



SHAKER HEIGHTS

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2017
City of Shaker Heights, Ohio



Dave Yost • Auditor of State

City Council
City of Shaker Heights
3400 Lee Road
Shaker Heights, OH 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, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 28, 2018

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

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2017**

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

**INTRODUCTORY
SECTION**

City of Shaker Heights
Cuyahoga County, Ohio
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SHAKER HEIGHTS

June 27, 2018

Mayor David E. Weiss
Members of City Council and
Residents of the City of Shaker Heights, Ohio
Shaker Heights City Hall
3400 Lee Road
Shaker Heights, Ohio 44120

Re: **Submission of 2017 Comprehensive Annual Financial Report**

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

We are pleased to submit for your review the City of Shaker Heights' (the City) 2017 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, 2017. 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, 2017, 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, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Shaker Heights, Ohio

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

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

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

The City provides a variety of City services to its residents, including: Police and Fire Protection, Emergency Medical Service, Refuse Collection, Street Maintenance, Recreation, Municipal Court, Planning, Economic Development, Inspectional Services, Public Improvements and General Administrative Services. Beginning January 1, 2018, the City will receive its Public Health services from the Cuyahoga County Board of Health as all other governments in the County do with the exception of the City of Cleveland. FirstEnergy and Dominion East Ohio Gas Company, both of which are independent, investor-owned utilities regulated by the State of Ohio, provide the City’s residents with electricity and natural gas, respectively. The City provides a natural

gas aggregation program for its residents through Interstate Gas Supply, Inc., which is used by about 6,352 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 8,635 residential and small commercial customers in the City. The City of Cleveland and the Northeast Ohio Regional Sewer District provide water and sewage service to the City's residents, respectively. In addition to fees paid to the Northeast Ohio Regional Sewer District, City residents also pay a local surcharge based upon water consumption that is used by the City for the maintenance and replacement of the sewer lines within the City.

The City's Police Department is an internationally accredited agency and attained its 9th reaccreditation from by the Commission on Accreditation of Law Enforcement Agencies (CALEA) in November 2017. The department annually offers a Citizens Police Academy for City residents and is a member of the Eastside Department's Group Enforcement Agency (EDGE) to share police services, including a SWAT, Mobile Field Force and Accident Investigation Unit teams. The Shaker Heights Fire Department had a joint dispatch center with the neighboring cities of Cleveland Heights and University Heights. In 2017 this EASTCOM joint fire dispatch center and the Police department dispatch functions merged to form the newly-created Heights Hillcrest Communications Center (HHCC) with four other cities. This regional dispatch center combined both police and fire dispatch services into one operation for a more efficient and cost effective dispatch operation. The Shaker Heights Fire Department belongs to the Heights Hillcrest Technical Rescue Team (HHTRT) which provides technical rescue capabilities such as Confined Space Rescue, High Angle Rope Rescue, Trench Collapse Rescue and Structural Collapse Rescue. The Fire Department oversees the Community Emergency Response Team (CERT), a group of citizens trained in emergency preparedness and how to assist police and firefighters when called upon during an emergency. The Public Works Department offers backyard collection of refuse, and as such unsightly garbage cans are not placed on residential tree lawns. The City's recycling program allows the comingling of paper, glass, plastic and cans. In addition, the City offers large item drop off and recycling of corrugated cardboard, magazines and other materials at its service center, as well as recycling of discarded computers and electronic equipment. Each year, Public Works oversees several million dollars of street resurfacing and sewer repair and replacement projects.

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

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

The annual operating and capital budgets serve as the basis for the City's financial planning and control. The City's Charter requires the Mayor, with the assistance of the Director of Finance, to submit a draft of the following year's proposed budget not less than forty-five days (usually November 16th) prior to the end of each

fiscal year. Council is required to adopt either an annual budget for the ensuing year or a temporary budget covering the first ninety days of the ensuing year, by no later than December 31 of the current year. If a temporary budget is adopted, a permanent budget must be adopted by no later than the ninetieth day of the budget year, normally March 31. For many years Council has adopted an annual operating and capital budget prior to December 31 of the preceding year.

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

Local Economy and Financial Condition

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

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

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

Educational institutions contribute significantly to the fabric of the community. Of the principal employers in 2017, four of the top seven are schools: the Shaker Heights City School District; Hathaway Brown School; Laurel School; and University School (Shaker Heights Campus). The City of Shaker Heights residents place a noteworthy value on public education. Of the total millage in the City of Shaker Heights for all entities in 2017, approximately 73.9% of residential property taxes support the Shaker Heights City School District. In March 2014, voters approved an additional levy of 6.9 mills for operating expenses of the Shaker Heights City School District. All of these factors have contributed to the continuing economic strength of the community. In May 2017, voters in the School District passed a \$30 million bond issue and a 1.25 mill continuing permanent improvement levy to improve and renovate school buildings throughout the School District. The County Fiscal Officer estimates that the average annual levy for debt charges on the bond issue will be at a rate of 2.50 mills. These new levies will commence in collection year 2018.

According to the Cuyahoga County Fiscal Officer, the total property assessed valuation for the 2017 tax year was \$772,361,630. For the 2008 tax-year the total property assessed valuation was \$889,478,997. Most of the decrease during the ten-year period from 2008 to 2017 came as a result of a revaluation of real property in 2009 and a full reappraisal of real property completed in 2012. This revaluation and the latest full reappraisal reflected the reduction in real estate values that had occurred as a result of the economic downturn and related decline in the housing market. Total assessed valuation increased by 5.0% following the 2015 revaluation, but has declined by .72% since the 2015 revaluation. Revenue derived from the current property collections decreased by 12.4% from 2012 to 2013 as a result of the lower assessed valuations. The ongoing collections of current property taxes increased in 2013 through 2016 but decreased by 2.2% since 2016. The decreases in assessed valuation reflect the demolition of blighted residential property and commercial property in the City.

On a cash basis, City income tax revenue grew 64.52% during the ten-year period from 2008 to 2017. The significant growth over the period was mostly attributable to the 0.5% increase in the income tax rate that became effective in October 2012. In 2011, the Ohio General Assembly adopted a biennial State budget that cut State aid to the City by 50% in the second year of the biennium, terminated certain other payments to the City to reimburse it for prior State tax cuts and eliminated the estate tax for all deaths occurring on and after January 1, 2013. These State actions were expected to have a significant impact on the City's financial outlook resulting in a 60% reduction in the City's state aid (excluding estate tax). In response to these actions by the State of Ohio, the City submitted a ballot measure to voters at a special election held in August 2012 asking for an increase to the municipal income tax rate of 0.5% to a rate of 2.25%. Shaker voters approved the income tax increase by a 64% to 36% plurality.

Prior to the income tax rate increase, the annual rate of growth averaged approximately 1.0% per year from 2006-2011. While there was a 5.7% decline in income tax revenue in 2009 compared to 2008 as a result of the last recession, income tax revenue increased 4.0% in 2011 compared to 2010 and 2.2% in 2012 compared to 2011. It is important to note that income tax collection results since 2013 include collection of income tax at the increased rate. Income tax revenue grew by 31.3% in 2013 as the new rate was in effect for the full year and increased by 8.2%, 5.6%, 4.2% and 4.3% in 2014, 2015, 2016 and 2017, respectively, on strong collections. The bulk of income tax collections in 2017, 64.22% are from individual tax payers, 32.12% are from withholding by employers and 2.20% is from taxes on net profits.

The 2013, 2014, 2015, 2016 and 2017 revenue results included the distributions of estate tax revenues of \$2,823,240, \$844,300, \$4,683, \$105,763 and \$8,845, respectively. This demonstrates the impact of the repeal of the estate tax. Future budgets will not include any revenue from this now phased out funding source. The City expects that the revenue from the income tax rate increase will make up for a significant portion of the losses in revenue related to the reductions in State aid and phase out of the estate tax.

Economic Development

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

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

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

A \$50,000 grant from Cuyahoga County assisted 4 commercial property owners on Lee Road to renovate their storefronts in 2017.

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

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

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

Additional redevelopment in the area includes a new private pre-school which opened in January 2018 and a climbing gym, which broke ground in April 2018. Both of these businesses are being built on property deeded to the City in lieu of tax foreclosure and whose buildings were demolished with County grant funds.

Housing and the Neighborhoods

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

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

- Attract New Residents to Shaker Heights, Increase Demand for Houses, and Increase Property Values

- Preserve Existing High Quality Housing, and
- Increase Cohesiveness, Desirability, Attractiveness, and Stability in the Neighborhoods

Since the adoption of the 2016 Housing and Neighborhood Plan, the City has made both large scale and scattered site infill housing at various price points a priority. The City sponsored a design competition in 2017 to attract builders to construct homes on city owned vacant lots. Twelve builders submitted proposals and the City has entered into a development and Use agreement with one builder to start construction in summer 2018. The Plan foresees the construction of 200 luxury rental apartments as part of the Van Aken redevelopment, Phase 1 of which is slated to open in summer 2018 and 50 new homes behind Shaker Towne Centre (Avalon Station II). The Plan also includes new and updated housing that meets the needs of Millennials and empty nesters in a market rate for sale townhome project under construction in the Moreland neighborhood, the Townhomes of Van Aken. The new energy-efficient housing capitalizes on the location's proximity to transit, and five of the townhomes have been completed and sold.

The City is also in the process of establishing a Small Lot Infill Development (SLID) Overlay District which will enable a greater variety of housing types to be built in the areas of the City with the highest concentrations of city owned vacant lots.

High quality housing is maintained with a strong code enforcement program. In 2017, the Housing Inspection Department conducted 719 point-of-sale inspections, an 10.8% increase over the prior year. 150 escrow accounts totaling \$2,517,618 were established to correct code violations. The Housing Inspection Department also works to improve the quality of rental housing for safety and habitability by requiring an annual Certificate of Occupancy for each rental property as well as a complete interior and exterior inspection every three years. Owner-occupied single-family homes receive an exterior inspection every five years.

Foreclosures and properties sold at Sheriff's sales are monitored regularly. The City's Vacant Property Ordinance mandates that vacant homes are secured and maintained, and each vacant property is checked monthly by a dedicated Housing Inspector to ensure that it is kept secure and maintained to community standards. Nuisance abatement orders were issued on 29 properties in 2017 for items such as, replacement of broken windows, exterior repairs, removal of litter and debris, yard cleanups, and demolition of 13 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. The City's partnership with the Cleveland Restoration Society's Heritage Home Loan Program resulted in almost \$414,000 of reinvestment in 8 homes, including bathroom updates.

The Moreland Rising Project was developed to create a new market in a desirable, cohesive neighborhood. The project is a City and neighborhood-led collaboration with arts, business and development partners to explore new ways for neighbors to connect with each other, catalyze entrepreneurship along the Chagrin-Lee corridor, and encourage innovative housing designs that set the standards for years to come.

Resident and Business Attract and Retain Strategy

The City's Communications and Marketing Department leads the City's efforts to identify Shaker Heights as a desirable destination for relocation by residential and commercial populations that value a walkable and cosmopolitan City. Marketing campaigns emphasize the progressive nature of the community and its commitment to the protection and preservation of its natural beauty, housing, schools, and neighborhoods. Communications in these efforts include:

- Messaging and advertising in print, social, and digital media;
- Delivery of E-newsletters to 11,200 subscribers;
- Websites (shakeronline.com and www.shaker.life);
- Offers of resources (tours and materials) to prospective residents, business owners, and area employers;
- Publishing the quarterly, award-winning Shaker Life magazine.

Awards and Acknowledgements

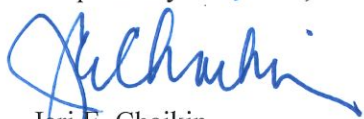
GFOA Certificate of Achievement Award and Auditor of State Award: The City of Shaker Heights was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal years ended December 31, 1996 through 2004. Due to a significant transition of Finance Department personnel in 2006, application for the CAFR for the fiscal year ending December 31, 2005 was waived. For the fiscal years ended December 31, 2006 through 2016, 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, 2017 continues to conform to the Certificate of Achievement program's requirements and, as such, it will be submitted to the GFOA for review, evaluation and consideration.

The City was awarded the Auditor of State Award with Distinction by the Ohio Auditor for 2016, 2014, 2013 and 2012 Audit reports.

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

Respectfully submitted,



Jeri E. Chaikin
Chief Administrative Officer



Robert H. Baker
Director of Finance

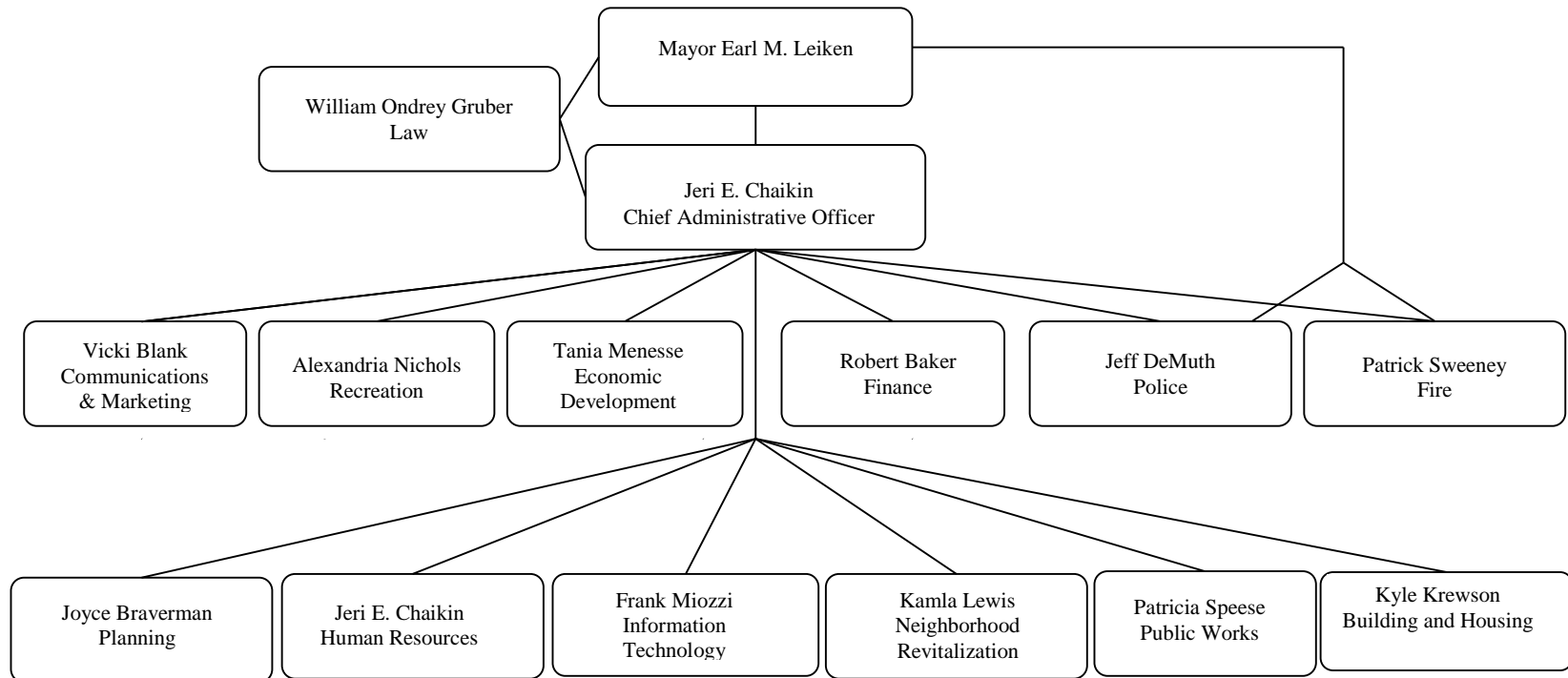
**City of Shaker Heights, Ohio
Cuyahoga County, Ohio
Listing of Principal City Officials
December 31, 2017**

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

APPOINTED OFFICIALS

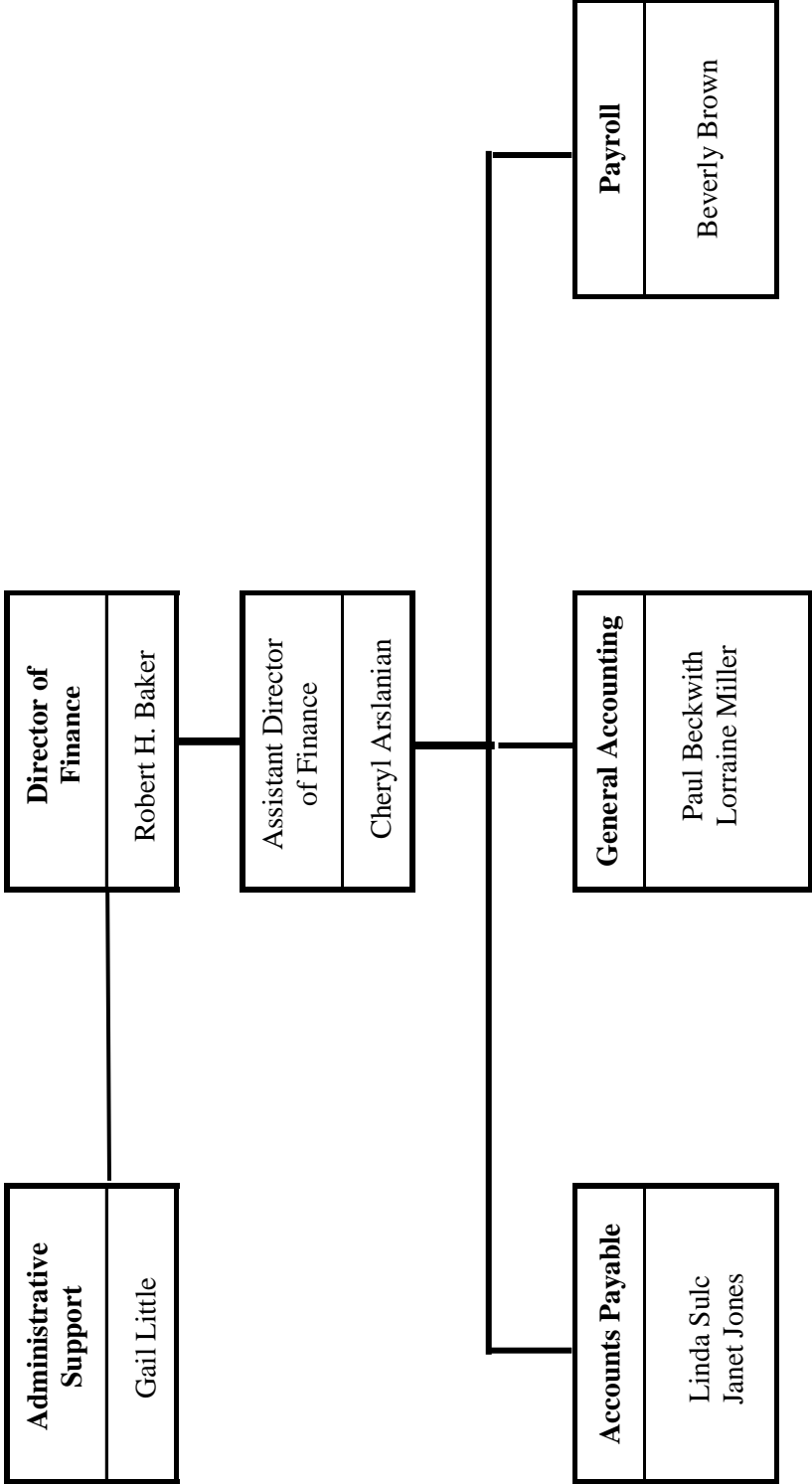
Chief Administrative Officer.....	Jeri E. Chaikin
Director of Finance.....	Robert H. Baker
Director Building/Housing.....	Kyle Krewson
Director of Recreation.....	Alexandria Nichols
Director of Economic Development.....	Tania Menesse
Chief of Fire.....	Patrick Sweeney
Director of Health.....	Dr. Scott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

City of Shaker Heights, Ohio Administrative Organizational Chart December 31, 2017



City of Shaker Heights, Ohio
Finance Department Organizational Chart

December 31, 2017





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, 2016

Christopher P. Morill

Executive Director/CEO

**FINANCIAL
SECTION**

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June 27, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shaker Heights, Cuyahoga County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions* on pages 5-13, 67, and 68-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Medina, Ohio

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City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

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, 2017. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the transmittal letter and 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 2017 are as follows:

- Net position decreased \$3.1 million, which represents a decrease of 3 percent from 2016.
- Total capital assets increased \$3.2 million during 2017.
- Outstanding debt increased from \$19.1 million to \$27.7 million due to new debt issued exceeding principal payments made during the year.

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 2017 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 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund and capital projects fund.

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

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

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

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

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 2017 compared to 2016:

Table 1
Net Position

	Governmental Activities	
	2017	2016
Assets		
Current and Other Assets	\$ 80,614,100	\$ 72,925,928
Capital Assets	96,142,793	92,929,371
<i>Total Assets</i>	<u>176,756,893</u>	<u>165,855,299</u>
Deferred Outflows of Resources		
Deferred Charges on Refunding	808,326	989,921
Pension	13,992,788	13,883,900
<i>Total Deferred Outflows of Resources</i>	<u>14,801,114</u>	<u>14,873,821</u>
Liabilities		
Current and Other Liabilities	5,613,275	5,542,971
Long-Term Liabilities:		
Due within One Year	4,403,468	2,284,369
Due in More Than One Year:		
Net Pension Liability	52,514,315	48,457,154
Other Amounts	32,808,200	25,822,304
<i>Total Liabilities</i>	<u>95,339,258</u>	<u>82,106,798</u>
Deferred Inflows of Resources		
Property Taxes	6,167,696	6,303,838
Payment in Lieu of Taxes	1,376,682	1,004,960
Pension	1,763,991	1,312,428
<i>Total Deferred Inflows of Resources</i>	<u>9,308,369</u>	<u>8,621,226</u>
Net Position		
Net Investment in Capital Assets	70,763,174	74,476,459
Restricted	9,672,645	6,615,154
Unrestricted	6,474,561	8,909,483
<i>Total Net Position</i>	<u>\$ 86,910,380</u>	<u>\$ 90,001,096</u>

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

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

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

At year end, capital assets represented 54 percent of total assets. Capital assets include, land, construction in progress, buildings and improvements, land improvements, machinery and equipment and infrastructure. Net investment in capital assets was \$70.8 million at December 31, 2017. These capital assets are used to provide services to citizens and are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City’s net position, \$9.7 million represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position of \$6.5 million may be used to meet the government’s ongoing obligations to citizens and creditors.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

The increase in current and other assets was caused by an increase in cash and cash equivalents. This was primarily caused by certain bond proceeds being used to reimburse the City for monies spent on capital projects during 2016, coupled with an increase of income tax receipts during 2017. The increase in capital assets was caused by additional construction in progress for the Van Aken Shopping Center and the Shaker Boulevard resurfacing projects which began in 2017. The increase in long term liabilities was caused by the issuance of debt during 2017 for street and sewer improvement as well as the Van Aken redevelopment project. Long term liabilities due within one year increased due to the \$2 million note payable issued in 2017. The increase in deferred inflows of resources for pension was caused by changes related to net pension liability while the increase in deferred inflows of resources for payment in lieu of taxes was caused by an increase in estimated revenue in lieu of taxes for the City.

Table 2 shows the changes in net position for fiscal year 2017 and 2016.

