668)	(4,668)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(25,715)</u>	<u>(25,715)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 64,003</u>	70,704	<u>\$ 6,701</u>
Reserved for Encumbrances - All Budget Years		<u>83,337</u>	
Total Cash Fund Equity - December 31		<u>\$ 154,041</u>	

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Equity -*  
*Budget (Non-GAAP Budgetary Basis) and Actual*  
*Self-Insurance Fund*  
*For the Year Ended December 31, 2019*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 5,581,369	\$ 5,557,774	\$ (23,595)
Expenses:			
Personal Services	69,506	64,952	4,554
Travel and Education	453	0	453
Contractual Services	5,965,854	5,619,671	346,183
Materials and Supplies	0	151	(151)
Other Expenditures	0	449	(449)
Total Expenditures	<u>6,035,813</u>	<u>5,685,223</u>	<u>350,590</u>
Operating Income (Loss)	(454,444)	(127,449)	326,995
Net Change in Fund Equity	(454,444)	(127,449)	326,995
Beginning Cash Fund Equity	2,845,694	2,845,694	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(47,665)	(47,665)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(492,834)</u>	<u>(492,834)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 1,850,751</u>	2,177,746	<u>\$ 326,995</u>
Reserved for Encumbrances - All Budget Years		<u>1,650,958</u>	
Total Cash Fund Equity - December 31		<u>\$ 3,828,704</u>	

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

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***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, 2019*

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Totals
<b>Assets</b>					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 105,294	\$ 8,462	\$ 154,041	\$ 3,828,704	\$ 4,096,501
Materials and Supplies Inventory	267,849	0	0	0	267,849
<i>Total Assets</i>	<u>373,143</u>	<u>8,462</u>	<u>154,041</u>	<u>3,828,704</u>	<u>4,364,350</u>
<b>Deferred Outflows of Resources</b>					
Pension	0	0	297,110	26,525	323,635
OPEB	0	0	36,624	5,312	41,936
<i>Total Deferred Outflows of Resources</i>	<u>0</u>	<u>0</u>	<u>333,734</u>	<u>31,837</u>	<u>365,571</u>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts Payable	50,227	2,444	23,942	93,716	170,329
Accrued Wages and Benefits	0	0	26,592	0	26,592
Interfund Payable	186,000	0	0	0	186,000
Compensated Absences Payable	0	0	9,278	0	9,278
Claims Payable	0	0	0	393,603	393,603
<i>Total Current Liabilities</i>	<u>236,227</u>	<u>2,444</u>	<u>59,812</u>	<u>487,319</u>	<u>785,802</u>
<i>Long-Term Liabilities:</i>					
Claims Payable - Net of Current Portion	0	0	0	113,131	113,131
Compensated Absences Payable - Net of Current Portion	0	0	146,856	0	146,856
Net Pension Liability	0	0	1,005,511	75,413	1,080,924
Net OPEB Liability	0	0	467,003	35,025	502,028
<i>Total Long-Term Liabilities</i>	<u>0</u>	<u>0</u>	<u>1,619,370</u>	<u>223,569</u>	<u>1,842,939</u>
<i>Total Liabilities</i>	<u>236,227</u>	<u>2,444</u>	<u>1,679,182</u>	<u>710,888</u>	<u>2,628,741</u>
<b>Deferred Inflows of Resources</b>					
Pension	0	0	53,895	26,187	80,082
OPEB	0	0	34,874	16,180	51,054
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>88,769</u>	<u>42,367</u>	<u>131,136</u>
<b>Net Position</b>					
Unrestricted	<u>\$ 136,916</u>	<u>\$ 6,018</u>	<u>\$ (1,280,176)</u>	<u>\$ 3,107,286</u>	<u>\$ 1,970,044</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, 2019*

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Totals
<b>Operating Revenues</b>					
Charges for Services	\$ 729,820	\$ 33,849	\$ 1,176,501	\$ 5,557,774	\$ 7,497,944
Other Revenues	0	0	554	0	554
<i>Total Operating Revenues</i>	<u>729,820</u>	<u>33,849</u>	<u>1,177,055</u>	<u>5,557,774</u>	<u>7,498,498</u>
<b>Operating Expenses</b>					
Personal Services	0	0	1,038,918	69,442	1,108,360
Contractual Services	23,397	33,754	290,149	4,437,812	4,785,112
Materials and Supplies	729,421	0	43,840	360	773,621
Other	0	0	0	10,775	10,775
<i>Total Operating Expenses</i>	<u>752,818</u>	<u>33,754</u>	<u>1,372,907</u>	<u>4,518,389</u>	<u>6,677,868</u>
Operating Income (Loss)	(22,998)	95	(195,852)	1,039,385	820,630
<i>Change in Net Position</i>	(22,998)	95	(195,852)	1,039,385	820,630
<i>Net Position Beginning of Year</i>	159,914	5,923	(1,084,324)	2,067,901	1,149,414
<i>Net Position End of Year</i>	<u>\$ 136,916</u>	<u>\$ 6,018</u>	<u>\$ (1,280,176)</u>	<u>\$ 3,107,286</u>	<u>\$ 1,970,044</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Statement of Cash Flows*  
*Nonmajor Internal Service Funds*  
*For the Year Ended December 31, 2019*

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Total Internal Service Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>					
<b>Cash Flows from Operating Activities</b>					
Cash Received from Internal Services	\$ 729,820	\$ 33,849	\$ 1,176,501	\$ 5,557,774	\$ 7,497,944
Cash Received from Other Operating Receipts	0	0	554	0	554
Cash Payments for Goods and Services	(23,397)	(34,346)	(271,278)	(4,498,382)	(4,827,403)
Cash Payments to Employees	0	0	(846,889)	(64,952)	(911,841)
Cash Payments to Suppliers	(796,877)	0	(58,334)	(655)	(855,866)
Other Cash Payments	0	0	0	(10,775)	(10,775)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(90,454)</u>	<u>(497)</u>	<u>554</u>	<u>983,010</u>	<u>892,613</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Advances In	186,000	0	0	0	186,000
Advances Out	(110,000)	0	0	0	(110,000)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>76,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,000</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(14,454)	(497)	554	983,010	968,613
<i>Cash and Cash Equivalents Beginning 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>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 105,294</u>	<u>\$ 8,462</u>	<u>\$ 154,041</u>	<u>\$ 3,828,704</u>	<u>\$ 4,096,501</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>					
Operating Income (Loss)	\$ (22,998)	\$ 95	\$ (195,852)	\$ 1,039,385	\$ 820,630
Adjustments:					
(Increase) Decrease in Assets and Deferred Outflows:					
Prepaid Items	0	0	0	51,242	51,242
Materials and Supplies Inventory	(21,034)	0	0	0	(21,034)
Deferred Outflows - Pension	0	0	(135,034)	421	(134,613)
Deferred Outflows - OPEB	0	0	(5,328)	3,515	(1,813)
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	(46,422)	(592)	4,631	(43,596)	(85,979)
Accrued Wages and Benefits	0	0	2,204	0	2,204
Claims Payable	0	0	0	(67,414)	(67,414)
Compensated Absences Payable	0	0	26,004	0	26,004
Deferred Inflows - Pension	0	0	(106,883)	7,692	(99,191)
Deferred Inflows - OPEB	0	0	(14,557)	12,220	(2,337)
Net Pension Liability	0	0	383,640	(2,321)	381,319
Net OPEB Liability	0	0	41,729	(18,134)	23,595
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ (90,454)</u>	<u>\$ (497)</u>	<u>\$ 554</u>	<u>\$ 983,010</u>	<u>\$ 892,613</u>

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

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***Custodial Funds***

Custodial 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.

***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.

***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***

The City transferred ownership and replacement responsibilities of its waterlines to the City of Cleveland in 2007. The City also entered into an agreement with the Cleveland Division of Water under which the City 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.

***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.

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

*Combining Statement of Fiduciary Net Position  
Custodial Funds  
December 31, 2019*

	Public Art Trust Fund	Recreation Scholarship Fund	Shaker Family Resource Center Fund	Board of Building Standards Fund	Shaker Heights Area Rescue Team Fund
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 356	\$ 15,142	\$ 0	\$ 6,189	\$ 78,087
Cash in Segregated Accounts	0	0	0	0	0
Loans Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>356</u>	<u>15,142</u>	<u>0</u>	<u>6,189</u>	<u>78,087</u>
<b>Liabilities</b>					
Accounts Payable	0	0	0	0	3,651
Intergovernmental Payable	0	0	0	6,189	0
Loans Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,189</u>	<u>3,651</u>
<b>Net Position</b>					
Restricted for Individuals, Organizations and Other Governments	<u>\$ 356</u>	<u>\$ 15,142</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,436</u>

*(continued)*

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Statement of Fiduciary Net Position*  
*Custodial Funds*  
*December 31, 2019*

	Cleveland Waterline Projects Fund	Shaker Heights Development Corporation Fund	Municipal Court Fund	Total
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 781,517	\$ 266,887	\$ 0	\$ 1,148,178
Cash in Segregated Accounts	0	91,997	250,470	342,467
Loans Receivable	0	42,643	0	42,643
<i>Total Assets</i>	<u>781,517</u>	<u>401,527</u>	<u>250,470</u>	<u>1,533,288</u>
<b>Liabilities</b>				
Accounts Payable	233,989	0	0	237,640
Intergovernmental Payable	0	0	250,470	256,659
Loans Payable	0	27,200	0	27,200
<i>Total Liabilities</i>	<u>233,989</u>	<u>27,200</u>	<u>250,470</u>	<u>521,499</u>
<b>Net Position</b>				
Restricted for Individuals, Organizations and Other Governments	<u>\$ 547,528</u>	<u>\$ 374,327</u>	<u>\$ 0</u>	<u>\$ 1,011,789</u>

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Statement of Changes in Fiduciary Net Position*  
*Custodial Funds*  
*For the Year Ended December 31, 2019*

	Public Art Trust Fund	Recreation Scholarship Fund	Shaker Family Resource Center Fund	Board of Building Standards Fund	Shaker Heights Area Rescue Team Fund
<b>Additions</b>					
Contributions and Donations	\$ 0	\$ 3,977	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0	0
Amounts Received as Fiscal Agent	0	0	0	0	77,716
Licenses, Permits & Fees for Other Governments	0	0	0	11,758	0
Fines & Forfeitures for Other Governments	0	0	0	0	0
Amounts Received for Others	0	0	1,051,039	0	0
<i>Total Additions</i>	<u>0</u>	<u>3,977</u>	<u>1,051,039</u>	<u>11,758</u>	<u>77,716</u>
<b>Deductions</b>					
Distributions as Fiscal Agent	0	0	0	0	3,280
Licenses, Permits & Fee Distributions to Other Governments	0	0	0	11,758	0
Fines & Forfeitures Distributions to Other Governments	0	0	0	0	0
Other Distributions	0	3,872	1,051,041	0	0
<i>Total Deductions</i>	<u>0</u>	<u>3,872</u>	<u>1,051,041</u>	<u>11,758</u>	<u>3,280</u>
<i>Change in Net Position</i>	0	105	(2)	0	74,436
<i>Net Position Beginning of Year (Restated, See Note 2U.)</i>	<u>356</u>	<u>15,037</u>	<u>2</u>	<u>0</u>	<u>0</u>
<i>Net Position End of Year</i>	<u>\$ 356</u>	<u>\$ 15,142</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,436</u>

*(continued)*

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Combining Statement of Changes in Fiduciary Net Position*  
*Custodial Funds*  
*For the Year Ended December 31, 2019*

	Cleveland Waterline Projects Fund	Shaker Heights Development Corporation Fund	Municipal Court Fund	Totals
<b>Additions</b>				
Contributions and Donations	\$ 0	\$ 0	\$ 0	\$ 3,977
Intergovernmental	2,504,730	0	0	2,504,730
Amounts Received as Fiscal Agent	0	395,466	0	473,182
Licenses, Permits & Fees for Other Governments	0	0	348,606	360,364
Fines & Forfeitures for Other Governments	0	0	1,276,669	1,276,669
Amounts Received for Others	0	0	0	1,051,039
<i>Total Additions</i>	<u>2,504,730</u>	<u>395,466</u>	<u>1,625,275</u>	<u>5,669,961</u>
<b>Deductions</b>				
Distributions as Fiscal Agent	0	305,997	0	309,277
Licenses, Permits & Fee Distributions to Other Governments	0	0	339,502	351,260
Fines & Forfeitures Distributions to Other Governments	0	0	1,285,773	1,285,773
Other Distributions	1,957,202	0	0	3,012,115
<i>Total Deductions</i>	<u>1,957,202</u>	<u>305,997</u>	<u>1,625,275</u>	<u>4,958,425</u>
<i>Change in Net Position</i>	547,528	89,469	0	711,536
<i>Net Position Beginning of Year (Restated, See Note 2U.)</i>	<u>0</u>	<u>284,858</u>	<u>0</u>	<u>300,253</u>
<i>Net Position End of Year</i>	<u>\$ 547,528</u>	<u>\$ 374,327</u>	<u>\$ 0</u>	<u>\$ 1,011,789</u>

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**STATISTICAL  
SECTION**



## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S9
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and municipal income tax.	S10 - S17
<b>Debt Capacity</b> 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.	S18 - S23
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S25 - S27
<b>Operating Information</b> 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.	S28 - S35

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)*

	2019	Restated 2018	Restated 2017	2016	2015
Governmental Activities					
Net Investment in Capital Assets	\$ 79,129,710	\$ 76,894,481	\$ 70,763,174	\$ 74,476,459	\$ 69,897,453
Restricted:					
Capital Projects	1,596,426	3,988,068	3,737,425	768,122	11,284,974
Debt Service	0	0	0	0	1,269,277
Streets	1,454,864	1,091,166	1,040,808	835,057	719,628
Public Safety	3,162,843	2,670,608	2,755,095	2,974,436	2,990,023
Judicial Services	1,028,027	953,547	899,365	862,725	805,341
Tree Maintenance	1,013,729	1,129,546	1,046,737	972,982	774,319
Other	3,697,723	124,058	193,215	201,832	151,572
Unrestricted	(7,849,482)	(31,724,412)	(25,196,167)	8,909,483	(959,568)
<i>Total Governmental Activities Net Position</i>	<u>\$ 83,233,840</u>	<u>\$ 55,127,062</u>	<u>\$ 55,239,652</u>	<u>\$ 90,001,096</u>	<u>\$ 86,933,019</u>

In 2013, the City implemented GASB 65, which resulted in 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.

The City implemented GASB Statement No. 84 in 2019, resulting in a reclassification of certain funds as of January 1, 2019. See Note 2U for more information.