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 10,392,612	\$ 10,705,833
Operating Grants	2,575,283	4,960,216
Capital Grants	1,846,752	376,504
<i>General Revenues:</i>		
Property Taxes	6,683,358	6,712,702
Municipal Income Taxes	35,805,675	31,929,776
Other Taxes	49,673	57,205
Grants and Entitlements	1,798,481	1,847,342
Payment in Lieu of Taxes	885,610	914,230
Investment Earnings	259,455	273,406
Miscellaneous	433,610	203,510
<i>Total Revenues</i>	<u>60,730,509</u>	<u>57,980,724</u>
Program Expenses		
General Government		
Legislative and Executive	6,250,752	5,477,169
Judicial System	2,574,412	2,311,753
Security of Persons and Property		
Police	14,107,309	16,619,282
Fire	8,168,803	7,743,625
Other	883,593	885,739
Public Health	393,522	440,827
Leisure Time Services		
Culture and Recreation	3,642,478	3,076,586
Parks and Public Land Maintenance	1,318,410	1,114,744
Housing and Community Development	12,709,824	5,318,429
Sanitation and Sewer Services	5,614,744	5,002,530
Street Maintenance and Repair	3,830,430	3,082,749
Transportation	454,926	444,367
Public Works	2,768,174	2,704,678
Interest and Fiscal Charges	1,103,848	690,169
<i>Total Program Expenses</i>	<u>63,821,225</u>	<u>54,912,647</u>
<i>Change in Net Position</i>	(3,090,716)	3,068,077
<i>Net Position Beginning of Year</i>	<u>90,001,096</u>	<u>86,933,019</u>
<i>Net Position End of Year</i>	<u>\$ 86,910,380</u>	<u>\$ 90,001,096</u>

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Certain intergovernmental revenues were reclassified as payments in lieu of taxes and certain expenses were reclassified from street maintenance and repair and public works expense to transportation expense during 2017. For comparability purposes, the 2016 column was also updated.

Governmental Activities

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

The City's income tax rate was 2.25 percent in 2017 after voters approved an increase in the income tax rate at a special election in August 2012. The rate became effective on October 1, 2012. The City submitted to voters a request to increase its municipal income tax rate as a result of the state legislature reducing state local government fund support of cities by 50 percent and the elimination of the tax on estates of descendants that had died on or after January 1, 2013. Prior to this approval, the tax rate was unchanged at 1.75 percent since the last voter approved increase in 1981. Both residents of the City and nonresidents who work inside the City are subject to the income tax. The City grants an income tax credit to residents who work in a locality that has a municipal income tax. The City provides a credit of 50 percent of the resident's workplace community's income tax rate up to a tax rate of 1.0 percent.

Income tax revenue for 2017 was \$35.9 million, accounting for 59 percent of the City's total 2017 revenue of \$60.7 million. Charges for services of \$10.4 million account for 17 percent of total revenues. Property taxes of \$6.7 million account for 11 percent of total revenues. Unrestricted grants and entitlements of \$1.8 million account for 3 percent of total revenue and all other revenue of \$6 million accounts for the remaining 10 percent of the City's 2017 revenue. The City monitors its sources of revenue very closely for fluctuations throughout the year, especially income tax.

Operating grant revenue received for the HIDTA grant decreased as a result of the City of Independence taking over as grant administrator, beginning with the 2017 grant agreement. Capital grants increased due to a grant from ODOT for the Shaker Boulevard resurfacing project. The increase of income tax revenue was caused by fluctuations of the City's economic conditions and estimated receipts.

Security of persons and property, primarily consisting of police and fire, represent the largest expense of the governmental activities. This expense of \$23.2 million represents 36 percent of the total governmental activities expenses. The large decrease in police expense was caused by a change in net pension liability related to OPF and a reduction of salaries and related benefits due to the decrease of the HIDTA grant.

The overall increase in all other programs is partially due to an increase in the City's share of OPERS' unfunded pension liability along with other factors as discussed below.

General government expenses total \$8.8 million or 14 percent of total governmental expenses. General government expenses include legislative, executive, judicial and financial management departments of the City.

Street maintenance and repair expense of \$3.8 million accounts for 6 percent of total governmental activities expense. These expenses consist of road maintenance and repair projects. The increase during 2017 was primarily caused increased street repair projects and a change in net pension liability.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

The increase in housing and community development expense of \$7.4 million was due partially to a donation of a detention system to the University Hospital Health System and the redevelopment of the Van Aken shopping center, a project owned primarily by RMS Investments. The \$.6 million increases in culture and recreation and sanitation and sewer expenses were caused by various repair projects throughout the City. Debt issuance in 2017 caused a \$.4 million increase in interest and fiscal charges expense for issuance costs.

The City's Funds

Governmental Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The general fund's net change in fund balance for 2017 was an increase of \$.5 million, from normal operations.

The fund balance of the capital improvement fund increased by \$5.1 million which was primarily caused by debt proceeds and transfers, only partially offset by an increase in expenditures for street improvements and the Van Aken redevelopment project.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. An annual appropriation budget is legally required to be prepared for all funds of the City other than the capital projects and agency funds. The City appropriates for capital projects on a project-by-project basis. Council is provided with a detailed line item budget for all departments and has discussions at several regularly held council meetings and work sessions, which are open to the public. The budget is adopted by City Council at the fund level by department and within each department, broken out between personal services, other expenses and transfers. Appropriations by department may be transferred between departments and between personal services and other expenses within a department with the approval of Council. Council must also approve any revisions to the budget that alter total fund appropriations or that require the transfer of monies between funds. Recommendations for budget revisions are reviewed by the Finance Committee of City Council before being presented to the Council for consideration for enactment by ordinance. During the course of 2017, the City used this process to amend its general fund budget on several occasions.

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

For the general fund, the actual budget basis revenue was \$50.5 million, representing a \$.8 million increase over the final budget estimate of \$49.7 million.

Final expenditure appropriations of \$40.5 million were \$2.5 million higher than the actual expenditures of \$37.9 million, as cost savings were recognized throughout the year. Actual expenditures for housing and community development were \$1 million less than the final budgeted amount because the City budgeted for loans and grants that were not issued during 2017

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

There were no significant changes from original to final expenditure appropriations. The \$1.5 million increase from original to final revenues was primarily due to a revised estimate of municipal income tax revenues.

Original budgeted transfers out were \$3.3 million under final estimates and actual transfers as more general fund resources were needed to fund various other services and capital projects of the City. Advances were not budgeted as part of the original appropriations.

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

Capital Assets and Debt Administration

Capital Assets

At the end of year 2017, the City had \$96.1 million in capital assets. Table 3 shows fiscal year 2017 balances compared with 2016.

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

	Governmental Activities	
	2017	2016
Land	\$ 19,978,693	\$ 19,946,262
Construction in Progress	6,509,162	3,820,206
Buildings and Improvements	9,680,226	9,921,445
Land Improvements	5,689,016	6,061,755
Machinery and Equipment	8,163,316	7,483,975
Infrastructure:		
Streets	26,450,875	25,523,140
Storm and Sanitary Sewers	10,511,848	10,676,901
Bridges	41,942	47,878
Culverts	46,231	46,977
Traffic signals	9,071,484	9,400,832
<i>Total</i>	\$ 96,142,793	\$ 92,929,371

The \$3.2 million increase in capital assets of governmental activities was attributable to current year additional purchases exceeding depreciation and disposals which was primarily an increase in street improvements. Capital assets increased primarily due to additional construction in progress for the Van Aken Shopping Center and the Shaker Boulevard resurfacing projects which began in 2017. See Note 8 for additional information about the capital assets of the City.

City of Shaker Heights
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Debt

The outstanding debt for the City as of December 31, 2017 was \$27.7 million. See Note 11 for additional details. Table 4 summarizes outstanding debt.

Table 4
Outstanding Debt, at December 31

	Governmental Activities	
	2017	2016
General Obligation Bonds	\$ 17,732,900	\$ 15,749,588
OPWC Loans	3,004,745	3,326,439
Non-Tax Revenue Bonds	4,960,000	0
Bond Anticipation Notes	2,000,000	0
<i>Total</i>	\$ 27,697,645	\$ 19,076,027

Current Financial Related Activities

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

The City of Shaker Heights has committed itself to financial excellence. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting every year since 1996, with the exception of the 2005 audit period due to the transition of finance directors. The City was awarded the Auditor of State Award with Distinction by the Ohio Auditor of State for the 2012, 2013, 2014 and 2016 audit reports.

Contacting the City's Finance Department

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

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Net Position
December 31, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 50,410,034
Accounts Receivable	1,667,474
Accrued Interest Receivable	11,675
Intergovernmental Receivable	2,005,939
Taxes Receivable	20,258,810
Revenue in Lieu of Taxes Receivable	1,376,682
Special Assessments Receivable	2,837,121
Loans Receivable	27,200
Prepaid Items	49,658
Materials and Supplies Inventory	351,504
Leases Receivable	1,618,003
Non-Depreciable Capital Assets	26,487,855
Depreciable Capital Assets, Net	69,654,938
<i>Total Assets</i>	176,756,893
Deferred Outflows of Resources	
Deferred Charges on Refunding	808,326
Pension	13,992,788
<i>Total Deferred Outflows of Resources</i>	14,801,114
Liabilities	
Accounts Payable	1,464,267
Accrued Wages and Benefits	1,718,407
Contracts Payable	259,717
Retainage Payable	368,974
Accrued Interest Payable	76,178
Matured Compensated Absences Payable	107,729
Unearned Revenue	1,618,003
Long-Term Liabilities:	
Due Within One Year	4,403,468
Due In More Than One Year:	
Net Pension Liability (See Note 9)	52,514,315
Other Amounts Due in More Than One Year	32,808,200
<i>Total Liabilities</i>	95,339,258
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	6,167,696
Payment in Lieu of Taxes	1,376,682
Pension	1,763,991
<i>Total Deferred Inflows of Resources</i>	9,308,369
Net Position	
Net Investment in Capital Assets	70,763,174
Restricted for:	
Capital Projects	3,737,425
Streets	1,040,808
Public Safety	2,755,095
Judicial Services	899,365
Tree Maintenance	1,046,737
Other Purposes	193,215
Unrestricted	6,474,561
<i>Total Net Position</i>	\$ 86,910,380

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Activities
For the Year Ended December 31, 2017

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
General Government					
Legislative and Executive	\$ 6,250,752	\$ 59,602	\$ 52,829	\$ 0	\$ (6,138,321)
Judicial System	2,574,412	2,582,895	38,683	0	47,166
Security of Persons and Property					
Police	14,107,309	85,768	1,215,723	0	(12,805,818)
Fire	8,168,803	649,727	5,291	0	(7,513,785)
Other	883,593	579,788	0	0	(303,805)
Public Health	393,522	40,809	30,166	0	(322,547)
Leisure Time Services					
Culture and Recreation	3,642,478	1,777,428	0	0	(1,865,050)
Parks and Public Land Maintenance	1,318,410	0	0	0	(1,318,410)
Housing and Community Development	12,709,824	3,023,773	85,262	0	(9,600,789)
Sanitation and Sewer Services	5,614,744	1,121,311	27,033	45,180	(4,421,220)
Street Maintenance and Repair	3,830,430	30,000	1,074,557	1,801,572	(924,301)
Transportation	454,926	0	0	0	(454,926)
Public Works	2,768,174	441,511	45,739	0	(2,280,924)
Interest and Fiscal Charges	1,103,848	0	0	0	(1,103,848)
<i>Total Governmental Activities</i>	<u>\$ 63,821,225</u>	<u>\$ 10,392,612</u>	<u>\$ 2,575,283</u>	<u>\$ 1,846,752</u>	<u>(49,006,578)</u>
General Revenues:					
Property Taxes Levied for:					
General Purposes					6,278,244
Police and Fire Pension					405,114
Municipal Income Taxes Levied for:					
General Purposes					35,805,675
Other Taxes Levied for:					
General Purposes					49,673
Grants and Entitlements not Restricted to Specific Programs					1,798,481
Revenue in Lieu of Taxes					885,610
Investment Earnings					259,455
Miscellaneous					433,610
<i>Total General Revenues</i>					<u>45,915,862</u>
<i>Change in Net Position</i>					(3,090,716)
<i>Net Position Beginning of Year</i>					<u>90,001,096</u>
<i>Net Position End of Year</i>					<u>\$ 86,910,380</u>

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 23,274,070	\$ 16,742,331	\$ 7,613,724	\$ 47,630,125
Accounts Receivable	1,285,676	0	381,798	1,667,474
Accrued Interest Receivable	11,675	0	0	11,675
Intergovernmental Receivable	1,316,175	0	689,764	2,005,939
Taxes Receivable	19,844,234	0	414,576	20,258,810
Revenue in Lieu of Taxes Receivable	0	0	1,376,682	1,376,682
Special Assessments Receivable	491,056	0	2,346,065	2,837,121
Loans Receivable	27,200	0	0	27,200
Interfund Receivable	96,000	0	99,986	195,986
Materials and Supplies Inventory	121,875	0	0	121,875
Leases Receivable	1,498,003	120,000	0	1,618,003
<i>Total Assets</i>	<u>\$ 47,965,964</u>	<u>\$ 16,862,331</u>	<u>\$ 12,922,595</u>	<u>\$ 77,750,890</u>
Liabilities				
Accounts Payable	\$ 607,402	\$ 290,000	\$ 341,345	\$ 1,238,747
Accrued Wages and Benefits	1,256,874	0	426,327	1,683,201
Contracts Payable	0	259,717	0	259,717
Retainage Payable	0	368,974	0	368,974
Interfund Payable	0	0	99,986	99,986
Matured Compensated Absences Payable	106,777	0	0	106,777
Unearned Revenue	1,498,003	120,000	0	1,618,003
<i>Total Liabilities</i>	<u>3,469,056</u>	<u>1,038,691</u>	<u>867,658</u>	<u>5,375,405</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	5,793,838	0	373,858	6,167,696
Payment in Lieu of Taxes	0	0	1,376,682	1,376,682
Unavailable Revenue	9,668,212	0	3,091,032	12,759,244
<i>Total Deferred Inflows of Resources</i>	<u>15,462,050</u>	<u>0</u>	<u>4,841,572</u>	<u>20,303,622</u>
Fund Balances				
Nonspendable	149,075	0	0	149,075
Restricted	0	4,055,835	4,113,015	8,168,850
Committed	147,403	11,767,805	3,190,168	15,105,376
Assigned	8,949,057	0	0	8,949,057
Unassigned	19,789,323	0	(89,818)	19,699,505
<i>Total Fund Balances</i>	<u>29,034,858</u>	<u>15,823,640</u>	<u>7,213,365</u>	<u>52,071,863</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 47,965,964</u>	<u>\$ 16,862,331</u>	<u>\$ 12,922,595</u>	<u>\$ 77,750,890</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, 2017

Total Governmental Fund Balances		\$ 52,071,863
 <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.		96,142,793
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 671,760	
Municipal Income Tax	6,461,047	
Intergovernmental	1,445,902	
Special Assessments	2,837,121	
Charges for Services	1,312,022	
Other	31,392	12,759,244
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.		830,117
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(76,178)
Unamortized gain/loss on refunding represents deferred outflows, which do not provide current financial resources and, therefore, are not reported in the funds.		808,326
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension (net of internal service funds)	13,567,183	
Deferred Inflows - Pension (net of internal service funds)	(1,755,716)	
Net Pension Liability (net of internal service funds)	(51,488,853)	(39,677,386)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(17,732,900)	
Non-Tax Revenue Bonds	(4,960,000)	
Loans Payable	(3,004,745)	
Notes Payable	(2,000,000)	
Unamortized Bond Premium	(859,310)	
Capital Leases	(1,273,119)	
Compensated Absences (net of internal service funds)*	(6,118,325)	(35,948,399)
 <i>Net Position of Governmental Activities</i>		 \$ 86,910,380

* Excludes \$140,819 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, 2017

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 6,209,468	\$ 0	\$ 400,678	\$ 6,610,146
Municipal Income Taxes	34,727,459	0	0	34,727,459
Other Local Taxes	49,673	0	0	49,673
Special Assessments	187,207	0	1,296,771	1,483,978
Charges for Services	3,804,502	30,000	1,237,466	5,071,968
Fees, Licenses and Permits	1,279,985	0	0	1,279,985
Fines and Forfeitures	2,397,381	0	242,508	2,639,889
Intergovernmental	1,709,388	1,931,104	2,737,072	6,377,564
Investment Earnings	254,649	0	44,633	299,282
Revenue in Lieu of Taxes	0	0	885,610	885,610
Other	457,323	0	0	457,323
<i>Total Revenues</i>	<u>51,077,035</u>	<u>1,961,104</u>	<u>6,844,738</u>	<u>59,882,877</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,579,458	1,056,861	44,339	5,680,658
Judicial System	2,050,919	0	155,450	2,206,369
Security of Persons and Property:				
Police	9,331,236	440,803	2,824,953	12,596,992
Fire	6,549,002	313,167	1,143,969	8,006,138
Other	90,854	0	779,194	870,048
Public Health	370,229	0	0	370,229
Leisure Time Services:				
Cultural and Recreation	2,835,359	117,779	0	2,953,138
Park and Public Land Development	1,066,095	35,719	0	1,101,814
Housing and Community Development	5,142,554	6,893,918	754,580	12,791,052
Sanitation and Sewer Services	3,059,815	474,435	1,539,257	5,073,507
Transportation	0	0	125,578	125,578
Street Maintenance and Repair	755,080	4,905,230	1,160,715	6,821,025
Public Works	2,695,514	0	0	2,695,514
Debt Service:				
Principal Retirement	251,094	0	1,323,389	1,574,483
Interest and Fiscal Charges	20,143	228,296	716,145	964,584
<i>Total Expenditures</i>	<u>38,797,352</u>	<u>14,466,208</u>	<u>10,567,569</u>	<u>63,831,129</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>12,279,683</u>	<u>(12,505,104)</u>	<u>(3,722,831)</u>	<u>(3,948,252)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	0	256,250	256,250
Proceeds from Sale of Capital Assets	66,564	17,523	62,000	146,087
Issuance of General Obligation Bonds	0	3,180,000	15,000	3,195,000
Issuance of Non-Tax Revenue Bonds	0	4,960,000	0	4,960,000
Issuance of Notes Payable	0	2,000,000	0	2,000,000
Premium on Debt Issuance	0	458,296	118,143	576,439
Transfers In	0	7,010,000	3,874,859	10,884,859
Transfers Out	(11,830,399)	0	0	(11,830,399)
<i>Total Other Financing Sources (Uses)</i>	<u>(11,763,835)</u>	<u>17,625,819</u>	<u>4,326,252</u>	<u>10,188,236</u>
<i>Net Change in Fund Balance</i>	515,848	5,120,715	603,421	6,239,984
<i>Fund Balance Beginning of Year</i>	<u>28,519,010</u>	<u>10,702,925</u>	<u>6,609,944</u>	<u>45,831,879</u>
<i>Fund Balance End of Year</i>	<u>\$ 29,034,858</u>	<u>\$ 15,823,640</u>	<u>\$ 7,213,365</u>	<u>\$ 52,071,863</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, 2017*

Net Change in Fund Balances - Total Governmental Funds		\$ 6,239,984
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 6,800,215	
Current Year Depreciation	<u>(3,258,292)</u>	3,541,923
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.		
		(328,501)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	73,212	
Municipal Income Tax	1,078,217	
Intergovernmental	(143,059)	
Special Assessments	282,766	
Charges for Services	(409,342)	
Other	<u>(34,162)</u>	847,632
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	863,400	
OPWC Loans	321,694	
Capital Lease	<u>389,389</u>	1,574,483
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
General Obligation Bonds	(3,195,000)	
Non-Tax Revenue Bonds	(4,960,000)	
Notes Payable	(2,000,000)	
Premium on Bonds	<u>(562,359)</u>	(10,717,359)
Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(256,250)
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	(23,086)	
Amortization of Premium on Bonds	51,337	
Amortization of Refunding Loss	(57,738)	
Refunding Loss	<u>(123,857)</u>	(153,344)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		3,745,819
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities (net of internal service fund).		
		(7,993,502)
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.		
		341,962
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences*		<u>66,437</u>
<i>Change in Net Position of Governmental Activities</i>		<u>\$ (3,090,716)</u>

* Excludes \$43,555 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, 2017

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes and Other Taxes	\$ 7,170,000	\$ 7,170,000	\$ 7,110,569	\$ (59,431)
Municipal Income Taxes	33,075,000	34,190,556	34,237,225	46,669
Other Local Taxes	60,000	60,000	50,009	(9,991)
Charges for Services	4,417,308	4,279,970	5,091,149	811,179
Fees, Licenses and Permits	1,165,000	1,265,000	1,282,085	17,085
Fines and Forfeitures	575,000	575,000	503,144	(71,856)
Intergovernmental	740,000	859,282	807,521	(51,761)
Investment Earnings	175,000	250,000	340,360	90,360
Other	872,066	1,072,066	1,112,831	40,765
<i>Total Revenues</i>	<u>48,249,374</u>	<u>49,721,874</u>	<u>50,534,893</u>	<u>813,019</u>
Expenditures				
Current:				
General Government				
Legislative and Executive	4,732,352	4,859,352	4,588,470	270,882
Judicial System	2,202,584	2,202,584	2,059,200	143,384
Security of Persons and Property				
Police	10,372,689	10,232,787	9,597,168	635,619
Fire	6,670,178	6,725,603	6,693,033	32,570
Other	67,393	67,393	67,710	(317)
Public Health	462,695	407,894	372,309	35,585
Leisure Time Services				
Cultural and Recreation	3,035,955	3,035,955	2,861,578	174,377
Park and Public Land Development	1,123,420	1,123,420	1,076,387	47,033
Housing and Community Development	5,481,733	5,645,959	4,615,528	1,030,431
Sanitation and Sewer Services	2,953,940	2,952,940	3,213,804	(260,864)
Street Maintenance and Repair	898,987	898,987	718,801	180,186
Public Works	2,298,680	2,298,680	2,053,613	245,067
<i>Total Expenditures</i>	<u>40,300,606</u>	<u>40,451,554</u>	<u>37,917,601</u>	<u>2,533,953</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,948,768</u>	<u>9,270,320</u>	<u>12,617,292</u>	<u>3,346,972</u>
Other Financing Sources (Uses)				
Advances In	0	1,472,500	2,289,000	816,500
Advances Out	0	(1,857,500)	(96,000)	1,761,500
Transfers Out	(8,536,899)	(11,830,399)	(11,830,399)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(8,536,899)</u>	<u>(12,215,399)</u>	<u>(9,637,399)</u>	<u>2,578,000</u>
<i>Net Change in Fund Balance</i>	(588,131)	(2,945,079)	2,979,893	5,924,972
Beginning Cash Fund Balance	19,834,800	19,834,800	19,834,800	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(313,904)	(313,904)	(313,904)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrances	<u>(1,482,778)</u>	<u>(1,482,778)</u>	<u>(1,482,778)</u>	<u>0</u>
Ending Cash Fund Balance	<u>\$ 17,449,987</u>	<u>\$ 15,093,039</u>	21,018,011	<u>\$ 5,924,972</u>
Encumbrances - All Budget Years			<u>1,947,339</u>	
Total Cash Fund Balance - December 31			<u>\$ 22,965,350</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, 2017

	Governmental Activities - Internal Service Funds
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,779,909
Prepaid Items	49,658
Materials and Supplies Inventory	229,629
<i>Total Current Assets</i>	3,059,196
Deferred Outflows of Resources	
Pension	425,605
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	225,520
Accrued Wages and Benefits	35,206
Matured Compensated Absences Payable	952
Interfund Payable	96,000
Compensated Absences Payable	8,211
Claims Payable	243,161
<i>Total Current Liabilities</i>	609,050
<i>Long-Term Liabilities:</i>	
Claims Payable - Net of Current Portion	879,289
Compensated Absences Payable - Net of Current Portion	132,608
Net Pension Liability	1,025,462
<i>Total Long-Term Liabilities</i>	2,037,359
<i>Total Liabilities</i>	2,646,409
Deferred Inflows of Resources	
Pension	8,275
Net Position	
Unrestricted	\$ 830,117

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, 2017

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for Services	\$ 6,689,940
Other	5,759
<i>Total Operating Revenues</i>	6,695,699
Operating Expenses	
Personal Services	1,109,645
Contractual Services	5,424,023
Materials and Supplies	726,077
Other	39,532
<i>Total Operating Expenses</i>	7,299,277
<i>Operating Income (Loss)</i>	(603,578)
Transfers In	945,540
<i>Change in Net Position</i>	341,962
<i>Net Position Beginning of Year</i>	488,155
<i>Net Position End of Year</i>	\$ 830,117

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, 2017

	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from Internal Services	\$ 6,689,940
Cash Received from Other Operating Receipts	5,759
Cash Payments for Goods and Services	(5,609,459)
Cash Payments to Employees for Services and Benefits	(864,861)
Cash Payments to Suppliers	(718,082)
Other Cash Payments	(39,532)
<i>Net Cash Used for Operating Activities</i>	(536,235)
Cash Flows from Noncapital Financing Activities	
Advances In	96,000
Advances Out	(120,000)
Transfers In	945,540
<i>Net Cash Provided by Noncapital Financing Activities</i>	921,540
<i>Net Increase in Cash and Cash Equivalents</i>	385,305
<i>Cash and Investments Beginning of Year</i>	2,394,604
<i>Cash and Cash Equivalents End of Year</i>	\$ 2,779,909
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Loss	\$ (603,578)
(Increase) Decrease in Assets and Deferred Outflows:	
Prepaid Items	582
Materials and Supplies Inventory	(17,854)
Deferred Outflows - Pension	(151,344)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	107,589
Accrued Wages and Benefits	278
Claims Payable	(219,912)
Compensated Absences Payable	43,555
Matured Compensated Absences Payable	952
Deferred Inflows - Pension	(8,643)
Net Pension Liability	312,140
<i>Net Cash Used For Operating Activities</i>	\$ (536,235)

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

	Agency Funds
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,349,546
Cash in Segregated Accounts	675,024
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	81,397
<i>Total Assets</i>	\$ 3,105,967
Liabilities	
Accounts Payable	\$ 68,402
Intergovernmental Payable	570,296
Deposits Held and Due to Others	1,014,466
Loans Payable	27,200
Undistributed Monies	1,425,603
<i>Total Liabilities</i>	\$ 3,105,967

See accompanying notes to the basic financial statements.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid double-counting revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

The following are the City's major governmental funds:

General Fund – To account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio. Within the general fund group are the economic development and housing fund, the central services fund and the recreation fund.