Source: City Financial Records

	Restated 2014	2013	2012	2011	2010
\$	67,676,056	\$ 66,942,897	\$ 64,688,653	\$ 63,654,963	\$ 61,972,614
	12,231,909	11,678,193	11,050,910	12,883,372	16,187,786
	1,170,127	699,569	788,674	468,541	1,745,316
	930,033	1,109,236	613,312	611,464	690,153
	2,447,391	2,396,924	2,247,417	2,125,142	1,492,645
	763,332	759,162	724,055	641,793	710,352
	794,291	0	0	0	0
	134,469	155,184	25,124	58,137	0
	(4,364,283)	28,656,421	22,894,998	24,708,622	20,655,757
\$	<u>81,783,325</u>	<u>\$ 112,397,586</u>	<u>\$ 103,033,143</u>	<u>\$ 105,152,034</u>	<u>\$ 103,454,623</u>

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

	2019	2018	2017	2016	2015
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
Security of Persons and Property	\$ 1,307,823	\$ 1,290,140	\$ 1,315,283	\$ 1,323,855	\$ 1,390,008
Public Health Services	0	0	40,809	63,910	64,469
Leisure Time Activities	1,817,683	1,772,222	1,777,428	1,725,480	1,784,639
Housing and Community Development	2,686,298	2,796,781	3,023,773	2,719,958	2,730,614
Sanitation and Sewer Services	1,014,195	960,294	1,121,311	1,130,083	1,051,180
Street Maintenance and Repair	0	30,000	30,000	0	113
Public Works - Other	874,518	599,546	441,511	820,334	727,391
General Government	3,018,024	2,661,146	2,642,497	2,922,213	2,839,390
Operating Grants and Contributions:					
Security of Persons and Property	31,632	88,389	1,221,014	3,533,657	4,132,929
Public Health Services	0	0	30,166	44,650	33,119
Leisure Time Activities	0	0	0	3,628	15,807
Housing and Community Development	2,664,500	88,939	85,262	132,072	52,615
Sanitation and Sewer Services	74,579	59,408	27,033	6,034	308
Street Maintenance and Repair	1,350,706	1,045,954	1,074,557	1,218,647	1,114,270
Public Works - Other	0	0	45,739	4,741	0
General Government	52,185	15,211	91,512	16,787	72,597
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	0	300,000	0	0	0
Sanitation and Sewer Services	547,808	988,156	45,180	0	0
Street Maintenance and Repair	2,222,553	1,171,929	1,801,572	376,504	3,067,984
Public Works - Other	0	0	0	0	0
General Government	0	0	0	0	0
<i>Total Governmental Activities Program Revenues</i>	<u>17,662,504</u>	<u>13,868,115</u>	<u>14,814,647</u>	<u>16,042,553</u>	<u>19,077,433</u>
<b>Expenses</b>					
Governmental Activities:					
Security of Persons and Property	2,160,338	23,619,320	23,159,705	25,248,646	23,192,181
Public Health and Welfare	0	0	393,522	440,827	418,461
Leisure Time Activities	5,172,978	5,075,744	4,960,888	4,191,330	3,913,273
Housing and Community Development	9,621,662	7,080,052	12,709,824	5,318,429	6,149,090
Sanitation and Sewer Services	8,092,293	5,116,508	5,614,744	5,002,530	4,097,422
Transportation	484,758	451,245	454,926	0	0
Street Maintenance and Repair	3,277,254	3,556,492	3,830,430	3,197,767	6,553,316
Public Works - Other	3,629,354	3,600,214	2,768,174	3,034,027	2,343,649
General Government	9,068,383	9,910,331	8,825,164	7,788,922	7,554,498
Interest and Fiscal Charges	807,406	816,124	1,103,848	690,169	643,523
<i>Total Governmental Activities Expenses</i>	<u>42,314,426</u>	<u>59,226,030</u>	<u>63,821,225</u>	<u>54,912,647</u>	<u>54,865,413</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	<u>(24,651,922)</u>	<u>(45,357,915)</u>	<u>(49,006,578)</u>	<u>(38,870,094)</u>	<u>(35,787,980)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Property Taxes	7,276,246	6,609,808	6,683,358	6,712,702	6,312,482
Income and Other Taxes	37,478,995	34,163,469	35,855,348	31,986,981	31,707,723
Grants, Entitlements and Estate Taxes	2,118,741	1,871,156	1,798,481	1,847,342	2,541,876
Revenue in Lieu of Taxes	1,296,896	1,612,192	885,610	914,230	0
Investment Earnings	1,177,814	703,493	259,455	273,406	6,863
Miscellaneous Income	481,681	285,207	433,610	203,510	368,730
<i>Total Governmental Activities</i>	<u>49,830,373</u>	<u>45,245,325</u>	<u>45,915,862</u>	<u>41,938,171</u>	<u>40,937,674</u>
<b>Change in Net Position</b>					
Governmental Activities	<u>\$ 25,178,451</u>	<u>\$ (112,590)</u>	<u>\$ (3,090,716)</u>	<u>\$ 3,068,077</u>	<u>\$ 5,149,694</u>

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

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

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

Source: City Financial Records

	2014	2013	2012	2011	2010
\$	1,612,394	\$ 1,541,393	\$ 1,412,424	\$ 1,410,277	\$ 1,228,766
	47,160	45,760	77,494	70,806	88,852
	1,888,776	1,765,547	1,803,925	1,843,213	1,758,484
	2,976,704	2,504,699	733,415	2,199,232	2,412,588
	1,092,872	1,108,678	1,144,334	1,093,240	1,187,478
	147	0	1,804	1,480	2,322
	658,313	748,217	567,532	627,503	671,940
	2,488,869	2,690,130	2,399,937	3,047,272	2,916,571
	3,934,416	3,827,620	3,744,393	3,689,869	3,670,356
	36,711	59,981	35,562	43,876	103,824
	0	0	0	0	0
	40,719	637,217	161,430	207,980	331,218
	0	16,277	0	0	277,697
	0	0	0	0	0
	0	0	45,000	0	0
	17,000	42,294	26,794	45,202	15,294
	0	2,500	2,489	3,950	6,169
	0	0	0	0	0
	0	5,252	283,790	559,951	47,504
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	150,000	145,468	0
	14,794,081	14,995,565	12,590,323	14,989,319	14,719,063
	23,341,934	22,898,446	22,958,313	22,250,251	21,919,064
	420,084	378,658	579,141	572,027	590,758
	3,993,567	4,166,858	3,980,612	4,036,350	3,847,435
	5,658,971	5,473,863	5,947,226	5,377,610	6,381,587
	5,314,960	4,964,310	4,781,961	4,433,164	4,737,490
	0	0	0	0	0
	3,462,608	2,504,237	2,896,453	2,983,859	2,923,298
	2,474,210	2,092,510	2,496,087	2,502,961	2,913,412
	7,309,823	7,455,094	7,362,601	7,476,927	7,169,311
	658,444	671,152	713,001	902,508	1,012,429
	52,634,601	50,605,128	51,715,395	50,535,657	51,494,784
	(37,840,520)	(35,609,563)	(39,125,072)	(35,546,338)	(36,775,721)
	6,212,760	6,402,845	6,760,102	6,811,309	6,990,638
	29,236,804	33,202,434	23,274,622	21,442,300	19,777,714
	4,244,813	5,221,684	6,711,782	8,459,326	6,721,784
	0	0	0	0	0
	58,812	26,440	39,437	345,261	528,639
	219,399	120,603	220,238	185,553	485,557
	39,972,588	44,974,006	37,006,181	37,243,749	34,504,332
\$	2,132,068	\$ 9,364,443	\$ (2,118,891)	\$ 1,697,411	\$ (2,271,389)

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

	2019	Restated 2018	2017	2016	2015
<b>General Fund</b>					
Nonspendable	\$ 557,858	\$ 168,626	\$ 149,075	\$ 174,420	\$ 162,467
Committed	238,984	43,218	147,403	173,541	61,746
Assigned	7,094,814	7,147,740	8,949,057	6,496,316	7,797,286
Unassigned	25,540,311	21,987,308	19,789,323	21,674,733	17,485,238
Reserved	0	0	0	0	0
Unreserved	0	0	0	0	0
<b>Total General Fund</b>	<u>33,431,967</u>	<u>29,346,892</u>	<u>29,034,858</u>	<u>28,519,010</u>	<u>25,506,737</u>
<b>All Other Governmental Funds</b>					
Nonspendable	190,034	0	0	0	0
Restricted	9,282,368	8,380,700	8,168,850	4,254,420	4,784,536
Committed	16,337,173	11,909,377	14,957,973	13,094,542	12,427,440
Unassigned	(76,853)	(76,853)	(89,818)	(36,093)	(402,506)
Reserved		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
<b>Total All Other Governmental Funds</b>	<u>25,732,722</u>	<u>20,213,224</u>	<u>23,037,005</u>	<u>17,312,869</u>	<u>16,809,470</u>
<b>Total Governmental Funds</b>	<u>\$ 59,164,689</u>	<u>\$ 49,560,116</u>	<u>\$ 52,071,863</u>	<u>\$ 45,831,879</u>	<u>\$ 42,316,207</u>

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

Note: The City implemented GASB Statement No. 84 in 2019, resulting in reclassification of certain funds as of January 1, 2019. See Note 2U for more information.

2014	2013	2012	2011	2010
\$ 145,338	\$ 79,771	\$ 195,565	\$ 150,924	\$ 0
86,712	197,711	292,726	443,724	0
6,318,448	8,162,882	12,451,743	9,150,763	0
16,818,500	11,712,915	6,836,659	8,957,461	0
0	0	0	0	635,380
0	0	0	0	11,325,272
<u>23,368,998</u>	<u>20,153,279</u>	<u>19,776,693</u>	<u>18,702,872</u>	<u>11,960,652</u>
0	0	0	0	0
3,881,400	4,236,402	3,783,070	3,623,543	0
14,584,343	14,331,748	13,791,986	15,805,315	0
(155,539)	(89,848)	(374,370)	(411,512)	0
0	0	0	0	5,385,836
0	0	0	0	7,617,822
0	0	0	0	1,657,429
0	0	0	0	11,679,020
<u>18,310,204</u>	<u>18,478,302</u>	<u>17,200,686</u>	<u>19,017,346</u>	<u>26,340,107</u>
<u>\$ 41,679,202</u>	<u>\$ 38,631,581</u>	<u>\$ 36,977,379</u>	<u>\$ 37,720,218</u>	<u>\$ 38,300,759</u>

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

	2019	2018	2017	2016	2015
<b>Revenues</b>					
Property taxes	\$ 7,221,588	\$ 6,692,659	\$ 6,610,146	\$ 6,657,936	\$ 6,318,907
Municipal Income Taxes	36,703,070	33,992,625	34,727,459	34,284,348	32,322,789
Other Local Taxes	81,938	28,488	49,673	73,283	47,244
Special Assessments	1,473,664	1,505,918	1,483,978	1,470,966	1,492,221
Charges for Services	5,096,704	5,005,249	5,071,968	7,131,974	6,850,563
Fees, Licenses and Permits	1,081,045	1,248,634	1,279,985	1,113,953	1,272,257
Fines and Forfeitures	2,983,621	2,700,396	2,639,889	888,108	570,441
Intergovernmental	6,064,360	4,914,974	6,377,564	7,399,711	10,022,274
Investment Earnings	1,344,922	761,197	299,282	293,713	2,500
Revenue in Lieu of Taxes	1,296,896	1,612,192	885,610	914,230	0
Residential Point of Sale Escrow (2)	2,662,038	0	0	0	0
Other Revenue	413,585	282,144	457,323	222,481	343,664
<i>Total Revenues</i>	<u>66,423,431</u>	<u>58,744,476</u>	<u>59,882,877</u>	<u>60,450,703</u>	<u>59,242,860</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property	20,276,110	20,467,284	21,473,178	23,856,995	22,357,798
Public Health and Welfare (1)	0	0	370,229	414,282	414,237
Leisure Time Activities	4,544,872	4,358,088	4,054,952	3,717,057	3,764,184
Housing and Community Development	10,016,565	8,966,963	12,791,052	6,138,513	6,217,708
Sanitation and Sewer Services	7,950,425	7,210,250	5,073,507	5,349,697	4,799,429
Transportation	140,857	121,896	125,578	0	0
Street Maintenance and Repair	3,670,077	4,383,426	6,821,025	4,444,233	7,425,932
Public Works - Other	2,769,774	2,824,520	2,695,514	2,690,969	2,856,532
General Government	8,351,698	8,984,178	7,887,027	7,392,746	7,704,541
Debt Service:					
Principal Retirement	3,396,369	3,784,726	1,574,483	2,339,616	2,576,173
Interest and Fiscal Charges	825,417	843,002	964,584	649,977	628,358
<i>Total Expenditures</i>	<u>61,942,164</u>	<u>61,944,333</u>	<u>63,831,129</u>	<u>56,994,085</u>	<u>58,744,892</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,481,267</u>	<u>(3,199,857)</u>	<u>(3,948,252)</u>	<u>3,456,618</u>	<u>497,968</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	11,227,351	9,801,067	10,884,859	9,615,110	8,743,637
Transfers Out	(11,227,351)	(10,746,067)	(11,830,399)	(10,560,650)	(9,661,637)
Issuance of General Obligation Bonds	0	0	3,195,000	0	0
Issuance of Non-Tax Revenue Bonds	0	0	4,960,000	0	0
Issuance of Notes	1,400,000	1,600,000	2,000,000	0	1,025,000
Inception of Lease Purchases	703,319	0	256,250	940,000	0
Proceeds from Sale of Capital Assets	69,660	15,470	146,087	18,767	29,759
Issuance of Refunding Bonds	0	0	0	3,501,300	0
Payment to Refunded Bond Escrow Agent	0	0	0	(3,455,473)	0
Premium on Debt Issuance	22,000	17,640	576,439	0	2,278
<i>Total Other Financing Sources (Uses)</i>	<u>2,194,979</u>	<u>688,110</u>	<u>10,188,236</u>	<u>59,054</u>	<u>139,037</u>
<i>Net Change in Fund Balances</i>	<u>\$ 6,676,246</u>	<u>\$ (2,511,747)</u>	<u>\$ 6,239,984</u>	<u>\$ 3,515,672</u>	<u>\$ 637,005</u>
Debt Service as a Percentage of					
Noncapital Expenditures	7.38%	8.60%	0.00%	5.82%	6.29%

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

(2) Due to the implementation of GASB Statement No. 84, the Point of Sale Escrow fund is now reported as a special revenue fund as of January, 1, 2019.

	2014	2013	2012	2011	2010
\$	6,435,800	\$ 6,350,984	\$ 6,754,730	\$ 6,768,107	\$ 6,992,558
	31,341,737	28,058,616	22,230,968	21,185,654	19,562,027
	65,231	78,817	48,432	63,867	46,219
	1,485,323	1,489,288	1,476,080	1,559,342	1,805,098
	6,648,614	6,659,388	7,106,179	6,949,653	7,042,983
	1,186,841	1,023,505	684,178	639,272	674,820
	813,715	1,018,393	914,175	940,688	740,453
	8,319,959	10,295,949	11,348,788	13,177,336	11,158,151
	63,187	40,290	61,853	352,822	514,234
	0	0	0	0	0
	0	0	0	0	0
	319,100	225,324	286,778	321,243	694,612
	<u>56,679,507</u>	<u>55,240,554</u>	<u>50,912,161</u>	<u>51,957,984</u>	<u>49,231,155</u>
	23,536,042	23,148,941	21,899,899	21,747,850	22,096,210
	421,555	401,993	559,412	596,372	584,712
	3,574,222	3,853,301	3,508,357	3,513,027	4,155,613
	5,645,429	7,030,086	6,106,375	5,935,701	6,748,290
	4,805,347	4,631,355	4,359,148	4,023,249	4,697,166
	0	0	0	0	0
	3,876,660	3,268,737	3,609,356	3,552,894	3,598,187
	2,826,772	2,680,815	2,557,354	2,515,800	2,428,497
	7,332,496	7,197,757	6,895,735	7,510,586	6,952,171
	2,784,346	3,209,712	3,582,069	3,983,104	1,993,420
	636,275	641,869	718,493	903,912	903,720
	<u>55,439,144</u>	<u>56,064,566</u>	<u>53,796,198</u>	<u>54,282,495</u>	<u>54,157,986</u>
	1,240,363	(824,012)	(2,884,037)	(2,324,511)	(4,926,831)
	7,536,702	8,156,438	4,671,495	5,149,498	4,249,037
	(7,536,702)	(8,156,438)	(4,671,495)	(5,775,498)	(4,249,037)
	0	0	0	0	0
	0	0	0	0	0
	1,230,000	1,955,000	15,370,000	2,250,000	2,902,697
	540,000	488,389	0	0	0
	29,534	34,825	51,569	119,970	38,938
	0	0	0	0	0
	0	0	(13,744,754)	0	0
	7,724	0	464,383	0	0
	<u>1,807,258</u>	<u>2,478,214</u>	<u>2,141,198</u>	<u>1,743,970</u>	<u>2,941,635</u>
\$	<u>3,047,621</u>	<u>\$ 1,654,202</u>	<u>\$ (742,839)</u>	<u>\$ (580,541)</u>	<u>\$ (1,985,196)</u>
	6.51%	7.52%	8.09%	9.60%	3.97%