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

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide statements are prepared using the flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position, except for fiduciary funds. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

All proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City's finances meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

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

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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, 2017, the City has unearned revenue for lease receivables recorded for rent that will be collected for a future year.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, revenue in lieu of taxes, pension, and unavailable revenue. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, special assessments, income taxes and penalties, intergovernmental grants and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 9)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred except for unmatured principal and interest on general long-term debt which is recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Cash and Cash Equivalents

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

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

During fiscal year 2017, investments were limited to U.S. Treasury Notes, insured negotiable certificates of deposit and U.S. Treasury Money Market Fund holdings.

Except for nonparticipating investment contracts, investments are reported at fair value. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 2017 amounted to \$254,649, which includes \$136,258 assigned from other City funds. The adjustment to investments for fair market value at December 31, 2017 decreased investment income in the general fund by \$70,698 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, 2017, 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/expenditure in the year in which the services are consumed.

G. Inventory

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

H. Capital Assets

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

All purchased capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City's capitalization threshold is \$10,000. The City's infrastructure consists of curbs, sidewalks, sewers, streets, and other general capital assets that are immovable and of value only to the City. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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:

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

	Estimated Lives
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, 2017, 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, 2017 along with any salary-related benefit liabilities associated with the payment of compensated absences. The City uses the vesting method to calculate this liability. The entire compensated absence liability is reported on the government-wide financial statements.

K. Pensions

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

L. Payables, Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the fund financial statements when due.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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.

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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

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

N. Net Position

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

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

O. Interfund Activity

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

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

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 2017.

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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

R. Operating Revenues and Expenses

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

S. Budgetary Process

Tax Budget

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

Estimated Resources

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

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. For all operating funds except capital projects and trust and agency funds, an annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. For 2017, the annual appropriation measure was passed by City Council on December 19, 2016.

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

As provided by the City's Charter and State law, amendments to the 2017 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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Budgeted Level of Expenditure

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

T. Loan Receivable

The City advanced monies to the Shaker Heights Development Corporation to fund costs associated with professional fund development to assist in raising funds to pursue economic development projects. The loan has a three-year term, expiring January 1, 2020, with an interest rate of 1 percent, all due at maturity.

U. Implementation of New Accounting Principles

For the year ended December 31, 2017, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

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:

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable for:				
Inventory	\$ 121,875	\$ 0	\$ 0	\$ 121,875
Loans Receivable	27,200	0	0	27,200
Total Nonspendable	149,075	0	0	149,075
Restricted for:				
Street Maintenance and Repair	0	0	642,984	642,984
State Highway	0	0	191,061	191,061
Police and Fire Pensions	0	0	975,374	975,374
Indigent Driver Alcohol Treatment	0	0	66,826	66,826
Court Computer Legal Research	0	0	150,195	150,195
Clerk's Computerization	0	0	545,553	545,553
Housing Grants	0	0	193,215	193,215
Law Enforcement Grant	0	0	17,868	17,868
Court Alternate Dispute Resolution	0	0	79,929	79,929
Ohio Court Security Project	0	0	38,065	38,065
Indigent Driver Interlock	0	0	18,797	18,797
Tree Maintenance Special Assessment	0	0	226,491	226,491
Law Enforcement Trust	0	0	960,862	960,862
Street Lighting Special Assessment	0	0	5,795	5,795
Capital Projects	0	4,055,835	0	4,055,835
Total Restricted	0	4,055,835	4,113,015	8,168,850
Committed to:				
Sewer Maintenance	0	0	747,242	747,242
Housing and Nuisance Abatement	0	0	1,599,527	1,599,527
Capital Projects	0	11,767,805	0	11,767,805
Debt Service	0	0	843,399	843,399
Encumbrances:				
Housing and Community Development	147,403	0	0	147,403
Total Committed	147,403	11,767,805	3,190,168	15,105,376
Assigned for:				
Economic Development	5,301,775	0	0	5,301,775
Recreation	178,280	0	0	178,280
Central Services	411,016	0	0	411,016
Encumbrances:				
General Government	105,963	0	0	105,963
Security of Persons and Property	343,644	0	0	343,644
Leisure Time Services	9,418	0	0	9,418
Housing and Community Development	297,868	0	0	297,868
Public Works	99,879	0	0	99,879
Sanitation and Sewer Services	180,455	0	0	180,455
Street Maintenance and Repair	51,995	0	0	51,995
Subsequent Year Appropriations	1,968,764	0	0	1,968,764
Total Assigned	8,949,057	0	0	8,949,057
Unassigned (Deficit)	19,789,323	0	(89,818) *	19,699,505
Total Fund Balance (Deficit)	\$ 29,034,858	\$ 15,823,640	\$ 7,213,365	\$ 52,071,863

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* Fund balance at December 31, 2017, included a deficit 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. Additionally, the municipal garage internal service fund had a deficit of \$599,537 at December 31, 2017. The general fund is liable for any deficit in this fund 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	\$ 515,848
Net Adjustment for Revenue Accruals	2,613,053
Net Adjustment for Expenditure Accruals	1,940,663
Funds Budgeted Elsewhere	(142,332)
Adjustment for Encumbrances	<u>(1,947,339)</u>
Budget Basis	<u>\$ 2,979,893</u>

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

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Note 5 – Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are monies identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. The City's investment policies are governed by the City's charter and ordinances. The charter authorizes the City to invest in the following securities:

1. Bonds or notes which are issued by and are obligations of the City of Shaker Heights, Ohio.
2. Bonds, notes, certificates of indebtedness, treasury bills or other securities issued by and constituting direct obligations of, or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest thereon.
3. Bonds or notes which are issued by and are the obligations of the State of Ohio, provided that such bonds or notes have a rating assigned to them by S&P Global Ratings or Moody's Investor Services, Inc. which rating:
 - a: As to bonds, is one of the two highest rating categories that may be assigned; and
 - b. As to notes, is the highest rating category that may be assigned.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Written repurchase agreements in the securities listed above are permitted provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to the market daily. The term of the agreement may not exceed 30 days.

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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.

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.

Investments - As of December 31, 2017, 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	\$ 7,318,142	\$ 2,235,898	\$ 4,434,707	\$ 647,537	32.8%
Aaa	Huntington U.S. Treasury Money Market Fund	10,830,445	10,830,445	0	0	48.6%
N/A	Negotiable Certificates of Deposit	4,132,689	1,191,993	2,453,874	486,823	18.6%
		<u>\$ 22,281,276</u>	<u>\$ 14,258,336</u>	<u>\$ 6,888,581</u>	<u>\$ 1,134,360</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, 2017. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

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

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

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Note 6 – Receivables

Receivables at December 31, 2017, consisted of municipal income taxes, property and other taxes, accounts, loans, special assessments, leases, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. Property taxes receivable totaled \$6,839,456 while income tax and other local taxes receivable were \$13,402,351 and \$17,003 respectively. All receivables are deemed collectible in full. Special assessments are expected to be collected within one year.

Receivable	General Fund	Non Major Governmental Funds	Total
Property Taxes	\$ 6,424,880	\$ 414,576	\$ 6,839,456
Income Taxes	13,402,351	0	13,402,351
Other Local Taxes	17,003	0	17,003
Total	<u>\$ 19,844,234</u>	<u>\$ 414,576</u>	<u>\$ 20,258,810</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 2017 for real and public utility property taxes represents collections of the 2016 taxes.

2017 real property taxes were levied after October 1, 2017 on the assessed value as of January 1, 2017, the lien date. Assessed values are established by the Cuyahoga County Fiscal Officer at 35% of the appraised market value, and reappraisal of all property is required every six years with a triennial update. The last triennial update was in the year 2018. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due mid-January with the remainder payable by mid-July. Taxes not paid become delinquent after December 31 of the year in which payable. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2017, was \$9.90 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 757,752,670
Public Utilities - Personal	<u>14,608,960</u>
Total Assessed Value	<u>\$ 772,361,630</u>

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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, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 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 2017. 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 \$13,402,351 has been recorded in the general fund. This total includes \$6,941,304 for the portion of taxes that is due prior to December 31, 2017, but is not received until January and February of the following year, and \$6,461,047 estimated to be collectable as of December 31, 2017, but is not available in the current period.

C. Intergovernmental and Revenue in Lieu of Taxes Receivables

Intergovernmental and revenue in lieu of taxes receivables at December 31, 2017 include the following:

Governmental Activities	Amount
Homestead/Rollback	\$ 479,736
Local Government	294,986
Gasoline Tax	379,937
Permissive Tax	79,863
Auto Registration	10,149
Grants	161,259
Revenue in Lieu of Taxes Receivable	1,376,682
Local Government Contracts	380,034
Fines and Forfeitures	185,688
Other	34,287
	\$ 3,382,621

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Note 7 – Interfund Balances and Transfers

A. Interfund Receivables/Payables

Interfund activity for the year ended December 31, 2017, consisted of the following:

Interfund Receivable	Interfund Payable		Total
	Non Major Governmental Funds	Internal Service Fund	
General Fund	\$ 0	\$ 96,000	\$ 96,000
Nonmajor Governmental Funds	99,986	0	99,986
Total	\$ 99,986	\$ 96,000	\$ 195,986

The interfund receivables and payables listed above result from a difference in the timing of when expenses are recognized in accordance with generally accepted accounting principles and when the related interfund subsidies are budgeted for payment on a cash basis. The \$99,986 represents interfund advances between High Intensity Drug Task Force and the Law Enforcement Trust fund and \$96,000 between the General fund and the Central Purchasing fund and Copier Management fund.

B. Transfers

Interfund transfers for the year ended December 31, 2017, consisted of the following:

Transfers Out	Transfers In			Total
	Capital Projects Fund	Non Major Governmental Funds	Internal Service Fund	
General Fund	\$ 7,010,000	\$ 3,874,859	\$ 945,540	\$ 11,830,399

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

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

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Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 19,946,262	\$ 32,431	\$ 0	\$ 19,978,693
Construction in Progress	3,820,206	6,096,553	(3,407,597)	6,509,162
Total Capital Assets, not being depreciated	23,766,468	6,128,984	(3,407,597)	26,487,855
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	18,556,402	159,055	0	18,715,457
Land Improvements	10,322,951	0	0	10,322,951
Machinery and Equipment	21,348,751	2,112,674	(1,149,021)	22,312,404
Infrastructure:				
Streets	34,499,861	1,807,099	0	36,306,960
Storm and Sanitary Sewers	12,348,687	0	0	12,348,687
Bridges	148,389	0	0	148,389
Culverts	56,000	0	0	56,000
Traffic Signals	13,176,550	0	0	13,176,550
Total Capital Assets, being depreciated	110,457,591	4,078,828	(1,149,021)	113,387,398
Less Accumulated Depreciation:				
Buildings and Improvements	(8,634,957)	(400,274)	0	(9,035,231)
Land Improvements	(4,261,196)	(372,739)	0	(4,633,935)
Machinery and Equipment	(13,864,776)	(1,104,832)	820,520	(14,149,088)
Infrastructure:				
Streets	(8,976,721)	(879,364)	0	(9,856,085)
Storm and Sanitary Sewers	(1,671,786)	(165,053)	0	(1,836,839)
Bridges	(100,511)	(5,936)	0	(106,447)
Culverts	(9,023)	(746)	0	(9,769)
Traffic Signals	(3,775,718)	(329,348)	0	(4,105,066)
Total Accumulated Depreciation	(41,294,688)	(3,258,292)	820,520	(43,732,460)
Total Capital Assets being depreciated, net	69,162,903	820,536	(328,501)	69,654,938
Governmental Activities Capital Assets, Net	\$ 92,929,371	\$ 6,949,520	\$ (3,736,098)	\$ 96,142,793

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Depreciation expense was charged to governmental activities as follows:

	Depreciation
General Government	
Legislative and Executive	\$ 296,007
Judicial System	25,982
Security of Persons and Property	593,594
Leisure Time Activities	353,822
Sanitation and Sewer Services	362,425
Transportation	329,348
Street Maintenance and Repair	959,879
Community and Economic Development	106,391
Public Works	230,844
	\$ 3,258,292

Note 9 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.00 %
Post-Employment Health Care Benefits	1.00 %
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 \$1,701,538 for 2017. Of this amount, \$222,437 is recorded as accrued wages and benefits payable.

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

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

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

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

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

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

Members with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the Consumer Price Index (CPI-W) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-Employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$2,119,149 for 2017. Of this amount, \$509,816 is recorded as accrued wages and benefits payable.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Period	0.10263183%	0.46082650%	
Prior Measurement Period	0.10151100%	0.47992900%	
Change in Proportion	<u>0.00112083%</u>	<u>-0.01910250%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 23,305,942	\$ 29,208,373	\$ 52,514,315
Pension Expense	\$ 4,952,464	\$ 3,268,059	\$ 8,220,523

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, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources			
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	\$ 3,470,794	\$ 2,869,186	\$ 6,339,980
Differences between Expected and			
Actual Experience	31,590	8,257	39,847
Changes of Assumptions	3,696,604	0	3,696,604
Changes in Proportionate Share	95,670	0	95,670
City Contributions Subsequent			
to the Measurement Date	<u>1,701,538</u>	<u>2,119,149</u>	<u>3,820,687</u>
Total Deferred Outflows of Resources	<u>\$ 8,996,196</u>	<u>\$ 4,996,592</u>	<u>\$ 13,992,788</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 138,703	\$ 67,204	\$ 205,907
Changes in Proportionate Share	<u>42,100</u>	<u>1,515,984</u>	<u>1,558,084</u>
Total Deferred Inflows of Resources	<u>\$ 180,803</u>	<u>\$ 1,583,188</u>	<u>\$ 1,763,991</u>

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\$3,820,687 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OPF	Total
2018	2,922,228	759,772	\$ 3,682,000
2019	3,055,672	759,773	3,815,445
2020	1,237,691	502,548	1,740,239
2021	(101,736)	(510,811)	(612,547)
2022	0	(200,268)	(200,268)
Thereafter	0	(16,759)	(16,759)
	<u>\$ 7,113,855</u>	<u>\$ 1,294,255</u>	<u>\$ 8,408,110</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, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	7.50 percent
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)
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

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Mortality rates were based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 is 8.3 percent for 2016.

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 following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	<u>18.00</u>	<u>4.92</u>
Total	<u>100.00 %</u>	<u>5.66 %</u>

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Discount Rate The discount rate used to measure the total pension liability was 7.50 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City’s proportionate share of the net pension liability:	\$ 35,605,033	\$ 23,305,942	\$ 13,056,821

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11.00 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent plus productivity increase rate of 0.5 percent
Cost-of-Living Adjustments	3.00 percent simple; 2.60 percent simple for increases based on lesser of the increase in CPI and 3.00 percent

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in OPF's Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016, are summarized as follows:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Domestic Equity	16.00 %	4.46 %	5.21 %
Non-US Equity	16.00	4.66	5.40
Core Fixed Income*	20.00	1.67	2.37
Global Inflation Protected Securities*	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Real Assets	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	<u>120.00 %</u>		

Note: Assumptions are geometric.

* levered 2x

** Numbers are net of expected inflation

OPF's Board of Trustees has incorporated the risk parity concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall total portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on 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.

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Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, OPF’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability:	\$ 38,875,341	\$ 29,208,373	\$ 20,978,379

Changes between Measurement Date and Report Date

In October 2017, the OPF Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8.00 percent. Although the exact amount of these changes is not known, it has the potential to impact to the City’s net pension liability.

Note 10 – Post-Employment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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.

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In order to qualify for health care coverage, age-and-service retirees under the traditional and combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4 percent.

Substantially all of the City’s contributions allocated to fund post-employment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contributions for the years ended December 31, 2017, 2016, and 2015 were \$130,888, \$265,345, and \$260,578 respectively. For 2017, 87 percent has been contributed with the balance being recorded as accrued wages and benefits payable. The full amount has been contributed for 2016 and 2015.

Ohio Police and Fire Pension Fund

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

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OPF provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OPF, which were allocated to fund post-employment health care benefits for the years ending December 31, 2017, 2016, and 2015 were \$50,160, \$49,850 and \$48,930, respectively. 75 percent has been contributed for police and 77 percent has been contributed for firefighters for 2017. The full amount has been contributed for 2016 and 2015.

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Note 11 – Long-Term Obligations

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

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
Urban Renewal Bonds, Series 2009, 4.30% due 12/1/2018	\$ 345,000	\$ 0	\$ 170,000	\$ 175,000	\$ 175,000
Urban Renewal Refunding Bonds, Series 2012 3.58%, due 12/1/2031	11,230,000	0	620,000	10,610,000	615,000
Premium on Urban Renewal Refunding Bonds	348,288	0	23,219	325,069	0
Urban Renewal Refunding Bonds, Series 2016 1.97%, due 12/1/2031	3,501,300	0	48,400	3,452,900	49,300
Van Aken Sewer Line Improvement Bonds Series 2013, 2.90%, due 6/1/18	325,000	0	25,000	300,000	25,000
Various Purpose Bonds, Series 2017					
Serial Bonds, 2% - 3%, maturing 12/1/27	0	1,440,000	0	1,440,000	135,000
Term Bonds, 3.25% - 3.75%, maturing 12/1/37	0	1,755,000	0	1,755,000	0
Premium on Various Purpose Bonds	0	103,102	5,155	97,947	0
Total General Obligation Bonds	15,749,588	3,298,102	891,774	18,155,916	999,300
<i>Loans</i>					
OPWC - CA08F - Water System Improvements, 0%, maturing 7/1/2025	1,328,262	0	139,817	1,188,445	139,817
OPWC - CA17E - City Water Line Improvements, 0%, maturing 7/1/2025	552,076	0	64,950	487,126	64,950
OPWC – CA17K – South Woodland Area Infrastructure Improvements, 0%, maturing 1/1/2029	1,059,326	0	88,277	971,049	88,277
OPWC – CA18M – Hildana-Ludgate Sanitary Sewer Improvements, 0%, maturing 7/1/2030	386,775	0	28,650	358,125	28,650
Total Loans	3,326,439	0	321,694	3,004,745	321,694
<i>Non-Tax Revenue Bonds</i>					
CCCPA Non-Tax Revenue Bonds					
Serial Bonds, 3% - 5%, maturing 12/1/30	0	2,730,000	0	2,730,000	165,000
Term Bonds, 3.5% - 5%, maturing 12/1/37	0	2,230,000	0	2,230,000	0
Premium on Non-Tax Revenue Bonds	0	459,257	22,963	436,294	0
Total Non-Tax Revenue Bonds	0	5,419,257	22,963	5,396,294	165,000
<i>Net Pension Liability</i>					
OPERS	17,582,985	5,722,957	0	23,305,942	0
OPF	30,874,169	0	1,665,796	29,208,373	0
Total Net Pension Liability	48,457,154	5,722,957	1,665,796	52,514,315	0
Notes Payable	0	2,000,000	0	2,000,000	2,000,000
Capital Leases	1,406,258	256,250	389,389	1,273,119	300,356
Compensated Absences	6,282,026	2,661,291	2,684,173	6,259,144	373,957
Claims Payable	1,342,362	4,577,449	4,797,361	1,122,450	243,161
Total Governmental Long Term Liabilities	\$ 76,563,827	\$ 23,935,306	\$ 10,773,150	\$ 89,725,983	\$ 4,403,468

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As of December 31, 2017, the City's future debt service requirements consisted of bonds, four non-interest bearing Ohio Public Works Commission Loans numbered CA08F, CA17E, CA17K and CA18M, notes payable, capital leases, compensated absences and claims payable. For governmental activities, 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. The City pays obligation related to employee compensation from the fund benefitting from their service.

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

Notes payable consisted of street improvement notes. The notes have a term of one year or less, and were issued to finance improvements to City owned property. The notes are dated August 8, 2017, and are due June 1, 2018, at an interest rate of 2.125 percent. The City has entered into a qualifying financing agreement subsequent to year end to refinance these. Premium relating to the issuance of the note was expensed in 2017 in the amount of \$14,080. See Note 19 for additional information.

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

On May 9, 2013, the City issued \$385,000 in general obligation bonds for the purpose of improving sewer lines along Van Aken Boulevard. The bonds bear an interest rate of 2.9 percent with semi-annual interest payments on June 1 and December 31 of each year, commencing December 1, 2013. The bonds mature on June 1, 2028.

On December 1, 2016, the City issued \$3,501,300 in general obligation bonds for the purpose of advance refunding general obligation bonds outstanding in order to take advantage of lower interest rates. The interest rates of the bonds is 1.97 percent. The City decreased its total debt service payments by \$609,036 as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$526,511. The balance of the defeased bonds was \$3,195,000 as of December 31, 2017.

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

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

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The annual debt service requirements are as follows:

Year Ending December 31,	Governmental Activities						
	General Obligation Bonds			OPWC Loans	Non-Tax Revenue Bonds		
	Principal	Interest	Total	Principal	Principal	Interest	Total
2018	\$ 999,300	\$ 556,435	\$ 1,555,735	\$ 321,694	\$ 165,000	\$ 199,388	\$ 364,388
2019	1,025,300	531,638	1,556,938	321,694	170,000	194,438	364,438
2020	1,047,600	507,802	1,555,402	321,694	175,000	189,338	364,338
2021	1,107,800	483,471	1,591,271	321,694	185,000	182,338	367,338
2022	1,087,600	455,913	1,543,513	321,694	190,000	174,938	364,938
2023 - 2027	5,955,100	1,753,737	7,708,837	1,236,371	1,080,000	753,888	1,833,888
2028 - 2032	5,620,200	680,955	6,301,155	159,904	1,340,000	492,938	1,832,938
2033 - 2037	890,000	102,563	992,563	0	1,655,000	176,438	1,831,438
Total	<u>\$ 17,732,900</u>	<u>\$ 5,072,514</u>	<u>\$ 22,805,414</u>	<u>\$ 3,004,745</u>	<u>\$ 4,960,000</u>	<u>\$ 2,363,704</u>	<u>\$ 7,323,704</u>

Legal Debt Margin Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2017, the City's overall debt limitation is \$81,097,971 (10.5 percent of the City's total assessed property valuation of \$772,361,630) of which \$76,446,369 is available for additional voted and unvoted general obligation debt. Of this total general obligation debt capacity, the City's unvoted general obligation debt capacity is \$42,479,890 (5.5 percent of the City's total assessed property valuation) at December 31, 2017, of which \$39,828,288 is available.

The City has pledged future non-tax revenues to repay \$5.0 million in revenue bonds issued on June 29, 2017 to finance the redevelopment of the Van Aken Shopping Center issued by the Cleveland-Cuyahoga County Port Authority. The bonds are payable solely from all monies of the City that are not raised by taxation, including but not limited to payments in lieu of taxes, charges for services, fines and forfeitures, licenses and permits and investment earnings. Total principal, interest and fees remaining on the bonds is \$7,437,043, payable through December 2037. For the current year, interest and fees paid were \$87,952 and available non-tax revenues were \$11,774,470.

Note 12 – Lease Obligations

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the capital assets and the long-term debt liabilities in the governmental activities. Capitalized assets acquired under capital leases amount to \$2,209,305 and are all classified as machinery and equipment with accumulated depreciation of \$316,305. All items are long-term agreement leases, which meets the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

Year Ending December 31,	Lease Payments
2018	\$ 323,607
2019	297,515
2020	185,074
2021	185,014
2022	214,054
2023	144,054
Total Minimum Lease Payments	1,349,318
Less: Amount Representing Interest	(76,199)
Present Value of Minimum Lease Payments	\$ 1,273,119

Principal payments in the current year totaled \$389,389 in governmental activities.

Note 13 – Compensated Absences

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

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

Note 14 – Lease Receivable

As of December 31, 2017, 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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

3558 Lee Road: The City entered into a Lease of this property with the Shaker Heights Development Corporation (SHDC) on July 1, 2016, and the Lease was extended by its terms through December 31, 2018. Rental for the initial term is \$1.50. The City has paid for various improvements to the property.

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

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 2017, 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, 2017. In 2017, the City received \$2,821 in the general fund related to the oil and gas produced.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The following lists the components of the net investment in the operating leases as of December 31, 2017:

Leases Receivable

Year Ending December 31,	General Fund	Capital Projects Fund	Total
2018	\$ 35,100	\$ 30,000	\$ 65,100
2019	35,100	40,000	75,100
2020	35,100	50,000	85,100
2021	35,100	0	35,100
2022	40,350	0	40,350
2023 - 2027	207,787	0	207,787
2028 - 2032	238,481	0	238,481
2033 - 2037	274,137	0	274,137
2038 - 2042	315,257	0	315,257
2043 - 2046	281,591	0	281,591
	<u>\$ 1,498,003</u>	<u>\$ 120,000</u>	<u>\$ 1,618,003</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 2017, 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 (excluding refuse collection scooters) and physical damage insurance for all units valued at \$50,001 and above with a deductible of \$500. Any vehicle valued below \$50,001 does not carry comprehensive or collision insurance. The vehicles not carried under the plan are self-insured by the City. This coverage includes \$1,000,000 for liability, \$25,000 for uninsured/underinsured motorist, \$1,000,000 for leased or rented vehicles, and a \$500 comprehensive and collision deductible.

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

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

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

The City accounts for its general liability and property insurance premiums in the self-insurance fund (an internal service fund). At December 31, 2017, 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 2017 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 2017, 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, 2017, \$1,122,450 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 2017 and 2016 were as follows:

	Property and Casualty		Workers' Compensation		Hospitalization	
	2017	2016	2017	2016	2017	2016
Beginning of the Year Liability	\$ 0	\$ 0	\$ 894,348	\$ 831,326	\$ 448,014	\$ 1,102,646
Current Year Claims and						
Changes in Estimates	39,532	153,853	(125,137)	171,400	4,702,586	3,755,971
Claim Payments	(39,532)	(153,853)	(72,954)	(108,378)	(4,724,407)	(4,410,603)
End of the Year Liability	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 696,257</u>	<u>\$ 894,348</u>	<u>\$ 426,193</u>	<u>\$ 448,014</u>

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 2017. 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 2017, 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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Heights Hillcrest Communications Center (HHCC)

On June 28, 2016, the City entered into an Agreement with three other political subdivisions, the Cities of Cleveland Heights, University Heights and South Euclid, to form a Council of Governments (COG), pursuant to the authority granted by Chapter 167 of the Ohio Revised Code and Article XVIII, Section 3 of the Ohio Constitution. The name of the Regional Council of Governments is the *Heights-Hillcrest Communications Center* ("HHCC"). The purpose of HHCC is to provide a joint Police, Fire and Emergency Medical Services ("EMS") communications system for the dispatch of Police, Fire and EMS services in and for the communities of all of the Members to this Agreement, which is operated and maintained by HHCC. On September 1, 2017, the HHCC COG Agreement was amended to add the City of Richmond Heights as a member. The HHCC Dispatch Center is paid for by all five cities, based on formulae set forth in the Agreement. HHCC first began partial operation on 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 Organizations

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, 2017, the City's construction commitments were as follows:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Remaining Commitment</u>
Street Improvement Projects	\$ 5,662,509	\$ 3,134,811	\$ 2,527,698
Parking Lots	208,697	112,104	96,593
Retaining Wall Improvement Project	137,287	123,558	13,729
Storm & Sanitary Sewer Improvements	97,461	97,000	461
	<u>\$ 6,105,954</u>	<u>\$ 3,467,473</u>	<u>\$ 2,638,481</u>

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.

City of Shaker Heights
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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	\$ 1,513,811
Capital Projects Fund	3,358,864
Nonmajor Governmental Funds	296,409
	\$ 5,169,084

Note 18 – Claims and Judgments

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

The City has received federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. 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 – Subsequent Event

In May of 2018, the City issued \$1,800,000 in Series 2018 Street Improvement Notes that will be used to retire the Series 2017 Street Improvement Notes that mature on June 1, 2018. The Series 2018 Note will mature on May 30, 2019 and has an interest rate of 3 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 Four Years (1)

	2017	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)				
City's Proportion of the Net Pension Liability	0.1026318%	0.1015110%	0.1024820%	0.1024820%
City's Proportionate Share of the Net Pension Liability	\$ 23,305,942	\$ 17,582,985	\$ 12,360,475	\$ 12,081,293
City's Covered Payroll	\$ 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	175.67%	139.20%	98.37%	99.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
Ohio Police and Fire Pension Fund (OPF)				
City's Proportion of the Net Pension Liability	0.4608265%	0.4799290%	0.4993868%	0.4993868%
City's Proportionate Share of the Net Pension Liability	\$ 29,208,373	\$ 30,874,169	\$ 25,870,319	\$ 24,321,704
City's Covered Payroll	\$ 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	292.97%	315.50%	260.63%	245.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available.

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

Notes:

Ohio Public Employees' Retirement System (OPERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 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% to 7.50%
- Wage inflation rate from 3.75% to 3.25%
- Price inflation from 3.00% to 2.50%

City of Shaker Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of City Contributions
Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 1,701,538	\$ 1,592,071	\$ 1,515,784	\$ 1,507,762
Contributions in Relation to the Contractually Required Contribution	<u>(1,701,538)</u>	<u>(1,592,071)</u>	<u>(1,515,784)</u>	<u>(1,507,762)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 13,088,757	\$ 13,267,258	\$ 12,631,533	\$ 12,564,683
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 2,119,149	\$ 2,098,399	\$ 2,058,882	\$ 2,089,901
Contributions in Relation to the Contractually Required Contribution	<u>(2,119,149)</u>	<u>(2,098,399)</u>	<u>(2,058,882)</u>	<u>(2,089,901)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 10,032,051	\$ 9,969,898	\$ 9,785,692	\$ 9,926,202
Contributions as a Percentage of Covered Payroll	21.12%	21.05%	21.04%	21.05%

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,584,152	n/a	n/a	n/a	n/a	n/a
<u>(1,584,152)</u>	n/a	n/a	n/a	n/a	n/a
<u>\$ 0</u>	n/a	n/a	n/a	n/a	n/a
\$ 12,185,785	n/a	n/a	n/a	n/a	n/a
13.00%	n/a	n/a	n/a	n/a	n/a
\$ 1,757,814	\$ 1,447,978	\$ 1,507,305	\$ 1,517,593	\$ 1,571,254	\$ 2,092,172
<u>(1,757,814)</u>	<u>(1,447,978)</u>	<u>(1,507,305)</u>	<u>(1,517,593)</u>	<u>(1,571,254)</u>	<u>(2,092,172)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 9,919,601	\$ 9,860,569	\$ 10,264,580	\$ 10,334,641	\$ 10,700,066	\$ 14,247,459
17.72%	14.68%	14.68%	14.68%	14.68%	14.68%

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

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

Nonmajor Special Revenue Funds

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

Street Maintenance and Repair Fund

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

State Highway Fund

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

Sewer Maintenance Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Indigent Driver/Alcohol Treatment Fund

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

Court Computer Legal Research Fund

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

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

Non-Major Special Revenue Funds (Continued)

Clerk’s Computerization Fund

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

Housing Grant (Neighborhood Revitalization) Fund

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

Fair Housing Grant Fund

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

Law Enforcement Grant Fund

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

Court Alternate Dispute Resolution Fund

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

Ohio Court Security Project Fund

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

High Intensity Drug Trafficking Area Grant Fund (HIDTA)

The City is the grantee and acts as the fiscal agent for the federally funded Ohio HIDTA. The HIDTA Program functions as a coordination umbrella by forging partnerships among local, state, and federal law enforcement agencies in designated areas to combine resources and efforts in order to reduce drug trafficking and distribution. When the 2016 grant is expended, the City will no longer be fiscal agent for HIDTA in 2018.

Housing and Nuisance Abatement Fund

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

Indigent Driver Interlock Device Fund

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

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

Non-Major Special Revenue Funds (Continued)

Street Lighting Assessment Fund

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

Tree Maintenance Assessment Fund

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

Law Enforcement Trust Fund

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

Central Services Operation Fund

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

Non-Major Debt Service Funds

Debt Service Administration Fund

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

Urban Renewal Debt Service Fund

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

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,306,998	\$ 2,306,726	\$ 7,613,724
Accounts Receivable	381,798	0	381,798
Intergovernmental Receivable	689,764	0	689,764
Taxes Receivable	414,576	0	414,576
Revenue in Lieu of Taxes Receivable	0	1,376,682	1,376,682
Special Assessments Receivable	2,346,065	0	2,346,065
Interfund Receivable	99,986	0	99,986
<i>Total Assets</i>	<u>\$ 9,239,187</u>	<u>\$ 3,683,408</u>	<u>\$ 12,922,595</u>
Liabilities			
Accounts Payable	\$ 341,345	\$ 0	\$ 341,345
Accrued Wages and Benefits	426,327	0	426,327
Interfund Payable	99,986	0	99,986
<i>Total Liabilities</i>	<u>867,658</u>	<u>0</u>	<u>867,658</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	373,858	0	373,858
Payment in Lieu of Taxes	0	1,376,682	1,376,682
Unavailable Revenue	3,091,032	0	3,091,032
<i>Total Deferred Inflows of Resources</i>	<u>3,464,890</u>	<u>1,376,682</u>	<u>4,841,572</u>
Fund Balances			
Restricted	4,113,015	0	4,113,015
Committed	883,442	2,306,726	3,190,168
Unassigned	(89,818)	0	(89,818)
<i>Total Fund Balances</i>	<u>4,906,639</u>	<u>2,306,726</u>	<u>7,213,365</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 9,239,187</u>	<u>\$ 3,683,408</u>	<u>\$ 12,922,595</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, 2017*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$ 400,678	\$ 0	\$ 400,678
Special Assessments	1,296,771	0	1,296,771
Charges for Services	1,237,466	0	1,237,466
Fines and Forfeitures	242,508	0	242,508
Intergovernmental	2,737,072	0	2,737,072
Investment Earnings	44,633	0	44,633
Payment in Lieu of Taxes	0	885,610	885,610
<i>Total Revenues</i>	<u>5,959,128</u>	<u>885,610</u>	<u>6,844,738</u>
Expenditures			
Current:			
General Government:			
Legislative and Executive	12,772	31,567	44,339
Judicial System	155,450	0	155,450
Security of Persons and Property:			
Police	2,824,953	0	2,824,953
Fire	1,143,969	0	1,143,969
Other	779,194	0	779,194
Housing and Community Development	754,580	0	754,580
Sanitation and Sewer Services	1,539,257	0	1,539,257
Transportation	125,578	0	125,578
Street Maintenance and Repair	1,160,715	0	1,160,715
Debt Service:			
Principal Retirement	138,295	1,185,094	1,323,389
Interest and Fiscal Charges	2,165	713,980	716,145
<i>Total Expenditures</i>	<u>8,636,928</u>	<u>1,930,641</u>	<u>10,567,569</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,677,800)</u>	<u>(1,045,031)</u>	<u>(3,722,831)</u>
Other Financing Sources (Uses)			
Inception of Capital Lease	256,250	0	256,250
Proceeds from Sale of Assets	62,000	0	62,000
Issuance of General Obligation Bonds	0	15,000	15,000
Premium on Debt Issuance	0	118,143	118,143
Transfers In	2,775,359	1,099,500	3,874,859
<i>Total Other Financing Sources (Uses)</i>	<u>3,093,609</u>	<u>1,232,643</u>	<u>4,326,252</u>
<i>Net Change in Fund Balance</i>	415,809	187,612	603,421
<i>Fund Balance Beginning of Year</i>	<u>4,490,830</u>	<u>2,119,114</u>	<u>6,609,944</u>
<i>Fund Balance End of Year</i>	<u>\$ 4,906,639</u>	<u>\$ 2,306,726</u>	<u>\$ 7,213,365</u>

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Street Maintenance and Repair Fund	State Highway Fund	Sewer Maintenance Fund	Police Pension Fund	Fire Pension Fund
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 505,476	\$ 188,374	\$ 711,966	\$ 818,382	\$ 548,199
Accounts Receivable	0	0	376,485	0	0
Intergovernmental Receivable	453,472	29,256	0	14,539	14,539
Taxes Receivable	0	0	0	207,288	207,288
Special Assessments Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 958,948</u>	<u>\$ 217,630</u>	<u>\$ 1,088,451</u>	<u>\$ 1,040,209</u>	<u>\$ 770,026</u>
Liabilities					
Accounts Payable	\$ 10,737	\$ 7,738	\$ 109,886	\$ 0	\$ 0
Accrued Wages and Benefits	19,558	0	10,822	200,418	190,789
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>30,295</u>	<u>7,738</u>	<u>120,708</u>	<u>200,418</u>	<u>190,789</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	186,929	186,929
Unavailable Revenue	285,669	18,831	220,501	34,898	34,898
<i>Total Deferred Inflows of Resources</i>	<u>285,669</u>	<u>18,831</u>	<u>220,501</u>	<u>221,827</u>	<u>221,827</u>
Fund Balance					
Restricted	642,984	191,061	0	617,964	357,410
Committed	0	0	747,242	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>642,984</u>	<u>191,061</u>	<u>747,242</u>	<u>617,964</u>	<u>357,410</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 958,948</u>	<u>\$ 217,630</u>	<u>\$ 1,088,451</u>	<u>\$ 1,040,209</u>	<u>\$ 770,026</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Indigent Driver/Alcohol Treatment Fund	Court Computer Legal Research Fund	Clerk's Computerization Fund	Housing Grant Fund	Fair Housing Grant Fund
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 67,963	\$ 148,441	\$ 542,049	\$ 135,588	\$ 57,627
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	925	1,754	5,399	0	0
Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 68,888</u>	<u>\$ 150,195</u>	<u>\$ 547,448</u>	<u>\$ 135,588</u>	<u>\$ 57,627</u>
Liabilities					
Accounts Payable	\$ 2,062	\$ 0	\$ 1,895	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>2,062</u>	<u>0</u>	<u>1,895</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance					
Restricted	66,826	150,195	545,553	135,588	57,627
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
<i>Total Fund Balance</i>	<u>66,826</u>	<u>150,195</u>	<u>545,553</u>	<u>135,588</u>	<u>57,627</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 68,888</u>	<u>\$ 150,195</u>	<u>\$ 547,448</u>	<u>\$ 135,588</u>	<u>\$ 57,627</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Law Enforcement Grant Fund	Court Alternate Dispute Resolution Fund	Ohio Court Security Project Fund	HIDTA Grant Fund	Housing and Nuisance Abatement Fund
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 17,868	\$ 77,419	\$ 37,573	\$ 23,131	\$ 136,200
Accounts Receivable	0	0	0	0	5,313
Intergovernmental Receivable	0	2,510	492	161,259	0
Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	793,328
Interfund Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$ 17,868</u>	<u>\$ 79,929</u>	<u>\$ 38,065</u>	<u>\$ 184,390</u>	<u>\$ 934,841</u>
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 33,791	\$ 0
Accrued Wages and Benefits	0	0	0	0	0
Interfund Payable	0	0	0	99,986	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>133,777</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	0	0
Unavailable Revenue	0	0	0	140,431	798,641
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>140,431</u>	<u>798,641</u>
Fund Balance					
Restricted	17,868	79,929	38,065	0	0
Committed	0	0	0	0	136,200
Unassigned	0	0	0	(89,818)	0
<i>Total Fund Balance</i>	<u>17,868</u>	<u>79,929</u>	<u>38,065</u>	<u>(89,818)</u>	<u>136,200</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 17,868</u>	<u>\$ 79,929</u>	<u>\$ 38,065</u>	<u>\$ 184,390</u>	<u>\$ 934,841</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Indigent Driver Interlock Device Fund	Street Lighting Assessment Fund	Tree Maintenance Assessment Fund	Law Enforcement Trust Fund	Totals
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 17,604	\$ 130,392	\$ 277,358	\$ 865,388	\$ 5,306,998
Accounts Receivable	0	0	0	0	381,798
Intergovernmental Receivable	1,193	0	0	4,426	689,764
Taxes Receivable	0	0	0	0	414,576
Special Assessments Receivable	0	670,361	882,376	0	2,346,065
Interfund Receivable	0	0	0	99,986	99,986
<i>Total Assets</i>	<u>\$ 18,797</u>	<u>\$ 800,753</u>	<u>\$ 1,159,734</u>	<u>\$ 969,800</u>	<u>\$ 9,239,187</u>
Liabilities					
Accounts Payable	\$ 0	\$ 124,597	\$ 46,127	\$ 4,512	\$ 341,345
Accrued Wages and Benefits	0	0	4,740	0	426,327
Interfund Payable	0	0	0	0	99,986
<i>Total Liabilities</i>	<u>0</u>	<u>124,597</u>	<u>50,867</u>	<u>4,512</u>	<u>867,658</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	0	0	0	0	373,858
Unavailable Revenue	0	670,361	882,376	4,426	3,091,032
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>670,361</u>	<u>882,376</u>	<u>4,426</u>	<u>3,464,890</u>
Fund Balance					
Restricted	18,797	5,795	226,491	960,862	4,113,015
Committed	0	0	0	0	883,442
Unassigned	0	0	0	0	(89,818)
<i>Total Fund Balance</i>	<u>18,797</u>	<u>5,795</u>	<u>226,491</u>	<u>960,862</u>	<u>4,906,639</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 18,797</u>	<u>\$ 800,753</u>	<u>\$ 1,159,734</u>	<u>\$ 969,800</u>	<u>\$ 9,239,187</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, 2017*

	Street Maintenance and Repair Fund	State Highway Fund	Sewer Maintenance Fund	Police Pension Fund	Fire Pension Fund
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 200,339	\$ 200,339
Special Assessments	0	0	0	0	0
Charges for Services	0	0	1,217,756	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	1,008,193	68,703	0	29,072	29,072
Investment Earnings	1,153	1,231	27,033	0	0
<i>Total Revenues</i>	<u>1,009,346</u>	<u>69,934</u>	<u>1,244,789</u>	<u>229,411</u>	<u>229,411</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	0
Judicial System	0	0	0	0	0
Security of Persons and Property:					
Police	0	0	0	1,028,433	0
Fire	0	0	0	0	1,143,969
Other	0	0	0	0	0
Housing and Community Development	0	0	0	0	0
Sanitation and Sewer Services	0	0	1,539,257	0	0
Transportation	125,578	0	0	0	0
Street Maintenance and Repair	1,125,099	35,616	0	0	0
Debt Service:					
Principal Retirement	0	0	138,295	0	0
Interest and Fiscal Charges	0	0	2,165	0	0
<i>Total Expenditures</i>	<u>1,250,677</u>	<u>35,616</u>	<u>1,679,717</u>	<u>1,028,433</u>	<u>1,143,969</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(241,331)	34,318	(434,928)	(799,022)	(914,558)
Other Financing Sources (Uses)					
Inception of Capital Lease	0	0	256,250	0	0
Proceeds from Sale of Assets	0	0	62,000	0	0
Transfers In	413,359	0	502,000	750,000	860,000
<i>Total Other Financing Sources (Uses)</i>	<u>413,359</u>	<u>0</u>	<u>820,250</u>	<u>750,000</u>	<u>860,000</u>
<i>Net Change in Fund Balance</i>	172,028	34,318	385,322	(49,022)	(54,558)
<i>Fund Balance Beginning of Year</i>	<u>470,956</u>	<u>156,743</u>	<u>361,920</u>	<u>666,986</u>	<u>411,968</u>
<i>Fund Balance End of Year</i>	<u>\$ 642,984</u>	<u>\$ 191,061</u>	<u>\$ 747,242</u>	<u>\$ 617,964</u>	<u>\$ 357,410</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, 2017*

	Indigent Driver/Alcohol Treatment Fund	Court Computer Legal Research Fund	Clerk's Computerization Fund	Housing Grant Fund	Fair Housing Grant Fund
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	0	0
Fines and Forfeitures	17,509	28,315	88,426	0	0
Intergovernmental	0	0	0	0	38,300
Investment Earnings	468	1,088	4,077	1,133	275
<i>Total Revenues</i>	<u>17,977</u>	<u>29,403</u>	<u>92,503</u>	<u>1,133</u>	<u>38,575</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	12,772
Judicial System	8,403	22,384	86,805	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	35,553	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>8,403</u>	<u>22,384</u>	<u>86,805</u>	<u>35,553</u>	<u>12,772</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	9,574	7,019	5,698	(34,420)	25,803
Other Financing Sources (Uses)					
Inception of Capital Lease	0	0	0	0	0
Proceeds from Sale of Assets	0	0	0	0	0
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>	9,574	7,019	5,698	(34,420)	25,803
<i>Fund Balance Beginning of Year</i>	<u>57,252</u>	<u>143,176</u>	<u>539,855</u>	<u>170,008</u>	<u>31,824</u>
<i>Fund Balance End of Year</i>	<u>\$ 66,826</u>	<u>\$ 150,195</u>	<u>\$ 545,553</u>	<u>\$ 135,588</u>	<u>\$ 57,627</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, 2017*

	Law Enforcement Grant Fund	Court Alternate Dispute Resolution Fund	Ohio Court Security Project Fund	HIDTA Grant Fund	Housing and Nuisance Abatement Fund
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Assessments	0	0	0	0	0
Charges for Services	520	0	0	0	19,190
Fines and Forfeitures	0	31,109	8,249	0	0
Intergovernmental	3,500	0	0	1,560,232	0
Investment Earnings	130	552	281	0	989
<i>Total Revenues</i>	<u>4,150</u>	<u>31,661</u>	<u>8,530</u>	<u>1,560,232</u>	<u>20,179</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	0
Judicial System	0	23,336	5,577	0	0
Security of Persons and Property:					
Police	2,065	0	0	1,636,602	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Housing and Community Development	0	0	0	0	0
Sanitation and Sewer Services	0	0	0	0	0
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>2,065</u>	<u>23,336</u>	<u>5,577</u>	<u>1,636,602</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	2,085	8,325	2,953	(76,370)	20,179
Other Financing Sources (Uses)					
Inception of Capital Lease	0	0	0	0	0
Proceeds from Sale of Assets	0	0	0	0	0
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>	2,085	8,325	2,953	(76,370)	20,179
<i>Fund Balance Beginning of Year</i>	<u>15,783</u>	<u>71,604</u>	<u>35,112</u>	<u>(13,448)</u>	<u>116,021</u>
<i>Fund Balance End of Year</i>	<u>\$ 17,868</u>	<u>\$ 79,929</u>	<u>\$ 38,065</u>	<u>\$ (89,818)</u>	<u>\$ 136,200</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, 2017*