**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			Public Utility	
	Assessed Value		Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial Industrial/PU			
2019/2020	\$ 748,826,210	\$ 67,509,760	\$ 2,332,388,486	\$ 16,479,990	\$ 19,388,224
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

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.

(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	\$ 832,815,960	\$ 2,351,776,710	35.41%
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%

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

	2019	2018	2017	2016	2015
<b>Unvoted Millage</b>					
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>				
<b>Charter Millage</b>					
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>
<b>Total Millage</b>	<u><u>\$ 9.90</u></u>				
<b>Overlapping Rates by Taxing District</b>					
Shaker Heights City School District Voted Millage	\$ 189.18	\$ 190.48	\$ 190.48	\$ 186.73	\$ 186.73
Effective Millage Rates					
Residential/Agricultural Real	91.33	92.55	99.06	94.72	94.56
Commercial/Industrial and Public Utility	115.53	115.89	132.23	127.93	127.86
Tangible/Public Utility Personal	189.18	190.48	190.48	186.73	186.73
Cuyahoga County Voted Millage	21.83	21.43	21.43	20.93	20.93
Effective Millage Rates					
Residential/Agricultural Real	19.89	19.49	21.20	20.65	20.64
Commercial/Industrial and Public Utility	20.55	19.92	21.35	20.86	20.92
Tangible/Public Utility Personal	21.83	21.43	21.43	20.93	20.93
Shaker Heights Public Library Voted Millage	5.90	5.90	4.00	4.00	4.00
Effective Millage Rates					
Residential/Agricultural Real	5.33	5.32	3.84	3.81	4.00
Commercial/Industrial and Public Utility	5.16	5.11	4.00	4.00	4.00
Tangible/Public Utility Personal	5.90	5.90	4.00	4.00	4.00

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 2019 includes voted rate of 14.05 mills for County government, 2.75 mills for Cleveland Metroparks, 4.9 mills for Cuyahoga Community College and 0.13 mills for the Cleveland Cuyahoga Port Authority.

Source: Ohio Department of Taxation

2014	2013	2012	2011	2010
\$ 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

\$ 186.83	\$ 179.93	\$ 180.13	\$ 180.13	\$ 180.13
99.07	91.73	91.80	86.45	85.74
126.99	117.12	116.21	114.08	113.05
186.83	179.93	180.13	180.13	180.13
20.93	20.03	18.30	18.30	18.40
20.90	20.00	18.28	18.12	18.18
20.90	19.80	17.96	17.65	17.69
20.93	20.03	18.30	18.30	18.40
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
2019	\$ 10,332,333	\$ 9,173,015	88.78%	\$ 327,770	\$ 9,500,785
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

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

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

Source: Cuyahoga County Fiscal Officer

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
91.95%	\$ 804,461	7.79%
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%

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Principal Taxpayers - Real Estate Tax*  
*2019 and 2010*

<b>2019</b>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 11,032,670	1.32%
Van Aken A1 LLC	5,657,240	0.68%
Van Aken BC LLC	4,576,760	0.55%
Shaker MZL LLC	4,100,500	0.49%
American Transmission System	3,325,020	0.40%
Oliver Family LTD	3,159,520	0.38%
Shaker Plaza LTD	2,440,450	0.29%
East Ohio Gas Company	2,419,920	0.29%
E2G Properties LLC	2,132,840	0.26%
Kirt Montlack, LTD	1,602,480	0.19%
Total	<u>\$ 40,447,400</u>	<u>4.85%</u>
Total Assessed Valuation	<u><b>\$ 832,815,960</b></u>	

<b>2010</b>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 7,732,200	0.94%
EIG Shaker Towne Center	4,369,870	0.53%
University Hospitals	3,185,810	0.39%
Tower East Operating Assoc.	2,751,540	0.34%
Oliver Family LTD	2,296,110	0.28%
Heartpoint Dev. Co. LLC	2,003,250	0.24%
East Ohio Gas Company	1,568,970	0.19%
Shaker Plaza LTD	1,504,760	0.18%
Deborah Salzberg, Tr.	1,400,000	0.17%
Cleveland Skating Club	1,383,630	0.17%
Total	<u>\$ 28,196,140</u>	<u>3.43%</u>
Total Assessed Valuation	<u><b>\$ 821,284,520</b></u>	

(1) Assessed valuation for tax year.

Source: Cuyahoga County Fiscal Officer

**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
2019	2.25%	\$ 36,717,999	\$ 12,313,532	33.54%	\$ 1,085,555	2.96%	\$ 22,056,851	60.07%
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%

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

- (1) 2010 through 2019 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.

Source: Regional Income Tax Agency

**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			
2019	\$ 16,074,568	\$ 1,400,000	\$ 2,361,357	\$ 5,015,368	\$ 1,398,331	\$ 26,249,624	1.59%	\$ 923
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

Population and Personal Income data are presented on page S26.

Beginning in 2018, premiums are included.

Refer to Note 20 for details on Bond Anticipation Note.

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

Year	Population (1)	Assessed Value of Taxable Property (2)	Gross Bonded Debt (3)	Debt Service Funds Available (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2019	28,448	\$ 832,815,960	17,474,568	\$ 2,747,518	\$ 14,727,050	1.77%	\$ 518
2018	28,448	831,878,510	18,728,242	3,106,510	15,621,732	1.88%	549
2017	28,448	772,361,630	19,732,900	843,399	18,889,501	2.45%	664
2016	28,448	777,036,490	15,749,588	718,095	15,031,493	1.93%	528
2015	28,448	777,985,760	16,394,866	1,294,726	15,100,140	1.94%	531
2014	28,448	740,751,790	18,436,108	1,170,127	17,265,981	2.33%	607
2013	28,448	750,012,970	19,577,350	699,569	18,877,781	2.52%	664
2012	28,448	750,176,340	20,288,592	1,049,459	19,239,133	2.56%	676
2011	28,448	810,867,240	20,195,451	561,689	19,633,762	2.42%	690
2010	28,448	821,284,520	21,143,474	1,838,464	19,305,010	2.35%	679

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

(2) Source: Cuyahoga County Fiscal Officer.

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

(4) Beginning in 2018, the net position for debt service is considered committed, but not restricted.