	Indigent Driver Interlock Device Fund	Street Lighting Assessment Fund	Tree Maintenance Assessment Fund	Law Enforcement Trust Fund	Totals
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 400,678
Special Assessments	0	557,634	739,137	0	1,296,771
Charges for Services	0	0	0	0	1,237,466
Fines and Forfeitures	11,906	0	0	56,994	242,508
Intergovernmental	0	0	0	0	2,737,072
Investment Earnings	110	0	0	6,113	44,633
<i>Total Revenues</i>	<u>12,016</u>	<u>557,634</u>	<u>739,137</u>	<u>63,107</u>	<u>5,959,128</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	0	0	0	0	12,772
Judicial System	8,945	0	0	0	155,450
Security of Persons and Property:					
Police	0	0	0	157,853	2,824,953
Fire	0	0	0	0	1,143,969
Other	0	779,194	0	0	779,194
Housing and Community Development	0	0	719,027	0	754,580
Sanitation and Sewer Services	0	0	0	0	1,539,257
Transportation	0	0	0	0	125,578
Street Maintenance and Repair	0	0	0	0	1,160,715
Debt Service:					
Principal Retirement	0	0	0	0	138,295
Interest and Fiscal Charges	0	0	0	0	2,165
<i>Total Expenditures</i>	<u>8,945</u>	<u>779,194</u>	<u>719,027</u>	<u>157,853</u>	<u>8,636,928</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,071	(221,560)	20,110	(94,746)	(2,677,800)
Other Financing Sources (Uses)					
Inception of Capital Lease	0	0	0	0	256,250
Proceeds from Sale of Assets	0	0	0	0	62,000
Transfers In	0	250,000	0	0	2,775,359
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>3,093,609</u>
<i>Net Change in Fund Balance</i>	3,071	28,440	20,110	(94,746)	415,809
<i>Fund Balance Beginning of Year</i>	<u>15,726</u>	<u>(22,645)</u>	<u>206,381</u>	<u>1,055,608</u>	<u>4,490,830</u>
<i>Fund Balance End of Year</i>	<u>\$ 18,797</u>	<u>\$ 5,795</u>	<u>\$ 226,491</u>	<u>\$ 960,862</u>	<u>\$ 4,906,639</u>

City of Shaker Heights
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2017

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 843,399	\$ 1,463,327	\$ 2,306,726
Revenue in Lieu of Taxes Receivable	0	1,376,682	1,376,682
<i>Total Assets</i>	<u>\$ 843,399</u>	<u>\$ 2,840,009</u>	<u>\$ 3,683,408</u>
Deferred Inflows of Resources			
Payment in Lieu of Taxes	0	1,376,682	1,376,682
Fund Balance			
Committed	843,399	1,463,327	2,306,726
<i>Total Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 843,399</u>	<u>\$ 2,840,009</u>	<u>\$ 3,683,408</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, 2017

	Debt Service Administration Fund	Urban Renewal Debt Service Fund	Total
Revenues			
Payment in Lieu of Taxes	\$ 0	\$ 885,610	\$ 885,610
Expenditures			
Current:			
General Government:			
Legislative and Executive	26,391	5,176	31,567
Debt Service:			
Principal Retirement	346,694	838,400	1,185,094
Interest and Fiscal Charges	244,254	469,726	713,980
<i>Total Expenditures</i>	617,339	1,313,302	1,930,641
<i>Excess of Revenues Over (Under) Expenditures</i>	(617,339)	(427,692)	(1,045,031)
Other Financing Sources (Uses)			
Issuance of General Obligation Bonds	15,000	0	15,000
Premium on Debt Issuance	118,143	0	118,143
Transfers In	609,500	490,000	1,099,500
<i>Total Other Financing Sources (Uses)</i>	742,643	490,000	1,232,643
<i>Net Change in Fund Balance</i>	125,304	62,308	187,612
<i>Fund Balance Beginning of Year</i>	718,095	1,401,019	2,119,114
<i>Fund Balance End of Year</i>	\$ 843,399	\$ 1,463,327	\$ 2,306,726

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

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City of Shaker Heights
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 7,170,000	\$ 7,170,000	\$ 7,110,569	\$ (59,431)
Municipal Income Taxes	33,075,000	34,190,556	34,237,225	46,669
Other Local Taxes	60,000	60,000	50,009	(9,991)
Charges for Services	4,417,308	4,279,970	5,091,149	811,179
Fees, Licenses and Permits	1,165,000	1,265,000	1,282,085	17,085
Fines and Forfeitures	575,000	575,000	503,144	(71,856)
Intergovernmental	740,000	859,282	807,521	(51,761)
Investment Earnings	175,000	250,000	340,360	90,360
Other Revenues	872,066	1,072,066	1,112,831	40,765
Total Revenues	48,249,374	49,721,874	50,534,893	813,019
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Personal Services	9,341,169	8,844,919	8,399,286	445,633
Other	1,031,520	1,387,868	1,197,882	189,986
Total Police	10,372,689	10,232,787	9,597,168	635,619
Fire:				
Personal Services	5,799,085	5,849,085	5,828,666	20,419
Other	871,093	876,518	864,367	12,151
Total Fire	6,670,178	6,725,603	6,693,033	32,570
Other:				
Other	67,393	67,393	67,710	(317)
Total Security of Persons and Property	17,110,260	17,025,783	16,357,911	667,872
Public Health Services:				
Personal Services	390,968	348,087	323,859	24,228
Other	71,727	59,807	48,450	11,357
Total Public Health Services	462,695	407,894	372,309	35,585
Leisure Time Activities:				
Culture and Recreation:				
Personal Services	2,086,590	2,086,590	1,956,667	129,923
Other	949,365	949,365	904,911	44,454
Total Culture and Recreation	3,035,955	3,035,955	2,861,578	174,377
Park and Land Development:				
Personal Services	701,637	701,637	645,803	55,834
Other	421,783	421,783	430,584	(8,801)
Total Park and Land Development	1,123,420	1,123,420	1,076,387	47,033
Total Leisure Time Activities:	4,159,375	4,159,375	3,937,965	221,410

(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, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Housing and Community Development:				
Housing Inspection:				
Personal Services	\$ 913,643	\$ 913,643	\$ 899,760	\$ 13,883
Other	76,880	94,631	50,781	43,850
Total Housing Inspection	990,523	1,008,274	950,541	57,733
Building Inspection:				
Personal Services	442,127	442,127	436,738	5,389
Other	109,473	109,473	88,354	21,119
Total Building Inspection	551,600	551,600	525,092	26,508
Planning and Development:				
Personal Services	519,747	519,747	514,837	4,910
Other	117,438	117,438	91,588	25,850
Total Planning and Development	637,185	637,185	606,425	30,760
Neighborhood Revitalization:				
Personal Services	149,393	155,651	153,227	2,424
Other	164,013	214,230	133,707	80,523
Total Neighborhood Revitalization	313,406	369,881	286,934	82,947
Economic Development:				
Personal Services	268,994	268,994	252,280	16,714
Other	984,110	1,044,110	353,919	690,191
Total Economic Development	1,253,104	1,313,104	606,199	706,905
Community Life:				
Personal Services	275,579	305,579	301,737	3,842
Other	170,377	170,377	161,231	9,146
Total Community Life	445,956	475,956	462,968	12,988
Communications and Marketing:				
Personal Services	324,305	326,305	324,910	1,395
Other	476,745	474,745	429,465	45,280
Total Communications and Marketing	801,050	801,050	754,375	46,675
Tree Maintenance and Leaf Collection:				
Personal Services	292,916	292,916	242,840	50,076
Other	195,993	195,993	180,154	15,839
Total Tree Maintenance and Leaf Collection	488,909	488,909	422,994	65,915
Total Housing and Community Development	5,481,733	5,645,959	4,615,528	1,030,431

(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, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Sanitation and Sewer Services:				
Sewer Maintenance:				
Other	\$ 46,351	\$ 46,351	\$ 41,065	\$ 5,286
Refuse Collection and Disposal:				
Personal Services	1,167,806	1,166,806	1,190,503	(23,697)
Other	961,806	961,806	1,044,582	(82,776)
Total Refuse Collection and Disposal	<u>2,129,612</u>	<u>2,128,612</u>	<u>2,235,085</u>	<u>(106,473)</u>
Solid Waste Recycling:				
Personal Services	92,155	92,155	125,957	(33,802)
Other	24,677	24,677	35,055	(10,378)
Total Solid Waste Recycling	<u>116,832</u>	<u>116,832</u>	<u>161,012</u>	<u>(44,180)</u>
Brush Collection and Disposal:				
Personal Services	402,266	402,266	518,873	(116,607)
Other	258,879	258,879	257,769	1,110
Total Brush Collection and Disposal	<u>661,145</u>	<u>661,145</u>	<u>776,642</u>	<u>(115,497)</u>
Total Sanitation and Sewer Services	<u>2,953,940</u>	<u>2,952,940</u>	<u>3,213,804</u>	<u>(260,864)</u>
Street Maintenance and Repair:				
Personal Services	399,787	399,787	248,487	151,300
Other	499,200	499,200	470,314	28,886
Total Street Maintenance and Repair	<u>898,987</u>	<u>898,987</u>	<u>718,801</u>	<u>180,186</u>
Public Works:				
Public Works Administration:				
Personal Services	625,939	625,939	650,074	(24,135)
Other	82,048	82,048	54,217	27,831
Total Public Works Administration	<u>707,987</u>	<u>707,987</u>	<u>704,291</u>	<u>3,696</u>
Public Building Maintenance:				
Personal Services	635,699	635,699	565,391	70,308
Other	954,994	954,994	783,931	171,063
Total Public Building Maintenance	<u>1,590,693</u>	<u>1,590,693</u>	<u>1,349,322</u>	<u>241,371</u>
Total Public Works	<u>2,298,680</u>	<u>2,298,680</u>	<u>2,053,613</u>	<u>245,067</u>
General Government:				
Legislative and Executive:				
Mayor's Office:				
Personal Services	207,137	222,137	218,495	3,642
Other	27,305	27,305	24,094	3,211
Total Mayor's Office	<u>234,442</u>	<u>249,442</u>	<u>242,589</u>	<u>6,853</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, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Council:				
Personal Services	\$ 131,821	\$ 131,821	\$ 130,495	\$ 1,326
Other	15,083	15,083	10,233	4,850
Total Council	<u>146,904</u>	<u>146,904</u>	<u>140,728</u>	<u>6,176</u>
Chief Administrative Officer:				
Personal Services	236,456	236,456	231,765	4,691
Other	13,979	13,979	7,571	6,408
Total Chief Administrative Officer	<u>250,435</u>	<u>250,435</u>	<u>239,336</u>	<u>11,099</u>
Information Technology:				
Personal Services	426,877	427,877	426,240	1,637
Other	140,597	140,597	125,506	15,091
Total Information Technology	<u>567,474</u>	<u>568,474</u>	<u>551,746</u>	<u>16,728</u>
Contract Charges and Statutory Expenses:				
Personal Services	36,000	36,000	34,511	1,489
Other	1,460,041	1,525,041	1,519,995	5,046
Total Contract Charges and Statutory Expenses	<u>1,496,041</u>	<u>1,561,041</u>	<u>1,554,506</u>	<u>6,535</u>
Legal Administration:				
Personal Services	581,434	588,434	585,328	3,106
Other	123,950	116,950	80,164	36,786
Total Legal Administration	<u>705,384</u>	<u>705,384</u>	<u>665,492</u>	<u>39,892</u>
Finance:				
Personal Services	706,451	706,451	639,402	67,049
Other	179,265	179,265	158,424	20,841
Total Finance	<u>885,716</u>	<u>885,716</u>	<u>797,826</u>	<u>87,890</u>
Human Resources:				
Personal Services	256,627	302,627	286,137	16,490
Other	189,329	189,329	110,110	79,219
Total Human Resources	<u>445,956</u>	<u>491,956</u>	<u>396,247</u>	<u>95,709</u>
Total Legislative and Executive	<u>4,732,352</u>	<u>4,859,352</u>	<u>4,588,470</u>	<u>270,882</u>
Judicial System:				
Personal Services	2,100,121	2,100,121	1,965,927	134,194
Other	102,463	102,463	93,273	9,190
Total Judicial System	<u>2,202,584</u>	<u>2,202,584</u>	<u>2,059,200</u>	<u>143,384</u>
Total General Government	<u>6,934,936</u>	<u>7,061,936</u>	<u>6,647,670</u>	<u>414,266</u>
Total Expenditures	<u>40,300,606</u>	<u>40,451,554</u>	<u>37,917,601</u>	<u>2,533,953</u>
Excess of Revenues Over (Under) Expenditures	<u>7,948,768</u>	<u>9,270,320</u>	<u>12,617,292</u>	<u>3,346,972</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, 2017*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers Out	\$ (8,536,899)	\$(11,830,399)	\$ (11,830,399)	\$ 0
Advances In	0	1,472,500	2,289,000	816,500
Advances Out	0	(1,857,500)	(96,000)	1,761,500
Total Other Financing Sources (Uses)	<u>(8,536,899)</u>	<u>(12,215,399)</u>	<u>(9,637,399)</u>	<u>2,578,000</u>
Net Change in Fund Balance	(588,131)	(2,945,079)	2,979,893	5,924,972
Beginning Cash Fund Balance	19,834,800	19,834,800	19,834,800	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(313,904)	(313,904)	(313,904)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(1,482,778)</u>	<u>(1,482,778)</u>	<u>(1,482,778)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 17,449,987</u>	<u>\$ 15,093,039</u>	21,018,011	<u>\$ 5,924,972</u>
Reserved for Encumbrances - All Budget Years			<u>1,947,339</u>	
Total Cash Fund Balance - December 31			<u>\$ 22,965,350</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, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 851,651	\$ 851,651	\$ 864,714	\$ 13,063
Other Revenues	37,360	37,360	37,854	494
Total Revenue	889,011	889,011	902,568	13,557
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	21,630	21,630	19,636	1,994
Public Works - Other	914,377	914,377	805,196	109,181
General Government:				
Legislative and Executive	7,500	7,500	3,831	3,669
Total Expenditures	943,507	943,507	828,663	114,844
Net Change in Fund Balance	(54,496)	(54,496)	73,905	128,401
Beginning Cash Fund Balance	298,974	298,974	298,974	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance				
	(76,907)	(76,907)	(76,907)	0
Ending Unreserved Cash Fund Balance	\$ 167,571	\$ 167,571	295,972	\$ 128,401
Reserved for Encumbrances - All Budget			83,445	
Total Cash Fund Balance - December 31			\$ 379,417	

**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, 2017*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State Levied Shared Taxes	\$ 949,845	\$ 850,080	\$ (99,765)
Intergovernmental	250,000	161,899	(88,101)
Investment Earnings	250	1,153	903
Total Revenues	<u>1,200,095</u>	<u>1,013,132</u>	<u>(186,963)</u>
Expenditures:			
Current:			
Street Maintenance and Repair	<u>1,333,909</u>	<u>1,247,828</u>	<u>86,081</u>
Excess of Revenues Over (Under) Expenditures	(133,814)	(234,696)	(100,882)
Other Financing Sources (Uses):			
Transfers In	<u>413,359</u>	<u>413,359</u>	<u>0</u>
Net Change in Fund Balance	279,545	178,663	(100,882)
Beginning Cash Fund Balance	327,329	327,329	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(45,403)</u>	<u>(45,403)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 561,471</u>	460,589	<u>\$ (100,882)</u>
Reserved for Encumbrances - All Budget Years		<u>44,887</u>	
Total Cash Fund Balance - December 31		<u>\$ 505,476</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
State Levied Shared Taxes	\$ 68,418	\$ 68,925	\$ 507
Investment Earnings	1,110	1,231	121
Total Revenues	<u>69,528</u>	<u>70,156</u>	<u>628</u>
Expenditures:			
Current:			
Street Maintenance and Repair	55,601	43,899	11,702
Net Change in Fund Balance	13,927	26,257	12,330
Beginning Cash Fund Balance	154,386	154,386	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(29,280)</u>	<u>(29,280)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 139,033</u>	151,363	<u>\$ 12,330</u>
Reserved for Encumbrances - All Budget Years		<u>37,011</u>	
Total Cash Fund Balance - December 31		<u>\$ 188,374</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,049,700	\$ 1,154,760	\$ 105,060
Investment Earnings	125	27,033	26,908
Total Revenues	<u>1,049,825</u>	<u>1,181,793</u>	<u>131,968</u>
Expenditures:			
Current:			
Sanitation and Sewer Services	<u>1,446,548</u>	<u>1,450,615</u>	<u>(4,067)</u>
Excess of Revenues Over (Under) Expenditures	(396,723)	(268,822)	127,901
Other Financing Sources (Uses):			
Transfers In	<u>502,000</u>	<u>502,000</u>	<u>0</u>
Net Change in Fund Balance	105,277	233,178	127,901
Beginning Cash Fund Balance	362,822	362,822	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(61,492)	(61,492)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(28,736)</u>	<u>(28,736)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 377,871</u>	505,772	<u>\$ 127,901</u>
Reserved for Encumbrances - All Budget Years		<u>206,194</u>	
Total Cash Fund Balance - December 31		<u>\$ 711,966</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 223,227	\$ 229,411	\$ 6,184
Other Revenues	230,067	0	(230,067)
Total Revenues	<u>453,294</u>	<u>229,411</u>	<u>(223,883)</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>1,206,702</u>	<u>1,028,189</u>	<u>178,513</u>
Excess of Revenues Over (Under) Expenditures	(753,408)	(798,778)	(45,370)
Other Financing Sources (Uses):			
Transfers In	<u>750,000</u>	<u>750,000</u>	<u>0</u>
Net Change in Fund Balance	(3,408)	(48,778)	(45,370)
Beginning Cash Fund Balance	<u>867,160</u>	<u>867,160</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 863,752</u>	<u>\$ 818,382</u>	<u>\$ (45,370)</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 223,227	\$ 229,411	\$ 6,184
Other Revenues	8,927	0	(8,927)
Total Revenues	<u>232,154</u>	<u>229,411</u>	<u>(2,743)</u>
Expenditures:			
Current:			
Security of Persons and Property - Fire	<u>1,147,548</u>	<u>1,132,686</u>	<u>14,862</u>
Excess of Revenues Over (Under) Expenditures	(915,394)	(903,275)	12,119
Other Financing Sources (Uses):			
Transfers In	<u>875,000</u>	<u>860,000</u>	<u>(15,000)</u>
Net Change in Fund Balance	(40,394)	(43,275)	(2,881)
Beginning Cash Fund Balance	<u>591,474</u>	<u>591,474</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 551,080</u>	<u>\$ 548,199</u>	<u>\$ (2,881)</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 22,550	\$ 17,642	\$ (4,908)
Investment Earnings	50	468	418
Total Revenues	<u>22,600</u>	<u>18,110</u>	<u>(4,490)</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>45,358</u>	<u>12,516</u>	<u>32,842</u>
Net Change in Fund Balance	(22,758)	5,594	28,352
Beginning Cash Fund Balance	60,210	60,210	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(4,484)</u>	<u>(4,484)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 32,968</u>	61,320	<u>\$ 28,352</u>
Reserved for Encumbrances - All Budget Years		<u>6,643</u>	
Total Cash Fund Balance - December 31		<u>\$ 67,963</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 26,150	\$ 28,802	\$ 2,652
Investment Earnings	100	1,088	988
Total Revenues	<u>26,250</u>	<u>29,890</u>	<u>3,640</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>72,507</u>	<u>22,304</u>	<u>50,203</u>
Net Change in Fund Balance	(46,257)	7,586	53,843
Beginning Cash Fund Balance	140,935	140,935	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(80)</u>	<u>(80)</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 94,598</u>	<u>\$ 148,441</u>	<u>\$ 53,843</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 85,400	\$ 90,031	\$ 4,631
Investment Earnings	300	4,077	3,777
Total Revenues	<u>85,700</u>	<u>94,108</u>	<u>8,408</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>173,415</u>	<u>109,771</u>	<u>63,644</u>
Net Change in Fund Balance	(87,715)	(15,663)	72,052
Beginning Cash Fund Balance	546,237	546,237	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(366)</u>	<u>(366)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 458,156</u>	530,208	<u>\$ 72,052</u>
Reserved for Encumbrances - All Budget Years		<u>11,841</u>	
Total Cash Fund Balance - December 31		<u>\$ 542,049</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 1,500	\$ 1,133	\$ (367)
Other Revenues	57,500	0	(57,500)
Total Revenues	<u>59,000</u>	<u>1,133</u>	<u>(57,867)</u>
Expenditures:			
Current:			
Housing and Community Development	26,351	2,500	23,851
Net Change in Fund Balance	32,649	(1,367)	(34,016)
Beginning Cash Fund Balance	170,008	170,008	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(61,964)	(61,964)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(35,553)</u>	<u>(35,553)</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 105,140</u>	71,124	<u>\$ (34,016)</u>
Reserved for Encumbrances - All Budget Years		<u>64,464</u>	
Total Cash Fund Balance - December 31		<u>\$ 135,588</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 34,985	\$ 38,300	\$ 3,315
Investment Earnings	15	275	260
Total Revenues	<u>35,000</u>	<u>38,575</u>	<u>3,575</u>
Expenditures:			
Current:			
General Government:			
Legislative and Executive	<u>31,760</u>	<u>12,345</u>	<u>19,415</u>
Net Change in Fund Balance	3,240	26,230	22,990
Beginning Cash Fund Balance	31,824	31,824	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(427)</u>	<u>(427)</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 34,637</u>	<u>\$ 57,627</u>	<u>\$ 22,990</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 7,150	\$ 3,500	\$ (3,650)
Charges for Services	1,200	520	(680)
Investment Earnings	0	130	130
Total Revenues	<u>8,350</u>	<u>4,150</u>	<u>(4,200)</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>13,624</u>	<u>2,065</u>	<u>11,559</u>
Net Change in Fund Balance	(5,274)	2,085	7,359
Beginning Cash Fund Balance	16,717	16,717	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(934)</u>	<u>(934)</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 10,509</u>	<u>17,868</u>	<u>\$ 7,359</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 13,585	\$ 30,675	\$ 17,090
Investment Earnings	40	552	512
Total Revenues	<u>13,625</u>	<u>31,227</u>	<u>17,602</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>23,664</u>	<u>23,336</u>	<u>328</u>
Net Change in Fund Balance	(10,039)	7,891	17,930
Beginning Cash Fund Balance	<u>69,528</u>	<u>69,528</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 59,489</u>	<u>\$ 77,419</u>	<u>\$ 17,930</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
Ohio Court Security Project Fund
For the Year Ended December 31, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 8,975	\$ 8,415	\$ (560)
Investment Earnings	25	281	256
Total Revenues	<u>9,000</u>	<u>8,696</u>	<u>(304)</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>9,608</u>	<u>5,577</u>	<u>4,031</u>
Net Change in Fund Balance	(608)	3,119	3,727
Beginning Cash Fund Balance	<u>34,454</u>	<u>34,454</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 33,846</u>	<u>\$ 37,573</u>	<u>\$ 3,727</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 3,193,293	\$ 1,790,662	\$ (1,402,631)
Expenditures:			
Current:			
Security of Persons and Property - Police	1,886,056	1,787,280	98,776
Excess of Revenues Over (Under) Expenditures	1,307,237	3,382	(1,303,855)
Other Financing Sources (Uses):			
Advances Out	(100,000)	(100,000)	0
Advances In	190,000	0	(190,000)
Total Other Financing Sources (Uses)	90,000	(100,000)	(190,000)
Net Change in Fund Balance	1,397,237	(96,618)	(1,493,855)
Beginning Cash Fund Balance	125,052	125,052	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(5,303)	(5,303)	0
Total Cash Fund Balance - December 31	\$ 1,516,986	\$ 23,131	\$ (1,493,855)

City of Shaker Heights
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Housing Nuisance Abatement Fund
For the Year Ended December 31, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 0	\$ 19,191	\$ 19,191
Investment Earnings	0	988	988
Total Revenues	<u>0</u>	<u>20,179</u>	<u>20,179</u>
Expenditures:			
Current:			
Housing and Community Development	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Net Change in Fund Balance	(30,000)	20,179	50,179
Beginning Cash Fund Balance	<u>116,021</u>	<u>116,021</u>	<u>0</u>
Total Cash Fund Balance - December 31	<u>\$ 86,021</u>	<u>\$ 136,200</u>	<u>\$ 50,179</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, 2017*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 12,500	\$ 11,684	\$ (816)
Investment Earnings	10	110	100
Total Revenues	<u>12,510</u>	<u>11,794</u>	<u>(716)</u>
Expenditures:			
Current:			
General Government:			
Judicial System	<u>9,000</u>	<u>9,000</u>	<u>0</u>
Net Change in Fund Balance	3,510	2,794	(716)
Beginning Cash Fund Balance	<u>14,755</u>	<u>14,755</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 18,265</u>	17,549	<u>\$ (716)</u>
Reserved for Encumbrances - All Budget Years		<u>55</u>	
Total Cash Fund Balance - December 31		<u>\$ 17,604</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 564,710	\$ 557,634	\$ (7,076)
Expenditures:			
Current:			
Security of Persons and Property - Other	812,873	812,302	571
Excess of Revenues Over (Under) Expenditures	(248,163)	(254,668)	(6,505)
Other Financing Sources (Uses):			
Transfers In	235,000	250,000	15,000
Net Change in Fund Balance	(13,163)	(4,668)	8,495
Beginning Cash Fund Balance	42,240	42,240	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(29,077)	(29,077)	0
Ending Unreserved Cash Fund Balance	<u>\$ 0</u>	8,495	<u>\$ 8,495</u>
Reserved for Encumbrances - All Budget Years		<u>121,897</u>	
Total Cash Fund Balance - December 31		<u>\$ 130,392</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 767,991	\$ 739,137	\$ (28,854)
Expenditures:			
Current:			
Housing and Community Development	747,070	718,811	28,259
Net Change in Fund Balance	20,921	20,326	(595)
Beginning Cash Fund Balance	222,059	222,059	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(15,397)	(15,397)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(14,925)	(14,925)	0
Ending Unreserved Cash Fund Balance	<u>\$ 212,658</u>	212,063	<u>\$ (595)</u>
Reserved for Encumbrances - All Budget Years		65,295	
Total Cash Fund Balance - December 31		<u>\$ 277,358</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 0	\$ 6,113	\$ 6,113
Fines and Forfeitures	0	58,645	58,645
Total Revenues	<u>0</u>	<u>64,758</u>	<u>64,758</u>
Expenditures:			
Current:			
Security of Persons and Property - Police	<u>273,501</u>	<u>163,539</u>	<u>109,962</u>
Excess of Revenues Over(Under) Expenditures	(273,501)	(98,781)	174,720
Other Financing Sources (Uses):			
Advances In	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	(173,501)	1,219	174,720
Beginning Cash Fund Balance	<u>859,169</u>	<u>859,169</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 685,668</u>	860,388	<u>\$ 174,720</u>
Reserved for Encumbrances - All Budget Years		<u>5,000</u>	
Total Cash Fund Balance - December 31		<u>\$ 865,388</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, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:			
Current:			
General Government:			
Legislative and Executive	\$ 17,000	\$ 27,016	\$ (10,016)
Debt Service:			
Principal Retirements	730,318	346,694	383,624
Interest and Fiscal Charges	19,940	244,254	(224,314)
Total Expenditures	<u>767,258</u>	<u>617,964</u>	<u>149,294</u>
Excess of Revenues Over (Under) Expenditures	<u>(767,258)</u>	<u>(617,964)</u>	<u>149,294</u>
Other Financing Sources (Uses):			
Issuance of Notes Payable	2,178,922	0	(2,178,922)
Issuance of General Obligation Bonds	0	15,000	15,000
Premium on Debt Issuance	0	118,143	118,143
Transfers In	451,000	609,500	158,500
Total Other Financing Sources (Uses)	<u>2,629,922</u>	<u>742,643</u>	<u>(1,887,279)</u>
Net Change in Fund Balance	1,862,664	124,679	(1,737,985)
Beginning Cash Fund Balance	<u>718,095</u>	<u>718,095</u>	<u>0</u>
Ending Unreserved Cash Fund Balance	<u>\$ 2,580,759</u>	842,774	<u>\$ (1,737,985)</u>
Reserved for Encumbrances - All Budget Years		<u>625</u>	
Total Cash Fund Balance - December 31		<u>\$ 843,399</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Payment in Lieu of Taxes	\$ 863,700	\$ 885,610	\$ 21,910
Expenditures:			
Current:			
General Government:			
Legislative and Executive	8,000	5,176	2,824
Debt Service:			
Principal Retirements	838,400	838,400	0
Interest and Fiscal Charges	469,726	469,726	0
Total Expenditures	1,316,126	1,313,302	2,824
Excess of Revenues Over(Under) Expenditures	(452,426)	(427,692)	24,734
Other Financing Sources (Uses):			
Transfers In	490,000	490,000	0
Net Change in Fund Balance	37,574	62,308	24,734
Beginning Cash Fund Balance	1,401,019	1,401,019	0
Total Cash Fund Balance - December 31	\$ 1,438,593	\$ 1,463,327	\$ 24,734

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,044,000	\$ 684,316	\$ (359,684)
Expenses:			
Contractual Services	27,490	36,013	(8,523)
Materials and Supplies	818,698	660,351	158,347
Total Expenses	846,188	696,364	149,824
Operating Income (Loss)	197,812	(12,048)	(209,860)
Other Financing Sources (Uses):			
Advances Out	(200,000)	(110,000)	90,000
Advances In	200,000	86,000	(114,000)
Total Other Financing Sources (Uses)	0	(24,000)	(24,000)
Net Change in Fund Equity	197,812	(36,048)	(233,860)
Beginning Cash Fund Equity	99,303	99,303	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(9,500)	(9,500)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(52,183)	(52,183)	0
Ending Unreserved Cash Fund Equity	\$ 235,432	1,572	\$ (233,860)
Reserved for Encumbrances - All Budget Years		75,255	
Total Cash Fund Equity - December 31		\$ 76,827	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 80,100	\$ 37,548	\$ (42,552)
Expenses:			
Contractual Services	46,000	36,253	9,747
Operating Income (Loss)	34,100	1,295	(32,805)
Other Financing Sources (Uses):			
Advances Out	(35,000)	(10,000)	25,000
Advances In	35,000	10,000	(25,000)
Total Other Financing Sources (Uses):	0	0	0
Net Change in Fund Equity	34,100	1,295	(32,805)
Beginning Cash Fund Equity	15,592	15,592	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(4,060)	(4,060)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	(8,744)	(8,744)	0
Ending Unreserved Cash Fund Equity	\$ 36,888	4,083	\$ (32,805)
Reserved for Encumbrances - All Budget Years		10,227	
Total Cash Fund Equity - December 31		\$ 14,310	

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,328,000	\$ 1,083,432	\$ (244,568)
Expenses:			
Personal Services	878,418	781,790	96,628
Travel and Education	2,402	1,167	1,235
Contractual Services	300,960	257,318	43,642
Materials and Supplies	73,105	63,977	9,128
Total Expenditures	<u>1,254,885</u>	<u>1,104,252</u>	<u>150,633</u>
Operating Income (Loss)	73,115	(20,820)	(395,201)
Other Financing Sources (Uses)			
Advances Out	(150,000)	0	150,000
Advances In	150,000	0	(150,000)
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Equity	73,115	(20,820)	(93,935)
Beginning Cash Fund Equity	153,475	153,475	0
Prior Year's Reserve For Encumbrances Outstanding At December 31	(200)	(200)	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(52,310)</u>	<u>(52,310)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 174,080</u>	80,145	<u>\$ (93,935)</u>
Reserved for Encumbrances - All Budget Years		<u>73,341</u>	
Total Cash Fund Equity - December 31		<u>\$ 153,486</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 5,174,653	\$ 4,890,403	\$ (284,250)
Expenses:			
Personal Services	84,227	83,457	770
Travel and Education	453	22	431
Contractual Services	5,885,050	5,509,218	375,832
Materials and Supplies	872	866	6
Other Expenditures	100,000	41,014	58,986
Total Expenditures	<u>6,070,602</u>	<u>5,634,577</u>	<u>436,025</u>
Operating Income (Loss)	(895,949)	(744,174)	151,775
Other Financing Sources (Uses):			
Transfers In	<u>945,540</u>	<u>945,540</u>	<u>0</u>
Net Change in Fund Equity	49,591	201,366	151,775
Beginning Cash Fund Equity	2,126,234	2,126,234	0
Current Year Cash Expenditures Against Prior Year's Cash Fund Balance Reserved For Encumbrance	<u>(427,677)</u>	<u>(427,677)</u>	<u>0</u>
Ending Unreserved Cash Fund Equity	<u>\$ 1,748,148</u>	1,899,923	<u>\$ 151,775</u>
Reserved for Encumbrances - All Budget Years		<u>635,363</u>	
Total Cash Fund Equity - December 31		<u>\$ 2,535,286</u>	

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

Internal Service Funds

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

Central Purchasing Fund

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

Copier Management Fund

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

Municipal Garage Fund

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

Self-Insurance Fund

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

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Fund Net Position
Nonmajor Internal Service Funds
December 31, 2017

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Totals
Assets					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 76,827	\$ 14,310	\$ 153,486	\$ 2,535,286	\$ 2,779,909
Prepaid Items	0	0	0	49,658	49,658
Materials and Supplies Inventory	229,629	0	0	0	229,629
<i>Total Assets</i>	<u>306,456</u>	<u>14,310</u>	<u>153,486</u>	<u>2,584,944</u>	<u>3,059,196</u>
Deferred Outflows of Resources					
Pension	0	0	390,002	35,603	425,605
Liabilities					
<i>Current Liabilities:</i>					
Accounts Payable	70,588	1,426	26,742	126,764	225,520
Accrued Wages and Benefits	0	0	35,206	0	35,206
Interfund Payable	86,000	10,000	0	0	96,000
Matured Compensated Absences	0	0	952	0	952
Claims Payable	0	0	0	243,161	243,161
Compensated Absences Payable	0	0	8,211	0	8,211
<i>Total Current Liabilities</i>	<u>156,588</u>	<u>11,426</u>	<u>71,111</u>	<u>369,925</u>	<u>609,050</u>
<i>Long-Term Liabilities:</i>					
Claims Payable - Net of Current Portion	0	0	0	879,289	879,289
Compensated Absences Payable - Net of Current Portion	0	0	132,608	0	132,608
Net Pension Liability	0	0	932,238	93,224	1,025,462
<i>Total Long-Term Liabilities</i>	<u>0</u>	<u>0</u>	<u>1,064,846</u>	<u>972,513</u>	<u>2,037,359</u>
<i>Total Liabilities</i>	<u>156,588</u>	<u>11,426</u>	<u>1,135,957</u>	<u>1,342,438</u>	<u>2,646,409</u>
Deferred Inflows of Resources					
Pension	0	0	7,068	1,207	8,275
Net Position					
Unrestricted	<u>\$ 149,868</u>	<u>\$ 2,884</u>	<u>\$ (599,537)</u>	<u>\$ 1,276,902</u>	<u>\$ 830,117</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, 2017*

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Totals
Operating Revenues					
Charges for Services	\$ 684,316	\$ 37,548	\$ 1,083,420	\$ 4,884,656	\$ 6,689,940
Other Revenues	0	0	12	5,747	5,759
<i>Total Operating Revenues</i>	<u>684,316</u>	<u>37,548</u>	<u>1,083,432</u>	<u>4,890,403</u>	<u>6,695,699</u>
Operating Expenses					
Personal Services	0	0	965,463	144,182	1,109,645
Contractual Services	33,136	39,099	221,696	5,130,092	5,424,023
Materials and Supplies	658,444	0	66,908	725	726,077
Other	0	0	0	39,532	39,532
<i>Total Operating Expenses</i>	<u>691,580</u>	<u>39,099</u>	<u>1,254,067</u>	<u>5,314,531</u>	<u>7,299,277</u>
Operating Income (Loss)	(7,264)	(1,551)	(170,635)	(424,128)	(603,578)
Non-Operating Revenues (Expenses)					
Transfers In	0	0	0	945,540	945,540
<i>Change in Net Position</i>	(7,264)	(1,551)	(170,635)	521,412	341,962
<i>Net Position Beginning of Year</i>	<u>157,132</u>	<u>4,435</u>	<u>(428,902)</u>	<u>755,490</u>	<u>488,155</u>
<i>Net Position End of Year</i>	<u>\$ 149,868</u>	<u>\$ 2,884</u>	<u>\$ (599,537)</u>	<u>\$ 1,276,902</u>	<u>\$ 830,117</u>

City of Shaker Heights
Cuyahoga County, Ohio
Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended December 31, 2017

	Central Purchasing Fund	Copier Management Fund	Municipal Garage Fund	Self- Insurance Fund	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Internal Services	\$ 684,316	\$ 37,548	\$ 1,083,420	\$ 4,884,656	\$ 6,689,940
Other Operating Receipts	0	0	12	5,747	5,759
Cash Payments for Goods and Services	(31,947)	(38,830)	(235,467)	(5,303,215)	(5,609,459)
Cash Payments to Employees	0	0	(781,404)	(83,457)	(864,861)
Cash Payments to Suppliers	(650,845)	0	(66,550)	(687)	(718,082)
Other Cash Payments	0	0	0	(39,532)	(39,532)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,524</u>	<u>(1,282)</u>	<u>11</u>	<u>(536,488)</u>	<u>(536,235)</u>
Cash Flows from Noncapital Financing Activities					
Advances In	86,000	10,000	0	0	96,000
Advances Out	(110,000)	(10,000)	0	0	(120,000)
Transfers In	0	0	0	945,540	945,540
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(24,000)</u>	<u>0</u>	<u>0</u>	<u>945,540</u>	<u>921,540</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(22,476)</u>	<u>(1,282)</u>	<u>11</u>	<u>409,052</u>	<u>385,305</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>99,303</u>	<u>15,592</u>	<u>153,475</u>	<u>2,126,234</u>	<u>2,394,604</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 76,827</u>	<u>\$ 14,310</u>	<u>\$ 153,486</u>	<u>\$ 2,535,286</u>	<u>\$ 2,779,909</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ (7,264)	\$ (1,551)	\$ (170,635)	\$ (424,128)	\$ (603,578)
Adjustments:					
(Increase) Decrease in Assets and Deferred Outflows:					
Prepaid Items	0	0	0	582	582
Materials and Supplies Inventory	(17,854)	0	0	0	(17,854)
Deferred Outflows - Pension	0	0	(143,379)	(7,965)	(151,344)
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	26,642	269	(13,413)	94,091	107,589
Accrued Wages and Benefits	0	0	278	0	278
Claims Payable	0	0	0	(219,912)	(219,912)
Compensated Absences Payable	0	0	43,555	0	43,555
Matured Compensated Absences Payable	0	0	952	0	952
Deferred Inflows - Pension	0	0	(8,145)	(498)	(8,643)
Net Pension Liability	0	0	290,798	21,342	312,140
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 1,524</u>	<u>\$ (1,282)</u>	<u>\$ 11</u>	<u>\$ (536,488)</u>	<u>\$ (536,235)</u>

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

Agency Funds

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

Public Art Deposit Fund

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

Obstruction Permit Deposit Fund

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

Excavating Permit Deposit Fund

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

Unclaimed Monies Fund

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

Municipal Court Fund

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

Contractor Deposit Fund

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

Recreation Scholarship Fund

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

Shaker Family Resource Center Fund

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

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

Agency Funds (continued)

Board of Building Standards Fund

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

Heights-Hillcrest Technical Rescue Team Fund

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

Cleveland Waterline Projects Fund

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

Shaker Heights Development Corporation Fund

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

Shaker Cuyahoga Credit Enhancement Fund

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

Point of Sale Escrow Fund

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

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

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2017

	Beginning Balance 1/1/2017	Additions	Reductions	Ending Balance 12/31/2017
Public Art Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 10,356	\$ 0	\$ 10,000	\$ 356
<i>Total Assets</i>	<u>\$ 10,356</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 356</u>
Liabilities				
Deposits Held and Due to Others	\$ 10,356	\$ 0	\$ 10,000	\$ 356
<i>Total Liabilities</i>	<u>\$ 10,356</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 356</u>
Obstruction Permit Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 80,410	\$ 20,410	\$ 0	\$ 100,820
<i>Total Assets</i>	<u>\$ 80,410</u>	<u>\$ 20,410</u>	<u>\$ 0</u>	<u>\$ 100,820</u>
Liabilities				
Deposits Held and Due to Others	\$ 80,410	\$ 20,410	\$ 0	\$ 100,820
<i>Total Liabilities</i>	<u>\$ 80,410</u>	<u>\$ 20,410</u>	<u>\$ 0</u>	<u>\$ 100,820</u>
Excavating Permit Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 14,945	\$ 680	\$ 0	\$ 15,625
<i>Total Assets</i>	<u>\$ 14,945</u>	<u>\$ 680</u>	<u>\$ 0</u>	<u>\$ 15,625</u>
Liabilities				
Deposits Held and Due to Others	\$ 14,945	\$ 680	\$ 0	\$ 15,625
<i>Total Liabilities</i>	<u>\$ 14,945</u>	<u>\$ 680</u>	<u>\$ 0</u>	<u>\$ 15,625</u>
Unclaimed Monies Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 68,425	\$ 56,011	\$ 6,484	\$ 117,952
<i>Total Assets</i>	<u>\$ 68,425</u>	<u>\$ 56,011</u>	<u>\$ 6,484</u>	<u>\$ 117,952</u>
Liabilities				
Deposits Held and Due to Others	\$ 68,425	\$ 49,527	\$ 0	\$ 117,952
<i>Total Liabilities</i>	<u>\$ 68,425</u>	<u>\$ 49,527</u>	<u>\$ 0</u>	<u>\$ 117,952</u>
Municipal Court Fund				
Assets				
Cash in Segregated Accounts	\$ 636,231	\$ 671,005	\$ 636,231	\$ 671,005
<i>Total Assets</i>	<u>\$ 636,231</u>	<u>\$ 671,005</u>	<u>\$ 636,231</u>	<u>\$ 671,005</u>
Liabilities				
Intergovernmental Payable	\$ 341,817	\$ 248,582	\$ 341,817	\$ 248,582
Deposits Held and Due to Others	294,414	422,423	294,414	422,423
<i>Total Liabilities</i>	<u>\$ 636,231</u>	<u>\$ 671,005</u>	<u>\$ 636,231</u>	<u>\$ 671,005</u>

(continued)

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

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2017

	Beginning Balance 1/1/2017	Additions	Reductions	Ending Balance 12/31/2017
Contractor Deposit Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 74,070	\$ 0	\$ 0	\$ 74,070
<i>Total Assets</i>	<u>\$ 74,070</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,070</u>
Liabilities				
Deposits Held and Due to Others	\$ 74,070	\$ 0	\$ 0	\$ 74,070
<i>Total Liabilities</i>	<u>\$ 74,070</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,070</u>
Recreation Scholarship Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 19,014	\$ 0	\$ 629	\$ 18,385
<i>Total Assets</i>	<u>\$ 19,014</u>	<u>\$ 0</u>	<u>\$ 629</u>	<u>\$ 18,385</u>
Liabilities				
Deposits Held and Due to Others	\$ 19,014	\$ 3,697	\$ 4,326	\$ 18,385
<i>Total Liabilities</i>	<u>\$ 19,014</u>	<u>\$ 3,697</u>	<u>\$ 4,326</u>	<u>\$ 18,385</u>
Shaker Family Resource Center Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 1,056,997	\$ 1,056,997	\$ 0
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 1,056,997</u>	<u>\$ 1,056,997</u>	<u>\$ 0</u>
Liabilities				
Deposits Held and Due to Others	\$ 0	\$ 1,056,997	\$ 1,056,997	\$ 0
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 1,056,997</u>	<u>\$ 1,056,997</u>	<u>\$ 0</u>
Board of Building Standards Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 3,200	\$ 668	\$ 0	\$ 3,868
<i>Total Assets</i>	<u>\$ 3,200</u>	<u>\$ 668</u>	<u>\$ 0</u>	<u>\$ 3,868</u>
Liabilities				
Intergovernmental Payable	\$ 3,200	\$ 11,256	\$ 10,588	\$ 3,868
<i>Total Liabilities</i>	<u>\$ 3,200</u>	<u>\$ 11,256</u>	<u>\$ 10,588</u>	<u>\$ 3,868</u>
Heights-Hillcrest Technical Rescue Team Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 74,982	\$ 152,138	\$ 51,624	\$ 175,496
<i>Total Assets</i>	<u>\$ 74,982</u>	<u>\$ 152,138</u>	<u>\$ 51,624</u>	<u>\$ 175,496</u>
Liabilities				
Accounts Payable	\$ 0	\$ 3,260	\$ 0	\$ 3,260
Intergovernmental Payable	74,982	148,878	51,624	172,236
<i>Total Liabilities</i>	<u>\$ 74,982</u>	<u>\$ 152,138</u>	<u>\$ 51,624</u>	<u>\$ 175,496</u>

(continued)

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

	Beginning Balance 1/1/2017	Additions	Reductions	Ending Balance 12/31/2017
Cleveland Waterline Projects Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,593,777	\$ 0	\$ 1,430,365	\$ 163,412
<i>Total Assets</i>	<u>\$ 1,593,777</u>	<u>\$ 0</u>	<u>\$ 1,430,365</u>	<u>\$ 163,412</u>
Liabilities				
Accounts Payable	\$ 0	\$ 17,802	\$ 0	\$ 17,802
Intergovernmental Payable	1,593,777	0	1,448,167	145,610
<i>Total Liabilities</i>	<u>\$ 1,593,777</u>	<u>\$ 17,802</u>	<u>\$ 1,448,167</u>	<u>\$ 163,412</u>
Shaker Heights Development Corporation Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 259,295	\$ 132,503	\$ 185,179	\$ 206,619
Cash in Segregated Accounts	0	4,019	0	4,019
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	103,174	0	21,777	81,397
<i>Total Assets</i>	<u>\$ 362,469</u>	<u>\$ 136,522</u>	<u>\$ 206,956</u>	<u>\$ 292,035</u>
Liabilities				
Deposits Held and Due to Others	\$ 335,269	\$ 132,503	\$ 202,937	\$ 264,835
Loans Payable	27,200	0	0	27,200
<i>Total Liabilities</i>	<u>\$ 362,469</u>	<u>\$ 132,503</u>	<u>\$ 202,937</u>	<u>\$ 292,035</u>
Shaker Cuyahoga Credit Enhancement Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 314,676	\$ 0	\$ 0	\$ 314,676
<i>Total Assets</i>	<u>\$ 314,676</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 314,676</u>
Liabilities				
Undistributed Monies	\$ 314,676	\$ 0	\$ 0	\$ 314,676
<i>Total Liabilities</i>	<u>\$ 314,676</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 314,676</u>
Point of Sale Escrow Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 1,380,716	\$ 222,449	\$ 1,158,267
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 1,380,716</u>	<u>\$ 222,449</u>	<u>\$ 1,158,267</u>
Liabilities				
Accounts Payable	\$ 0	\$ 47,340	\$ 0	\$ 47,340
Undistributed Monies	0	1,110,927	0	1,110,927
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 1,158,267</u>	<u>\$ 0</u>	<u>\$ 1,158,267</u>

City of Shaker Heights
Cuyahoga County, Ohio
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

	Beginning Balance 1/1/2017	Additions	Reductions	Ending Balance 12/31/2017
				<i>(continued)</i>
Total Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,513,150	\$ 2,800,123	\$ 2,963,727	\$ 2,349,546
Cash in Segregated Accounts	636,231	675,024	636,231	675,024
Mortgage Loans Receivable, Net of Allowance for Doubtful Accounts of \$8,667	103,174	0	21,777	81,397
<i>Total Assets</i>	<u>\$ 3,252,555</u>	<u>\$ 3,475,147</u>	<u>\$ 3,621,735</u>	<u>\$ 3,105,967</u>
Liabilities				
Accounts Payable	\$ 0	\$ 68,402	\$ 0	\$ 68,402
Intergovernmental Payable	2,013,776	408,716	1,852,196	570,296
Deposits Held and Due to Others	896,903	1,686,237	1,568,674	1,014,466
Loans Payable	27,200	0	0	27,200
Undistributed Monies	314,676	1,110,927	0	1,425,603
<i>Total Liabilities</i>	<u>\$ 3,252,555</u>	<u>\$ 3,274,282</u>	<u>\$ 3,420,870</u>	<u>\$ 3,105,967</u>

**STATISTICAL
SECTION**

Statistical Section

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

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

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

With the implementation of GASB 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)