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

*Computation of Direct and Overlapping Governmental Activities Debt  
December 31, 2019*

Jurisdiction	Governmental Activities Debt Outstanding (1)	Percentage Applicable to City (2)	Amount Applicable to City
<b>Direct</b>			
City of Shaker Heights			
General Obligation Bonds	\$ 16,074,568	100.00%	\$ 16,074,568
OPWC Loans (3)	2,361,357	100.00%	2,361,357
Capital leases payable	1,398,331	100.00%	1,398,331
Notes Payable (4)	1,400,000	100.00%	1,400,000
CCCPA Non-Tax Revenue Bonds	<u>5,015,368</u>	100.00%	<u>5,015,368</u>
<i>Total Direct Debt</i>	<u>\$ 26,249,624</u>		<u>\$ 26,249,624</u>
<b>Overlapping</b>			
Shaker Heights City School District			
General Obligation Bonds	36,190,000	94.51%	34,203,169
Cuyahoga County			
General Obligation Bonds	212,032,000	2.72%	5,767,270
Cuyahoga Community College			
Miscellaneous	<u>207,010,000</u>	2.72%	<u>5,630,672</u>
<i>Total Overlapping Debt</i>	<u>455,232,000</u>		<u>45,601,111</u>
<b>Total</b>	<u><u>\$ 481,481,624</u></u>		<u><u>\$ 71,850,735</u></u>

(1) Includes bond premium.

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

(3) The City has entered into an agreement with the Cleveland-Cuyahoga County Port Authority (CCCPA) and is liable for the debt incurred.

(4) See Note 20 for details on Bond Anticipation Note.

Source: Cuyahoga County Fiscal Officer

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

	2019	2018	2017	2016	2015
Total Assessed Property Value	\$ 832,815,960	\$ 831,878,510	\$ 772,361,630	\$ 777,036,490	\$ 777,985,760
Overall Legal Debt Limit (10½ % of Assessed Valuation)	\$ 87,445,676	\$ 87,347,244	\$ 81,097,971	\$ 81,588,831	\$ 81,688,505
Debt Outstanding:					
General Obligation Bonds	15,708,300	16,733,600	17,732,900	15,749,588	16,394,866
Bond Anticipation Notes	1,600,000	1,800,000	2,000,000	0	1,025,000
OPWC Loans	2,361,357	2,683,051	3,004,746	3,326,439	3,648,133
Non-Tax Revenue Bonds	4,625,000	4,795,000	4,960,000	0	0
Total Gross Indebtedness	24,294,657	26,011,651	27,697,646	19,076,027	21,067,999
Less:					
OPWC Loans	(2,361,357)	(2,683,051)	(3,004,745)	(3,326,439)	(3,648,133)
TIF Urban Renewal Bonds	0	0	(175,000)	(345,000)	(3,705,000)
Permanent Urban Renewal Bonds	0	0	0	0	0
Urban Renewal Refunding Bonds	(12,533,300)	(13,398,600)	(14,062,900)	(15,079,588)	(11,845,000)
Non-Tax Revenue Bonds	(4,625,000)	(4,795,000)	(4,960,000)	0	0
Amount Available in Debt Service (1)	0	0	(843,399)	(325,000)	(1,294,726)
Total Net Debt Applicable to Debt Limit	4,775,000	5,135,000	4,651,602	0	575,140
Legal Debt Margin Within 10½ % Limitations	\$ 82,670,676	\$ 82,212,244	\$ 76,446,369	\$ 81,588,831	\$ 81,113,365
Legal Debt Margin as a Percentage of the Debt Limit	94.54%	94.12%	94.26%	100.00%	99.30%
Unvoted Debt Limitation (5½ % of Assessed Valuation)	\$ 45,804,878	\$ 45,753,318	\$ 42,479,890	\$ 42,737,007	\$ 42,789,217
Total Gross Indebtedness	24,294,657	26,011,651	27,697,646	19,076,027	21,067,999
Less:					
OPWC Loans	(2,361,357)	(2,683,051)	(3,004,745)	(3,326,439)	(3,648,133)
TIF Urban Renewal Bonds	0	0	(175,000)	(345,000)	(3,705,000)
Permanent Urban Renewal Bonds	0	0	0	0	0
Urban Renewal Refunding Bonds	(12,533,300)	(13,398,600)	(14,062,900)	(15,079,588)	(11,845,000)
Non-Tax Revenue Bonds	(4,625,000)	(4,795,000)	(4,960,000)	0	0
Amount Available in Debt Service (1)	0	0	(843,399)	(325,000)	(1,294,726)
Net Debt Within 5½ % Limitations	4,775,000	5,135,000	4,651,602	0	575,140
Unvoted Legal Debt Margin Within 5½ % Limitations	\$ 41,029,878	\$ 40,618,318	\$ 37,828,288	\$ 42,737,007	\$ 42,214,077
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	89.58%	88.78%	89.05%	100.00%	98.66%

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

Source: City Financial Records and Cuyahoga County Fiscal Officer

2014	2013	2012	2011	2010
\$ 740,751,790	\$ 750,012,970	\$ 750,176,340	\$ 810,867,240	\$ 821,284,520
\$ 77,778,938	\$ 78,751,362	\$ 78,768,516	\$ 85,141,060	\$ 86,234,875
17,206,108	18,007,350	17,785,000	17,785,000	18,350,000
1,230,000	1,570,000	1,910,000	2,250,000	2,625,000
3,990,015	4,352,085	4,714,154	5,076,224	5,372,489
0	0	0	0	0
22,426,123	23,929,435	24,409,154	25,111,224	26,347,489
(3,990,015)	(4,352,085)	(4,714,154)	(5,076,224)	(5,372,489)
(3,865,000)	(4,020,000)	(4,170,000)	(4,460,000)	(4,460,000)
0	0	(450,000)	(13,470,000)	(13,890,000)
(12,445,000)	(13,040,000)	(13,165,000)	0	0
0	0	0	0	0
(1,620,559)	(699,569)	(788,674)	(561,689)	(1,838,464)
505,549	1,817,781	1,121,326	1,543,311	786,536
\$ 77,273,389	\$ 76,933,581	\$ 77,647,190	\$ 83,597,749	\$ 85,448,339
99.35%	97.69%	98.58%	98.19%	99.09%
\$ 40,741,348	\$ 41,250,713	\$ 41,259,699	\$ 44,597,698	\$ 45,170,649
22,426,123	23,929,435	24,409,154	25,111,224	26,347,489
(3,990,015)	(4,352,085)	(4,714,154)	(5,076,224)	(5,372,489)
(3,865,000)	(4,020,000)	(4,170,000)	(4,460,000)	(4,460,000)
0	0	(450,000)	(13,470,000)	(13,890,000)
(12,445,000)	(13,040,000)	(13,165,000)	0	0
0	0	0	0	0
(1,620,559)	(699,569)	(788,674)	(561,689)	(1,838,464)
505,549	1,817,781	1,121,326	1,543,311	786,536
\$ 40,235,799	\$ 39,432,932	\$ 40,138,373	\$ 43,054,387	\$ 44,384,113
98.76%	95.59%	97.28%	96.54%	98.26%

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**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
*Principal Employers*  
*2019 and 2010*

**2019**

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights School District	Government Entity	1,391	28.4%
University Hospital Health System	Non Profit Organization	1,336	27.3%
City of Shaker Heights	Government Entity	570	11.6%
Hathaway Brown School	Private School	450	9.2%
Laurel School	Private School	302	6.2%
University School (Shaker Heights Campus)	Private School	234	4.8%
Heinens	Grocery	212	4.3%
Centers for Dialysis Care	Medical Facility	156	3.2%
Equity Engineering Group	Engineering	126	2.6%
Cellular Technology Limited (CTL)	Biotech	119	2.4%
<b>Total</b>		<b>4,896</b>	<b>100%</b>
Total Employment within the City of Shaker Heights, Ohio		(1)	

**2010**

Employer	Nature of Business or Activity	Employees	Percentage of Total
University Hospital Health System	Non Profit Organization	1,150	27.6%
Shaker Heights School District	Government Entity	1,148	27.6%
City of Shaker Heights	Government Entity	724	17.4%
Hathaway Brown School	Private School	425	10.2%
Laurel School	Private School	261	6.3%
University School (Shaker Heights Campus)	Private School	223	5.4%
Centers for Dialysis Care	Medical Facility	170	4.1%
Equity Engineering Group	Engineering	59	1.4%
<b>Total</b>		<b>4,160</b>	<b>100%</b>
Total Employment within the City of Shaker Heights, Ohio		(1)	

(1) Information not available

Source: Regional Income Tax Agency (RITA)

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

Year	Population (1)	Total Personal Income (1)	Personal Income Per Capita (1)	Median Family Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)
2019	28,448	\$ 1,648,732,288	\$ 57,956	\$ 115,041	40.1	65.90%
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%

(1) Source: U. S. Census Bureau and the 2018 American Community Survey 5-year estimates.

(2) Source: Shaker Heights School District Comprehensive Annual Fiscal Report For the Fiscal Year Ended June 30, 2019.

(3) Source: Ohio Department of Job & Family Services - Ohio Labor Market Information (<http://ohiolmi.com>)

(4) Source: Cuyahoga County Fiscal Officer.

School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
4,899	4.20%	\$ 231,800	\$ 832,815,960
4,955	4.80%	229,000	831,878,510
5,111	5.60%	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

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

*Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Years*

Function/Program	2019	2018	2017	2016	2015
<b>General Government:</b>					
Council	3.5	3.5	3.5	3.5	3.5
Finance	5.5	6.0	7.0	8.0	8.0
Mayor	2.0	2.0	2.0	2.0	2.0
Law	5.0	5.0	5.5	5.0	5.0
Chief Administrative Officer	2.0	2.0	2.0	2.0	2.0
Service Administration - Public Works	10.0	10.0	10.0	10.0	10.0
Municipal Court	36.5	30.0	29.5	41.0	41.5
Human Resources	4.0	3.5	4.0	4.0	4.0
Information Technology	4.0	4.0	4.0	4.0	4.0
<b>Security of Persons and Property:</b>					
Police	61.5	66.5	61.5	61.0	59.0
Police - Crossing Guards	9.0	10.0	10.0	9.0	8.5
Police - Dispatch/Records/Watch Officer	13.5	13.5	22.5	17.0	15.0
Police - Jailers	0.0	0.0	0.0	2.0	2.0
Police - Administrative (1)	3.0	3.0	3.0	5.0	5.5
Police - HIDTA	0.0	0.0	0.0	12.5	13.0
Fire	49.5	48.5	48.0	48.0	49.0
Fire - Other	3.5	3.5	3.5	3.5	3.5
Security of Persons/Property - Other	1.0	1.0	1.0	1.0	1.0
Public Health Services (3):	0.0	0.0	4.0	6.5	7.0
<b>Leisure Time Activities:</b>					
Recreation	63.0	48.0	57.0	50.5	48.5
Park and Public Land Maintenance	9.0	10.0	6.0	9.0	11.0
<b>Community Development:</b>					
Building (4)	16.0	16.0	5.0	5.0	4.0
Housing (4)	0.0	0.0	9.0	10.0	10.0
Planning	8.5	6.5	7.0	8.0	8.5
Community Development - Other (2)	36.5	31.5	27.5	28.0	30.0
Street Maintenance and Repair:	7.0	7.0	6.0	7.0	7.0
<b>Sanitation and Sewer Services:</b>					
Refuse and Brush Collection	28.0	27.0	26.0	26.0	22.0
Sewer Maintenance	5.0	6.0	5.0	6.0	5.0
Public Works - Other:	24.0	23.0	27.5	27.5	25.5
<b>Totals:</b>	<u>410.5</u>	<u>387.0</u>	<u>397.0</u>	<u>422.0</u>	<u>415.0</u>

**Note:** 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 Marketing, 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.

**Source:** Finance Department

2014	2013	2012	2011	2010
3.5	3.5	3.5	3.5	3.5
7.0	7.0	7.5	7.5	7.5
2.0	2.0	2.0	2.0	2.0
5.5	5.5	5.0	4.5	4.5
2.0	2.0	2.0	2.0	2.0
10.0	11.0	10.0	10.0	11.0
42.0	30.5	45.0	44.5	44.5
5.0	5.0	6.0	4.5	4.5
4.0	4.0	3.0	4.0	2.0
64.0	64.0	58.0	64.0	64.0
8.0	9.0	8.5	10.5	11.0
16.0	19.0	15.5	15.0	17.5
3.0	3.0	3.0	3.0	3.0
4.0	4.0	8.5	7.0	11.5
11.0	10.5	10.0	9.5	12.0
48.0	46.0	48.0	54.0	58.0
3.5	3.5	3.5	2.5	2.5
1.0	1.0	1.0	1.0	1.5
6.0	5.0	10.5	12.0	14.0
53.0	41.5	55.5	60.5	62.0
11.0	11.0	11.0	10.0	10.0
3.0	4.0	4.0	4.0	5.0
10.0	9.0	9.0	10.0	10.0
9.0	8.5	10.0	9.0	9.0
34.0	27.5	19.0	20.0	22.0
7.0	9.0	11.0	10.0	8.0
21.0	19.0	20.0	20.0	23.0
6.0	6.0	4.0	8.0	7.0
24.5	25.5	21.0	20.0	22.0
424.0	396.5	415.0	432.5	454.5

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

Function/Program	2019	2018	2017	2016	2015
<b>General Government</b>					
<i>Council and Clerk</i>					
Number of Ordinances Passed	118	117	125	151	109
Number of Resolutions Passed	10	10	8	8	9
Number of Planning Commission docket items	21	20	9	25	13
Zoning Board of Appeals docket items	25	29	22	27	23
<i>Finance Department</i>					
Number of checks/vouchers issued	6,687	7,107	7,663	7,587	7,672
Amount of checks written	\$ 39,964,779	\$ 40,844,458	\$ 40,693,588	\$ 34,391,018	\$ 35,763,950
Interest earnings for fiscal year (cash basis)	\$ 1,042,551	\$ 802,729	\$ 387,687	\$ 240,290	\$ 41,518
Number of Receipts issued	6,185	7,071	7,318	7,938	7,772
Number of Journal Entries issued	1,194	1,113	954	899	865
Agency Ratings - S&P Global Ratings	AA+	AA+	AA+	AA+	AA+
General Fund Receipts (cash basis)	\$ 51,950,044	\$ 48,581,349	\$ 50,704,557	\$ 47,132,537	\$ 45,087,632
General Fund Expenditures (cash basis)	\$ 50,088,570	\$ 47,322,719	\$ 47,855,168	\$ 46,926,777	\$ 43,666,249
General Fund Cash Balances	\$ 20,608,243	\$ 18,649,141	\$ 17,364,346	\$ 14,515,941	\$ 14,307,708
<i>Municipal Court</i>					
Number of Civil Cases	1,812	1,926	1,938	1,775	1,684
Number of Criminal cases	12,075	10,352	10,508	10,270	10,571
<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	1	0	1	1	1
Number of fire entry tests administered	0	0	1	0	0
Number of police promotional tests administered	0	2	0	0	0
Number of fire promotional tests administered	1	0	0	0	2
Number of hires of Police Officers from certified lists	0	8	9	7	5
Number of hires of Fire/Medics from certified lists	3	2	0	0	4
Number of promotions from police certified lists	3	4	0	3	4
Number of promotions from fire certified lists	0	0	0	0	4