	2017	2016	2015	Restated 2014	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 70,763,174	\$ 74,476,459	\$ 69,897,453	\$ 67,676,056	\$ 66,942,897
Restricted:					
Capital Projects	3,737,425	768,122	11,284,974	12,231,909	11,678,193
Debt Service	0	0	1,269,277	1,170,127	699,569
Streets	1,040,808	835,057	719,628	930,033	1,109,236
Public Safety	2,755,095	2,974,436	2,990,023	2,447,391	2,396,924
Judicial Services	899,365	862,725	805,341	763,332	759,162
Tree Maintenance	1,046,737	972,982	774,319	794,291	0
Other	193,215	201,832	151,572	134,469	155,184
Unrestricted	6,474,561	8,909,483	(959,568)	(4,364,283)	28,656,421
Total Governmental Activities Net Position	\$ 86,910,380	\$ 90,001,096	\$ 86,933,019	\$ 81,783,325	\$ 112,397,586

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

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

Source: City Financial Records

2012	2011	2010	2009	2008
\$ 64,688,653	\$ 63,654,963	\$ 61,972,614	\$ 61,712,406	\$ 58,708,166
11,050,910	12,883,372	16,187,786	18,947,218	25,606,578
788,674	468,541	1,745,316	1,237,432	915,681
613,312	611,464	690,153	724,281	906,871
2,247,417	2,125,142	1,492,645	1,724,661	1,342,216
724,055	641,793	710,352	637,338	555,708
0	0	0	0	0
25,124	58,137	0	0	0
22,894,998	24,708,622	20,655,757	19,904,961	15,311,338
<u>\$ 103,033,143</u>	<u>\$ 105,152,034</u>	<u>\$ 103,454,623</u>	<u>\$ 104,888,297</u>	<u>\$ 103,346,558</u>

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

	2017	2016	2015	2014	2013
Program Revenues					
Governmental Activities:					
Charges for Services:					
Security of Persons and Property	\$ 1,315,283	\$ 1,323,855	\$ 1,390,008	\$ 1,612,394	\$ 1,541,393
Public Health Services	40,809	63,910	64,469	47,160	45,760
Leisure Time Activities	1,777,428	1,725,480	1,784,639	1,888,776	1,765,547
Housing and Community Development	3,023,773	2,719,958	2,730,614	2,976,704	2,504,699
Sanitation and Sewer Services	1,121,311	1,130,083	1,051,180	1,092,872	1,108,678
Street Maintenance and Repair	30,000	0	113	147	0
Public Works - Other	441,511	820,334	727,391	658,313	748,217
General Government	2,642,497	2,922,213	2,839,390	2,488,869	2,690,130
Operating Grants and Contributions:					
Security of Persons and Property	1,221,014	3,533,657	4,132,929	3,934,416	3,827,620
Public Health Services	30,166	44,650	33,119	36,711	59,981
Leisure Time Activities	0	3,628	15,807	0	0
Housing and Community Development	85,262	132,072	52,615	40,719	637,217
Sanitation and Sewer Services	27,033	6,034	308	0	16,277
Street Maintenance and Repair	1,074,557	1,218,647	1,114,270	0	0
Public Works - Other	45,739	4,741	0	0	0
General Government	91,512	16,787	72,597	17,000	42,294
Capital Grants and Contributions:					
Security of Persons and Property	0	0	0	0	2,500
Public Health Services	0	0	0	0	0
Housing and Community Development	0	0	0	0	5,252
Sanitation and Sewer Services	45,180	0	0	0	0
Street Maintenance and Repair	1,801,572	376,504	3,067,984	0	0
Public Works - Other	0	0	0	0	0
General Government	0	0	0	0	0
<i>Total Governmental Activities Program Revenues</i>	<u>14,814,647</u>	<u>16,042,553</u>	<u>19,077,433</u>	<u>14,794,081</u>	<u>14,995,565</u>
Expenses					
Governmental Activities:					
Security of Persons and Property	23,159,705	25,248,646	23,192,181	23,341,934	22,898,446
Public Health and Welfare	393,522	440,827	418,461	420,084	378,658
Leisure Time Activities	4,960,888	4,191,330	3,913,273	3,993,567	4,166,858
Housing and Community Development	12,709,824	5,318,429	6,149,090	5,658,971	5,473,863
Sanitation and Sewer Services	5,614,744	5,002,530	4,097,422	5,314,960	4,964,310
Transportation	454,926	0	0	0	0
Street Maintenance and Repair	3,830,430	3,197,767	6,553,316	3,462,608	2,504,237
Public Works - Other	2,768,174	3,034,027	2,343,649	2,474,210	2,092,510
General Government	8,825,164	7,788,922	7,554,498	7,309,823	7,455,094
Interest and Fiscal Charges	1,103,848	690,169	643,523	658,444	671,152
<i>Total Governmental Activities Expenses</i>	<u>63,821,225</u>	<u>54,912,647</u>	<u>54,865,413</u>	<u>52,634,601</u>	<u>50,605,128</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(49,006,578)</u>	<u>(38,870,094)</u>	<u>(35,787,980)</u>	<u>(37,840,520)</u>	<u>(35,609,563)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes	6,683,358	6,712,702	6,312,482	6,212,760	6,402,845
Income and Other Taxes	35,855,348	31,986,981	31,707,723	29,236,804	33,202,434
Grants, Entitlements and Estate Taxes	1,798,481	1,847,342	2,541,876	4,244,813	5,221,684
Revenue in Lieu of Taxes	885,610	914,230	0	0	0
Investment Earnings	259,455	273,406	6,863	58,812	26,440
Miscellaneous Income	433,610	203,510	368,730	219,399	120,603
<i>Total Governmental Activities</i>	<u>45,915,862</u>	<u>41,938,171</u>	<u>40,937,674</u>	<u>39,972,588</u>	<u>44,974,006</u>
Change in Net Position					
Governmental Activities	<u>\$ (3,090,716)</u>	<u>\$ 3,068,077</u>	<u>\$ 5,149,694</u>	<u>\$ 2,132,068</u>	<u>\$ 9,364,443</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.

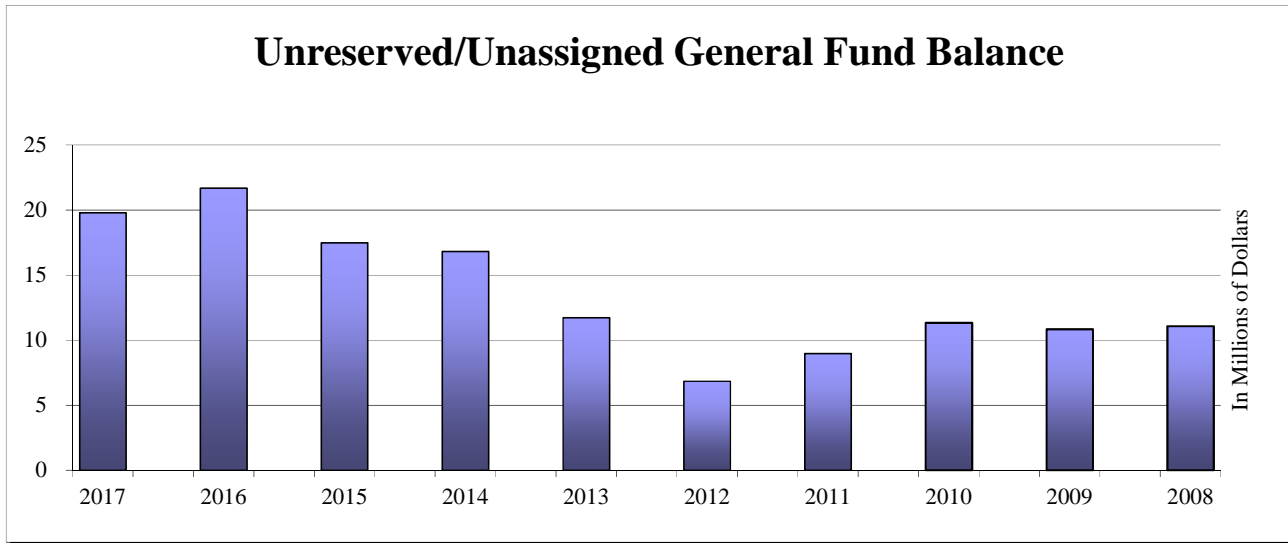
In 2017, certain expenses have been categorized as Transportation expense that were previously included in Street Maintenance and Repair.

Source: City Financial Records

	2012	2011	2010	2009	2008
\$	1,412,424	\$ 1,410,277	\$ 1,228,766	\$ 1,013,943	\$ 1,340,465
	77,494	70,806	88,852	70,133	80,210
	1,803,925	1,843,213	1,758,484	1,754,838	1,827,419
	733,415	2,199,232	2,412,588	2,504,195	2,117,015
	1,144,334	1,093,240	1,187,478	1,333,696	1,541,510
	1,804	1,480	2,322	8,231	8,238
	567,532	627,503	671,940	707,206	711,143
	2,399,937	3,047,272	2,916,571	2,708,388	2,613,369
	3,744,393	3,689,869	3,670,356	4,293,912	4,895,746
	35,562	43,876	103,824	4,780	0
	0	0	0	0	0
	161,430	207,980	331,218	44,215	35,976
	0	0	277,697	295,303	5,901
	0	0	0	0	0
	45,000	0	0	0	0
	26,794	45,202	15,294	13,000	40,987
	2,489	3,950	6,169	4,000	5,000
	0	0	0	0	0
	283,790	559,951	47,504	188,689	1,701,268
	0	0	0	298,216	1,467,333
	0	0	0	1,940	508,705
	0	0	0	0	0
	150,000	145,468	0	0	0
	<u>12,590,323</u>	<u>14,989,319</u>	<u>14,719,063</u>	<u>15,244,685</u>	<u>18,900,285</u>
	22,958,313	22,250,251	21,919,064	23,988,819	23,458,781
	579,141	572,027	590,758	692,906	448,703
	3,980,612	4,036,350	3,847,435	4,039,556	3,877,476
	5,947,226	5,377,610	6,381,587	7,441,799	6,989,574
	4,781,961	4,433,164	4,737,490	4,024,723	5,018,134
	0	0	0	0	0
	2,896,453	2,983,859	2,923,298	2,388,186	2,817,752
	2,496,087	2,502,961	2,913,412	2,971,552	3,905,495
	7,362,601	7,476,927	7,169,311	6,729,574	7,087,741
	713,001	902,508	1,012,429	928,950	1,001,492
	<u>51,715,395</u>	<u>50,535,657</u>	<u>51,494,784</u>	<u>53,206,065</u>	<u>54,605,148</u>
	<u>(39,125,072)</u>	<u>(35,546,338)</u>	<u>(36,775,721)</u>	<u>(37,961,380)</u>	<u>(35,704,863)</u>
	6,760,102	6,811,309	6,990,638	8,579,190	8,224,540
	23,274,622	21,442,300	19,777,714	19,523,078	20,819,652
	6,711,782	8,459,326	6,721,784	7,372,760	5,670,500
	0	0	0	0	0
	39,437	345,261	528,639	289,963	629,378
	220,238	185,553	485,557	451,678	232,203
	<u>37,006,181</u>	<u>37,243,749</u>	<u>34,504,332</u>	<u>36,216,669</u>	<u>35,576,273</u>
\$	<u>(2,118,891)</u>	<u>\$ 1,697,411</u>	<u>\$ (2,271,389)</u>	<u>\$ (1,744,711)</u>	<u>\$ (128,590)</u>

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

	2017	2016	2015	2014	2013
General Fund					
Nonspendable	\$ 149,075	\$ 174,420	\$ 162,467	\$ 145,338	\$ 79,771
Committed	147,403	173,541	61,746	86,712	197,711
Assigned	8,949,057	6,496,316	7,797,286	6,318,448	8,162,882
Unassigned	19,789,323	21,674,733	17,485,238	16,818,500	11,712,915
Reserved	0	0	0	0	0
Unreserved	0	0	0	0	0
Total General Fund	29,034,858	28,519,010	25,506,737	23,368,998	20,153,279
All Other Governmental Funds					
Restricted	8,168,850	4,254,420	4,784,536	3,881,400	4,236,402
Committed	14,957,973	13,094,542	12,427,440	14,584,343	14,331,748
Unassigned	(89,818)	(36,093)	(402,506)	(155,539)	(89,848)
Reserved	0	0	0	0	0
Unreserved, Undesignated, Reported in:					
Special Revenue funds	0	0	0	0	0
Debt Service funds	0	0	0	0	0
Capital Projects funds	0	0	0	0	0
Total All Other Governmental Funds	23,037,005	17,312,869	16,809,470	18,310,204	18,478,302
Total Governmental Funds	\$ 52,071,863	\$ 45,831,879	\$ 42,316,207	\$ 41,679,202	\$ 38,631,581

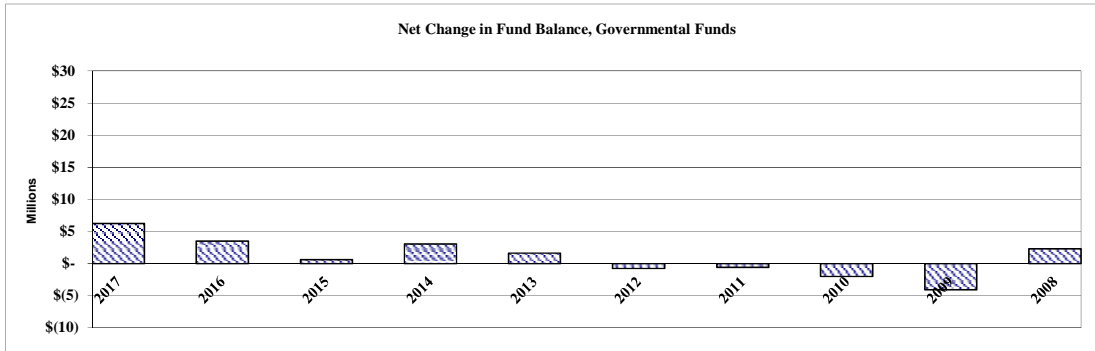


Note: The City implemented GASB Statement No. 54 in 2011, resulting in the reclassification of fund balances.

2012	2011	2010	2009	2008
\$ 195,565	\$ 150,924	\$ 0	\$ 0	\$ 0
292,726	443,724	0	0	0
12,451,743	9,150,763	0	0	0
6,836,659	8,957,461	0	0	0
0	0	635,380	672,271	658,094
0	0	11,325,272	10,832,936	11,068,444
19,776,693	18,702,872	11,960,652	11,505,207	11,726,538
3,783,070	3,623,543	0	0	0
13,791,986	15,805,315	0	0	0
(374,370)	(411,512)	0	0	0
0	0	5,385,836	5,917,500	8,286,921
0	0	7,617,822	8,165,918	5,830,175
0	0	1,657,429	1,043,472	793,110
0	0	11,679,020	13,653,858	17,703,298
17,200,686	19,017,346	26,340,107	28,780,748	32,613,504
\$ 36,977,379	\$ 37,720,218	\$ 38,300,759	\$ 40,285,955	\$ 44,340,042

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

	2017	2016	2015	2014	2013
Revenues					
Property taxes	\$ 6,610,146	\$ 6,657,936	\$ 6,318,907	\$ 6,435,800	\$ 6,350,984
Municipal Income Taxes	34,727,459	34,284,348	32,322,789	31,341,737	28,058,616
Other Local Taxes	49,673	73,283	47,244	65,231	78,817
Special Assessments	1,483,978	1,470,966	1,492,221	1,485,323	1,489,288
Charges for Services	5,071,968	7,131,974	6,850,563	6,648,614	6,659,388
Fees, Licenses and Permits	1,279,985	1,113,953	1,272,257	1,186,841	1,023,505
Fines and Forfeitures	2,639,889	888,108	570,441	813,715	1,018,393
Intergovernmental	6,377,564	7,399,711	10,022,274	8,319,959	10,295,949
Investment Earnings	299,282	293,713	2,500	63,187	40,290
Payment in Lieu of Taxes	885,610	914,230	0	0	0
Other Revenue	457,323	222,481	343,664	319,100	225,324
Total Revenues	59,882,877	60,450,703	59,242,860	56,679,507	55,240,554
Expenditures					
Current:					
Security of Persons and Property	21,473,178	23,856,995	22,357,798	23,536,042	23,148,941
Public Health and Welfare	370,229	414,282	414,237	421,555	401,993
Leisure Time Activities	4,054,952	3,717,057	3,764,184	3,574,222	3,853,301
Housing and Community Development	12,791,052	6,138,513	6,217,708	5,645,429	7,030,086
Sanitation and Sewer Services	5,073,507	5,349,697	4,799,429	4,805,347	4,631,355
Transportation	125,578	0	0	0	0
Street Maintenance and Repair	6,821,025	4,444,233	7,425,932	3,876,660	3,268,737
Public Works - Other	2,695,514	2,690,969	2,856,532	2,826,772	2,680,815
General Government	7,887,027	7,392,746	7,704,541	7,332,496	7,197,757
Debt Service:					
Principal Retirement	1,574,483	2,339,616	2,576,173	2,784,346	3,209,712
Interest and Fiscal Charges	964,584	649,977	628,358	636,275	641,869
Total Expenditures	63,831,129	56,994,085	58,744,892	55,439,144	56,064,566
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(3,948,252)</i>	<i>3,456,618</i>	<i>497,968</i>	<i>1,240,363</i>	<i>(824,012)</i>
Other Financing Sources (Uses)					
Transfers In	10,884,859	9,615,110	8,743,637	7,536,702	8,156,438
Transfers Out	(11,830,399)	(10,560,650)	(9,661,637)	(7,536,702)	(8,156,438)
Issuance of General Obligation Bonds	3,195,000	0	0	0	0
Issuance of Non-Tax Revenue Bonds	4,960,000	0	0	0	0
Issuance of Notes	2,000,000	0	1,025,000	1,230,000	1,955,000
Inception of Capital Leases	256,250	940,000	0	540,000	488,389
Proceeds from Sale of Capital Assets	146,087	18,767	29,759	29,534	34,825
Issuance of Refunding Bonds	0	3,501,300	0	0	0
Payment to Refunded Bond Escrow Agent	0	(3,455,473)	0	0	0
Premium on Sale of Bonds	562,359	0	0	0	0
Premium on Sale of Notes	14,080	0	2,278	7,724	0
Total Other Financing Sources (Uses)	10,188,236	59,054	139,037	1,807,258	2,478,214
Net Change in Fund Balances	\$ 6,239,984	\$ 3,515,672	\$ 637,005	\$ 3,047,621	\$ 1,654,202
Debt Service as a Percentage of Noncapital Expenditures	4.45%	5.82%	6.29%	6.51%	7.52%



	2012	2011	2010	2009	2008
\$	6,754,730	\$ 6,768,107	\$ 6,992,558	\$ 8,399,301	\$ 8,256,559
	22,230,968	21,185,654	19,562,027	20,144,932	20,840,303
	48,432	63,867	46,219	53,478	55,599
	1,476,080	1,559,342	1,805,098	1,830,121	1,767,705
	7,106,179	6,949,653	7,042,983	6,538,429	6,591,980
	684,178	639,272	674,820	577,437	764,096
	914,175	940,688	740,453	1,069,127	995,703
	11,348,788	13,177,336	11,158,151	12,338,984	14,936,366
	61,853	352,822	514,234	254,263	585,912
	0	0	0	0	0
	286,778	321,243	694,612	669,754	490,070
	<u>50,912,161</u>	<u>51,957,984</u>	<u>49,231,155</u>	<u>51,875,826</u>	<u>55,284,293</u>
	21,899,899	21,747,850	22,096,210	23,577,387	24,202,081
	559,412	596,372	584,712	572,755	529,080
	3,508,357	3,513,027	4,155,613	3,634,079	3,750,314
	6,106,375	5,935,701	6,748,290	7,555,641	8,985,556
	4,359,148	4,023,249	4,697,166	5,031,160	7,498,220
	0	0	0	0	0
	3,609,356	3,552,894	3,598,187	3,345,052	3,280,365
	2,557,354	2,515,800	2,428,497	2,692,495	2,611,414
	6,895,735	7,510,586	6,952,171	6,400,685	7,113,939
	3,582,069	3,983,104	1,993,420	9,239,281	2,407,571
	718,493	903,912	903,720	1,098,209	966,611
	<u>53,796,198</u>	<u>54,282,495</u>	<u>54,157,986</u>	<u>63,146,744</u>	<u>61,345,151</u>
	<u>(2,884,037)</u>	<u>(2,324,511)</u>	<u>(4,926,831)</u>	<u>(11,270,918)</u>	<u>(6,060,858)</u>
	4,671,495	5,149,498	4,249,037	9,351,044	3,993,546
	(4,671,495)	(5,775,498)	(4,249,037)	(10,151,044)	(4,293,546)
	0	0	0	0	0
	0	0	0	0	0
	15,370,000	2,250,000	2,902,697	7,775,852	8,660,000
	0	0	0	0	0
	51,569	119,970	38,938	64,482	0
	0	0	0	0	0
	(13,744,754)	0	0	0	0
	464,383	0	0	176,497	0
	0	0	0	0	0
	<u>2,141,198</u>	<u>1,743,970</u>	<u>2,941,635</u>	<u>7,216,831</u>	<u>8,360,000</u>
\$	<u>(742,839)</u>	<u>(580,541)</u>	<u>(1,985,196)</u>	<u>(4,054,087)</u>	<u>\$ 2,299,142</u>
	8.09%	9.60%	3.97%	17.77%	6.30%

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

*Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years*

Tax Year/ Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2017/2018	\$ 697,621,010	\$ 60,131,660	\$ 2,165,007,629	\$ 14,608,960	\$ 17,187,012
2016/2017	702,364,870	61,086,600	2,181,289,914	13,585,020	15,982,376
2015/2016	703,768,590	61,360,410	2,186,082,857	12,856,760	15,125,600
2014/2015	667,543,300	60,600,020	2,080,409,486	12,608,470	14,833,494
2013/2014	672,548,880	65,420,350	2,108,483,514	12,043,740	14,169,106
2012/2013	673,206,300	65,937,850	2,111,840,429	11,032,190	12,979,047
2011/2012	732,444,900	68,203,140	2,287,565,829	10,219,200	12,022,588
2010/2011	742,089,560	69,308,540	2,318,280,286	9,886,420	11,631,082
2009/2010	742,998,900	72,785,870	2,330,813,629	9,657,800	11,362,118
2008/2009	801,142,110	75,467,590	2,504,599,143	9,080,760	10,683,247

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

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

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

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

Source: Cuyahoga County Fiscal Officer

<u>Tangible Personal Property</u>						
<u>General Business</u>				<u>Total</u>		
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Total Direct Rate (1)</u>		<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>
\$ 0	\$ 0	9.90	\$	772,361,630	\$ 2,182,194,641	35.39%
0	0	9.90		777,036,490	2,197,272,290	35.36%
0	0	9.90		777,985,760	2,201,208,457	35.34%
0	0	9.90		740,751,790	2,095,242,980	35.35%
0	0	9.90		750,012,970	2,122,652,620	35.33%
0	0	9.90		750,176,340	2,124,819,476	35.31%
0	0	9.90		810,867,240	2,299,588,417	35.26%
0	0	9.90		821,284,520	2,329,911,368	35.25%
0	0	9.90		825,442,570	2,342,175,747	35.24%
3,788,537	30,308,296	9.90		889,478,997	2,545,590,686	34.94%

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

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

	2017	2016	2015	2014	2013
Unvoted Millage					
Operating	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
Fire Pension	0.30	0.30	0.30	0.30	0.30
Police Pension	0.30	0.30	0.30	0.30	0.30
<i>Total Unvoted Millage</i>	<u>\$ 4.40</u>	<u>\$ 4.40</u>	<u>\$ 4.40</u>	<u>\$ 4.40</u>	<u>\$ 4.40</u>
Charter Millage					
1976 Charter/Current Expense	2.50	2.50	2.50	2.50	2.50
1976 Charter/Current expense	3.00	3.00	3.00	3.00	3.00
<i>Total Charter Millage</i>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>
Total Millage	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>	<u><u>\$ 9.90</u></u>
Overlapping Rates by Taxing District					
Shaker Heights City School District Voted Millage	\$ 190.48	\$ 186.73	\$ 186.73	\$ 186.83	\$ 179.93
Effective Millage Rates					
Residential/Agricultural Real	99.06	94.72	94.56	99.07	91.73
Commercial/Industrial and Public Utility	132.23	127.93	127.86	126.99	117.12
Tangible/Public Utility Personal	190.48	186.73	186.73	186.83	179.93
Cuyahoga County Voted Millage	21.43	20.93	20.93	20.93	20.03
Effective Millage Rates					
Residential/Agricultural Real	21.20	20.65	20.64	20.90	20.00
Commercial/Industrial and Public Utility	21.35	20.86	20.92	20.90	19.80
Tangible/Public Utility Personal	21.43	20.93	20.93	20.93	20.03
Shaker Heights Public Library Voted Millage	4.00	4.00	4.00	4.00	4.00
Effective Millage Rates					
Residential/Agricultural Real	3.84	3.81	4.00	4.00	4.00
Commercial/Industrial and Public Utility	4.00	4.00	4.00	4.00	4.00
Tangible/Public Utility Personal	4.00	4.00	4.00	4.00	4.00

Source: Cuyahoga County Fiscal Office

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

Charter millage is consistently applied to all types of property.