	2014	2013	2012	2011	2010
	98	113	124	126	142
	11	14	12	8	12
	9	14	12	7	20
	13	21	30	23	23
	7,471	7,481	7,418	6,946	7,113
\$	31,523,347	\$ 34,097,409	\$ 29,620,172	\$ 30,690,164	\$ 28,808,562
\$	44,942	\$ 83,981	\$ 248,687	\$ 339,749	\$ 343,297
	8,013	8,635	8,842	7,799	9,323
	870	882	839	781	984
	AA+	AA+	AA+	AA+	Aa1
\$	44,371,402	\$ 43,718,468	\$ 37,291,189	\$ 39,401,358	\$ 39,746,140
\$	41,789,230	\$ 41,277,825	\$ 39,360,880	\$ 38,651,093	\$ 39,191,995
\$	12,923,930	\$ 10,358,358	\$ 7,909,343	\$ 8,336,820	\$ 8,406,133
	1,539	1,355	1,697	1,669	1,850
	9,134	10,232	10,611	10,948	11,493
	0	0	81	71	63
	0	0	0	0	0
	0	0	81	71	63
	0	0	430	461	375
	0	0	0	0	1
	0	0	430	461	374
	0	0	280	259	237
	1	1	0	0	1
	1	0	0	0	0
	2	0	0	1	0
	0	0	0	0	1
	0	5	0	4	0
	5	0	0	0	0
	0	0	2	0	0
	0	1	3	4	0

(continued)

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

Function/Program	2019	2018	2017	2016	2015
<b>Security of Persons &amp; Property</b>					
<i>Police</i>					
Total Calls for Services	48,042	34,406	37,462	40,613	41,303
Number of traffic citations issued	10,172	10,517	9,518	9,503	9,975
Number of parking citations issued	3,694	2,917	2,616	4,018	3,469
Number of criminal arrests	700	723	945	1,260	912
Part 1 Offenses (major offenses)	353	371	386	544	613
DUI Arrests	139	149	112	105	105
Prisoners	558	744	740	834	754
Motor Vehicle Accidents	599	748	721	627	653
Property damage accidents	434	627	651	513	536
Fatalities from Motor Vehicle Accidents	2	0	1	0	1
Community Diversion Program Youths	5	9	21	58	20
Community Diversion Program - community service hours	30	63	80	64	37
<i>Fire</i>					
Total Fire Department Incidents	4,547	4,453	4,049	4,054	3,973
EMS Incidents (NFIRS 300's)	2,898	2,804	2,787	2,538	2,481
Fire Incidents (NFIRS 100's)	92	113	86	95	80
Other Incidents (NFIRS 200's, 400's - 900's)	1,557	1,536	1,226	1,421	1,412
Fires with Loss	5	11	5	13	9
Fires with Losses exceeding \$10K	2	7	4	8	8
Fire Losses \$	\$ 335,000	\$ 2,238,770	\$ 155,500	\$ 548,500	\$ 746,000
Fire Safety Inspections	1,300	1,153	1,999	2,083	2,175
Number of times Mutual Aid given for Fire and EMS	277	296	176	162	94
Number of times Mutual Aid received for Fire and EMS	75	98	107	164	98
Ambulance Billing Collections (net)	\$ 589,248	\$ 620,285	\$ 620,881	\$ 580,280	\$ 625,847
<b>Leisure Time Activities</b>					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$ 175,791	\$ 180,945	\$ 182,691	\$ 204,868	\$ 199,023
Recreation Mens & Womens Leagues receipts	0	0	0	0	0
Recreation Children's Leagues receipts	18,454	20,659	18,804	28,166	18,557
Facilities rentals	136,157	137,264	141,931	138,549	169,271
Total Recreation Department receipts	<u>\$ 330,402</u>	<u>\$ 338,868</u>	<u>\$ 343,426</u>	<u>\$ 371,583</u>	<u>\$ 386,851</u>

2014	2013	2012	2011	2010
36,081	30,810	30,367	29,981	31,099
8,987	10,232	9,879	10,622	10,820
2,795	2,366	1,597	2,541	2,601
1,968	1,015	1,070	827	1,268
616	779	701	697	655
97	142	94	172	286
757	797	932	875	1,141
842	730	787	952	834
43	635	601	643	725
0	0	0	0	
28	36	75	28	36
152	186	529	80	111
4,255	3,928	3,896	3,788	3,488
2,471	2,462	2,317	2,396	2,212
63	51	65	68	66
1,721	1,415	1,514	1,324	1,210
18	9	15	18	23
6	5	8	8	10
\$ 1,367,081	\$ 343,000	\$ 1,448,600	\$ 636,600	\$ 923,159
2,585	2,557	2,359	2,263	2,195
82	73	82	81	52
93	49	63	82	84
\$ 669,688	\$ 577,190	\$ 576,153	\$ 566,130	\$ 522,429
\$ 165,588	\$ 190,497	\$ 211,874	\$ 215,024	\$ 209,410
0	0	175	350	450
20,787	49,804	23,337	32,839	33,780
153,560	106,543	131,852	136,970	129,849
<u>\$ 339,935</u>	<u>\$ 346,844</u>	<u>\$ 367,238</u>	<u>\$ 385,183</u>	<u>\$ 373,489</u>

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

Function/Program	2019	2018	2017	2016	2015
<b>General Government</b>					
Square Footage of City Hall	40,000	40,000	40,000	40,000	40,000
Administrative Vehicles	1	1	1	1	1
Inspection Vehicles	9	12	12	12	12
<b>Police</b>					
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
<b>Fire</b>					
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	14	16	16	16	16
<b>Recreation</b>					
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

2014	2013	2012	2011	2010
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	40	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	16	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, 2019

**City of Shaker Heights**  
**Cuyahoga County, Ohio**  
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*December 31, 2019*

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July 27, 2020

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 27, 2020, in which we noted the City restated beginning net position and fund balances to account for the implementation of GASB Statement No. 84, Fiduciary Activities. In addition, we noted in our report that, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City.

**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.

*Rea & Associates, Inc.*

Medina, Ohio

July 27, 2020

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, 2019. 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, 2019.

**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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 27, 2020, which contained unmodified opinions on those financial statements, wherein we noted the City restated beginning net position and fund balances to account for the implementation of GASB Statement No. 84, Fiduciary Activities. In addition, we noted in our report that, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. 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, 2019*

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Award Number/Pass Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
<i>Direct:</i>				
Fair Housing Assistance Program	14.401	N/A	\$ 13,298	\$0
<i>Passed Through Cuyahoga County Department of Development:</i>				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants	14.218	N/A	91,876	0
Total CDBG - Entitlement Grants Cluster			<u>91,876</u>	<u>0</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>105,174</u></b>	<b><u>0</u></b>
<b>U.S. Department of Justice</b>				
<i>Direct:</i>				
Bulletproof Vest Program	16.607	2019BUBX19096917	9,235	0
<b>Total U.S. Department of Justice</b>			<b><u>9,235</u></b>	<b><u>0</u></b>
<b>U.S. Department of Transportation</b>				
<i>Passed Through the Ohio Department of Transportation:</i>				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	PID #100026	98,032	0
Highway Planning and Construction	20.205	PID # 105935	766,776	0
Total Highway Planning and Construction Cluster			<u>864,808</u>	<u>0</u>
<b>Total U.S. Department of Transportation</b>			<b><u>864,808</u></b>	<b><u>0</u></b>
<b>National Highway Traffic Safety Administration - Federal Highway Administration</b>				
<i>Passed Through Ohio Department of Public Safety, Ohio Traffic Safety Office:</i>				
<i>Highway Safety Cluster:</i>				
National Priority Safety Programs	20.616	OVI-2019 University Hospitals Cleve-00005	9,500	0
Total Highway Safety Cluster			<u>9,500</u>	<u>0</u>
<b>Total National Highway Traffic Safety Administration - Federal Highway Administration</b>			<b><u>9,500</u></b>	<b><u>0</u></b>
<b>U.S. Department of Homeland Security (FEMA)</b>				
<i>Direct:</i>				
FY 2019 Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants	97.044	EMW-2017-FP-00143	23,805	0
Total FY 2019 Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants			<u>23,805</u>	<u>0</u>
<b>Total U.S. Department of Homeland Security (FEMA)</b>			<b><u>23,805</u></b>	<b><u>0</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,012,522</u></b>	<b><u>\$0</u></b>

**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, 2019*

**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, 2019. 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, 2019*

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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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?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**None Noted.**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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**None Noted.**

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF SHAKER HEIGHTS**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/22/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)