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

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

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

2012	2011	2010	2009	2008
\$ 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

\$ 180.13	\$ 180.13	\$ 180.13	\$ 170.60	\$ 170.60
91.80	86.45	85.74	76.10	71.00
116.21	114.08	113.05	100.74	98.68
180.13	180.13	180.13	170.60	170.60
18.30	18.30	18.40	18.10	18.10
18.28	18.12	18.18	17.69	16.82
17.96	17.65	17.69	17.26	17.21
18.30	18.30	18.40	18.10	18.10
4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00

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

Year	Total Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2017	\$ 9,271,284	\$ 8,101,835	87.39%	\$ 283,655	\$ 8,385,490
2016	9,067,125	8,285,107	91.38%	257,796	8,542,903
2015	8,186,675	7,766,018	94.86%	289,463	8,055,481
2014	8,113,207	7,682,072	94.69%	301,800	7,983,872
2013	8,198,891	7,472,109	91.14%	277,981	7,750,090
2012	9,080,731	8,531,384	93.95%	329,361	8,860,745
2011	9,891,562	8,736,283	88.32%	340,098	9,076,381
2010	9,786,293	8,739,013	89.30%	453,454	9,192,467
2009	9,491,217	8,898,903	93.76%	373,629	9,272,532
2008	9,283,993	8,788,652	94.66%	361,039	9,149,691

Source: Cuyahoga County Fiscal Officer

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

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

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
90.45%	\$ 839,702	9.06%
94.22%	748,183	8.25%
98.40%	679,726	8.30%
98.41%	686,510	8.46%
94.53%	1,096,196	13.37%
97.58%	1,031,611	11.36%
91.76%	1,029,675	10.41%
93.93%	988,911	10.11%
97.70%	842,165	8.87%
98.55%	433,822	4.67%

City of Shaker Heights
Cuyahoga County, Ohio
Principal Taxpayers - Real Estate Tax
2017 and 2008

2017		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 9,881,670	1.28%
Shaker MLZ	4,106,080	0.53%
American Transmission System	2,620,850	0.34%
Oliver Family LTD	2,301,320	0.30%
East Ohio Gas Company	2,106,440	0.27%
E2G Properties LLC	1,914,130	0.25%
16500 Chagrin Blvd Holdings	1,332,080	0.17%
Shaker Plaza LTD	1,331,580	0.17%
Amsdell Storage Ventures XVIII LLC	1,323,110	0.17%
Kirt Montlack, LTD.	1,202,190	0.16%
Total	\$ 28,119,450	3.64%
Total Assessed Valuation	\$ 772,361,630	
2008		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
The Cleveland Electric Illuminating Company	\$ 6,620,800	0.75%
University Hospitals Health System	5,226,940	0.59%
Tower East Operating Assoc.	4,416,510	0.50%
Deborah Salzberg Tr.	2,959,460	0.33%
Oliver Family LTD	2,296,110	0.26%
Shaker Town Cenyre E&A	2,150,890	0.24%
Shaker Town Centre E&A LLC	1,735,030	0.20%
Shaker Plaza LTD	1,504,760	0.17%
East Ohio Gas Company	1,452,220	0.16%
Cleveland Skating Club	1,383,630	0.16%
Total	\$ 29,746,350	3.36%
Total Assessed Valuation	\$ 885,690,046	

Source: Cuyahoga County Fiscal Office

(1) Assessed valuation for tax year. Does not include tangible personal property assessed valuations in 2008.

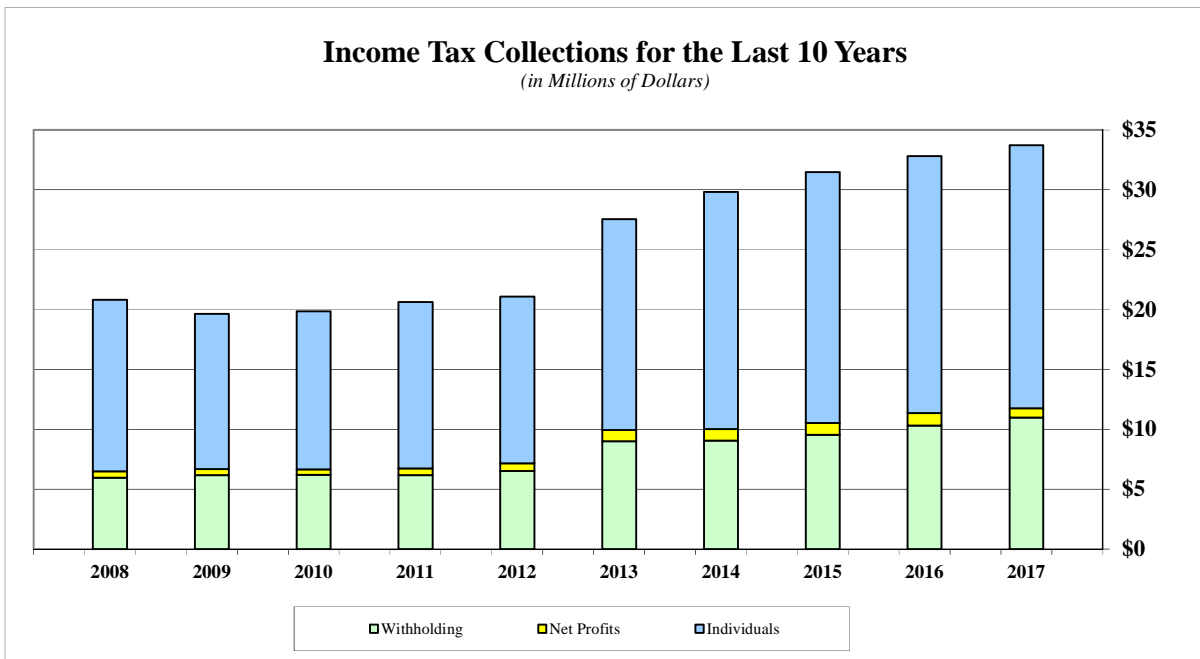
City of Shaker Heights
Cuyahoga County, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

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
2017	2.25%	\$ 34,237,225	\$ 11,001,664	32.13%	\$ 756,538	2.21%	\$ 21,987,696	64.22%
2016	2.25%	32,809,264	10,319,267	31.45%	1,048,112	3.19%	21,441,885	65.35%
2015	2.25%	31,486,020	9,546,540	30.32%	985,269	3.13%	20,954,211	66.55%
2014	2.25%	29,826,789	9,071,388	30.41%	937,163	3.14%	19,818,238	66.44%
2013	2.25%	27,542,351	8,997,092	32.67%	943,745	3.43%	17,601,514	63.91%
2012	2.25%	21,082,579	6,523,594	30.94%	640,527	3.04%	13,918,457	66.02%
2011	1.75%	20,634,059	6,191,093	30.00%	559,062	2.71%	13,883,904	67.29%
2010	1.75%	19,839,875	6,214,149	31.32%	440,143	2.22%	13,185,583	66.46%
2009	1.75%	19,632,577	6,158,182	31.37%	536,548	2.73%	12,937,847	65.90%
2008	1.75%	20,809,784	5,949,834	28.59%	541,495	2.60%	14,318,455	68.81%

Source: Regional Income Tax Agency

- (1) 2008 through 2017 collections presented on a cash basis
- (2) 1.75% effective April 1, 1981; 2.25% effective October 1, 2012
- (3) Does not include electrical utility municipal income tax collected by the State

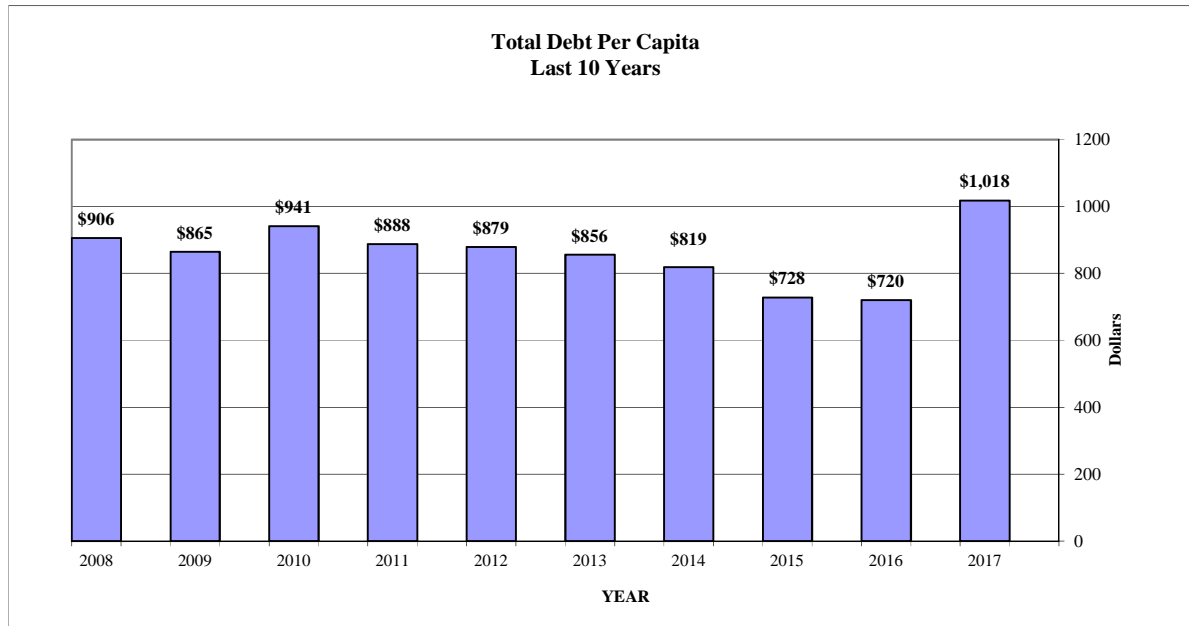
Note: The City is prohibited by statute from presenting information regarding individual taxpayers.



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

Year	Governmental Activities						Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Urban Renewal Temporary Bonds	Bond Anticipation Notes	OPWC Loans	Non-Tax Revenue Bonds	Capital Leases Payable			
2017	\$ 17,732,900	\$ 0	\$ 2,000,000	\$ 3,004,745	\$ 4,960,000	\$ 1,273,119	\$ 28,970,764	1.94%	\$ 1,018
2016	15,749,588	0	0	3,326,439	0	1,406,258	20,482,285	1.45%	720
2015	16,394,866	0	0	3,648,133	0	659,179	20,702,178	1.47%	728
2014	17,206,108	0	1,230,000	3,990,015	0	883,470	23,309,593	1.65%	819
2013	18,007,350	0	1,570,000	4,352,085	0	425,746	24,355,181	1.81%	856
2012	18,378,592	0	1,910,000	4,714,154	0	0	25,002,746	1.86%	879
2011	17,945,451	0	2,250,000	5,076,223	0	0	25,271,674	1.80%	888
2010	18,518,474	0	2,625,000	5,619,327	0	0	26,762,801	1.90%	941
2009	18,895,000	0	865,000	5,675,050	0	0	25,435,050	1.75%	865
2008	14,585,000	6,845,000	1,315,000	3,903,479	0	0	26,648,479	1.83%	906

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



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	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2017	28,448	a	\$ 772,361,630	\$ 19,732,900	\$ 843,399	\$ 18,889,501	2.45%	\$ 664
2016	28,448	a	777,036,490	15,749,588	718,095	15,031,493	1.93%	528
2015	28,448	a	777,985,760	16,394,866	1,294,726	15,100,140	1.94%	531
2014	28,448	a	740,751,790	18,436,108	1,170,127	17,265,981	2.33%	607
2013	28,448	a	750,012,970	19,577,350	699,569	18,877,781	2.52%	664
2012	28,448	a	750,176,340	20,288,592	1,049,459	19,239,133	2.56%	676
2011	28,448	a	810,867,240	20,195,451	561,689	19,633,762	2.42%	690
2010	28,448	a	821,284,520	21,143,474	1,838,464	19,305,010	2.35%	679
2009	29,405	b	825,442,570	19,760,000	1,237,432	18,522,568	2.24%	630
2008	29,405	b	889,478,997	22,745,000	915,681	21,829,319	2.45%	742

Sources:

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

(a) 2010 Federal Census

(b) 2000 Federal Census

(2) Source: Cuyahoga County Fiscal Office

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

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

*Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2017*

Jurisdiction	Governmental Activities Debt Outstanding (3)	Percentage Applicable to City (1)	Amount Applicable to City
Direct			
City of Shaker Heights			
General Obligation Bonds	\$18,155,916	100.00%	\$18,155,916
OPWC Loans	3,004,745	100.00%	3,004,745
Capital leases payable	1,273,119	100.00%	1,273,119
Notes Payable	2,000,000	100.00%	2,000,000
CCCPA Non-Tax Revenue Bonds	<u>5,396,294</u>	100.00%	<u>5,396,294</u>
<i>Total Direct Debt</i>	<u>29,830,074</u>		<u>29,830,074</u>
Overlapping			
Shaker Heights City School District			
General Obligation Bonds	23,849,310	95.11%	22,683,079
Cuyahoga County			
General Obligation Bonds	207,485,000	2.77%	5,748,329
Regional			
Transit Authority	<u>1,995,000</u>	2.77%	<u>55,271</u>
<i>Total Overlapping Debt</i>	<u>233,329,310</u>		<u>28,486,679</u>
Total	<u><u>\$263,159,384</u></u>		<u><u>\$58,316,753</u></u>

Source: Cuyahoga County Fiscal Office

- (1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.
- (2) The City has entered into an agreement with the Cleveland-Cuyahoga County Port Authority (CCCPA) Port Authority (CCCPA) and is liable for the debt incurred.
- (3) Includes Bond Premium

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

	2017	2016	2015	2014	2013
Total Assessed Property Value	\$ 772,361,630	\$ 777,036,490	\$ 777,985,760	\$ 740,751,790	\$ 750,012,970
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	\$ 81,097,971	\$ 81,588,831	\$ 81,688,505	\$ 77,778,938	\$ 78,751,362
Debt Outstanding:					
General Obligation Bonds	17,732,900	15,749,588	16,394,866	17,206,108	18,007,350
Bond Anticipation Notes	2,000,000	0	1,025,000	1,230,000	1,570,000
OPWC Loans	3,004,746	3,326,439	3,648,133	3,990,015	4,352,085
Non-Tax Revenue Bonds	4,960,000	0	0	0	0
Total Gross Indebtedness	27,697,646	19,076,027	21,067,999	22,426,123	23,929,435
Less:					
OPWC Loans	(3,004,745)	(3,326,439)	(3,648,133)	(3,990,015)	(4,352,085)
TIF Urban Renewal Bonds	(175,000)	(345,000)	(3,705,000)	(3,865,000)	(4,020,000)
Permanent Urban Renewal Bonds	0	0	0	0	0
Urban Renewal Refunding Bonds	(14,062,900)	(15,079,588)	(11,845,000)	(12,445,000)	(13,040,000)
Non-Tax Revenue Bonds	(4,960,000)	0	0	0	0
Amount Available in Debt Service (1)	(843,399)	(325,000)	(1,294,726)	(1,620,559)	(699,569)
Total Net Debt Applicable to Debt Limit	4,651,602	-	575,140	505,549	1,817,781
Legal Debt Margin Within 10 ½ % Limitations	\$ 76,446,369	\$ 81,588,831	\$ 81,113,365	\$ 77,273,389	\$ 76,933,581
Legal Debt Margin as a Percentage of the Debt Limit	94.26%	100.00%	99.30%	99.35%	97.69%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$ 42,479,890	\$ 42,737,007	\$ 42,789,217	\$ 40,741,348	\$ 41,250,713
Total Gross Indebtedness	27,697,646	19,076,027	21,067,999	22,426,123	23,929,435
Less:					
OPWC Loans	(3,004,745)	(3,326,439)	(3,648,133)	(3,990,015)	(4,352,085)
TIF Urban Renewal Bonds	(175,000)	(345,000)	(3,705,000)	(3,865,000)	(4,020,000)
Permanent Urban Renewal Bonds	0	0	0	0	0
Urban Renewal Refunding Bonds	(14,062,900)	(15,079,588)	(11,845,000)	(12,445,000)	(13,040,000)
Non-Tax Revenue Bonds	(4,960,000)	0	0	0	0
Amount Available in Debt Service (1)	(843,399)	(325,000)	(1,294,726)	(1,620,559)	(699,569)
Net Debt Within 5 ½ % Limitations	4,651,602	0	575,140	505,549	1,817,781
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$ 37,828,288	\$ 42,737,007	\$ 42,214,077	\$ 40,235,799	\$ 39,432,932
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	89.05%	100.00%	98.66%	98.76%	95.59%

Source: City Financial Records and Cuyahoga County Fiscal Office

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

2012	2011	2010	2009	2008
<u>\$ 750,176,340</u>	<u>\$ 810,867,240</u>	<u>\$ 821,284,520</u>	<u>\$ 825,442,570</u>	<u>\$ 889,478,997</u>
<u>\$ 78,768,516</u>	<u>\$ 85,141,060</u>	<u>\$ 86,234,875</u>	<u>\$ 86,671,470</u>	<u>\$ 93,395,295</u>
17,785,000	17,785,000	18,350,000	18,895,000	14,585,000
1,910,000	2,250,000	2,625,000	865,000	8,160,000
4,714,154	5,076,224	5,372,489	5,675,050	3,903,479
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
24,409,154	25,111,224	26,347,489	25,435,050	26,648,479
(4,714,154)	(5,076,224)	(5,372,489)	(5,675,050)	(3,903,479)
(4,170,000)	(4,460,000)	(4,460,000)	(4,600,000)	(6,845,000)
(450,000)	(13,470,000)	(13,890,000)	(14,295,000)	(14,585,000)
(13,165,000)	0	0	0	0
0	0	0	0	0
<u>(788,674)</u>	<u>(561,689)</u>	<u>(1,838,464)</u>	<u>(209,581)</u>	<u>(178,239)</u>
<u>1,121,326</u>	<u>1,543,311</u>	<u>786,536</u>	<u>655,419</u>	<u>1,136,761</u>
<u>\$ 77,647,190</u>	<u>\$ 83,597,749</u>	<u>\$ 85,448,339</u>	<u>\$ 86,016,051</u>	<u>\$ 92,258,534</u>
98.58%	98.19%	99.09%	99.24%	98.78%
<u>\$ 41,259,699</u>	<u>\$ 44,597,698</u>	<u>\$ 45,170,649</u>	<u>\$ 45,399,341</u>	<u>\$ 48,921,345</u>
24,409,154	25,111,224	26,347,489	25,435,050	26,648,479
(4,714,154)	(5,076,224)	(5,372,489)	(5,675,050)	(3,903,479)
(4,170,000)	(4,460,000)	(4,460,000)	(4,600,000)	(6,845,000)
(450,000)	(13,470,000)	(13,890,000)	(14,295,000)	(14,585,000)
(13,165,000)	0	0	0	0
0	0	0	0	0
<u>(788,674)</u>	<u>(561,689)</u>	<u>(1,838,464)</u>	<u>(209,581)</u>	<u>(178,239)</u>
<u>1,121,326</u>	<u>1,543,311</u>	<u>786,536</u>	<u>655,419</u>	<u>1,136,761</u>
<u>\$ 40,138,373</u>	<u>\$ 43,054,387</u>	<u>\$ 44,384,113</u>	<u>\$ 44,743,922</u>	<u>\$ 47,784,584</u>
97.28%	96.54%	98.26%	98.56%	97.68%

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City of Shaker Heights
Cuyahoga County, Ohio
Principal Employers
2017 & 2008

2017

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,482	29.0%
University Hospital Health System	Health Care System	1,410	27.5%
City of Shaker Heights	Government Entity	574	11.2%
Hathaway Brown School	Private School	459	9.0%
Laurel School	Private School	331	6.5%
University School (Shaker Heights Campus)	Private School	224	4.4%
Center for Dialysis Care	Medical Facility	201	3.9%
Group Management Services	Consulting	179	3.5%
Heinens	Grocery	159	3.1%
The Equity Engineering Group	Engineering	99	1.9%
Total		5,118	100%
Total Employment within the City of Shaker Heights, Ohio		n/a	

2008

Employer	Nature of Business or Activity	Employees	Percentage of Total
Shaker Heights City School District	Government Entity	1,127	27.4%
University Hospital Health System	Health Care System	1,013	24.6%
City of Shaker Heights	Government Entity	683	16.6%
Hathaway Brown School	Private School	413	10.0%
Center for Dialysis Care	Medical Facility	334	8.1%
University School (Shaker Heights Campus)	Private School	221	5.4%
Laurel School	Private School	183	4.5%
Life Banc	Medical Facility	87	2.1%
The Equity Engineering Group	Engineering Support	53	1.3%
Total		4,114	100%
Total Employment within the City of Shaker Heights, Ohio		n/a	

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

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Family Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)
2017	28,448	\$ 1,491,841,568	\$ 52,441	\$ 107,938	41.0	64.90%
2016	28,448	1,412,443,200	49,650	105,063	40.9	64.60%
2015	28,448	1,412,443,200	49,650	105,063	40.9	64.60%
2014	28,448	1,412,443,200	49,650	105,063	40.9	64.60%
2013	28,448	1,390,196,864	48,868	105,063	40.9	64.60%
2012	28,448	1,345,675,744	47,303	105,063	40.9	64.60%
2011	28,448	1,402,287,264	49,293	105,063	40.9	64.60%
2010	28,448	1,347,297,280	47,360	85,983	40.9	64.60%
2009	29,405	1,405,088,520	47,784	85,983	39.6	61.70%
2008	29,405	1,456,517,865	49,533	85,893	39.6	61.70%

(1) Source: U. S. Census

(a) Years 2010-2017, 2010 Census and yearly American Community Survey estimates

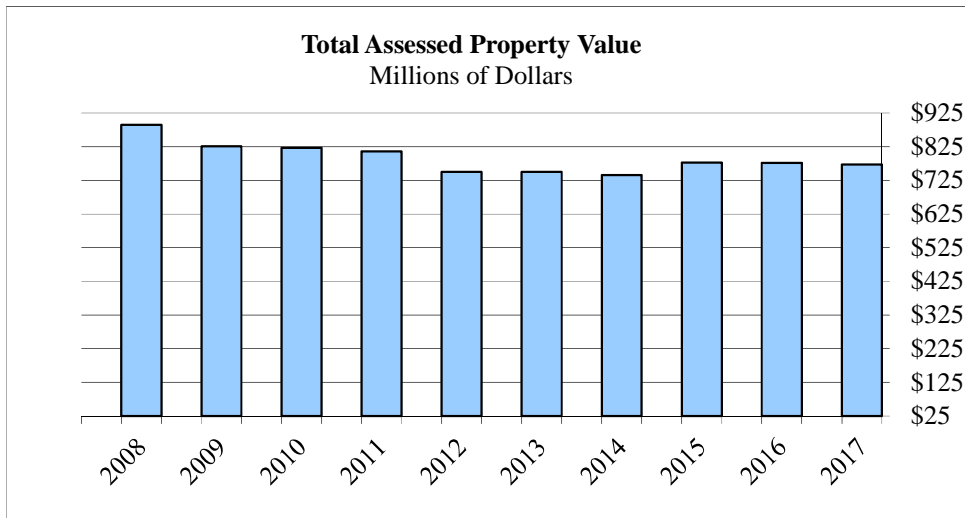
(b) Years 2008-2009, 2000 Census and yearly American Community Survey estimates

(2) Source: Shaker Heights School District Comprehensive Annual Report For the Fiscal Year Ended June 30, 2017.

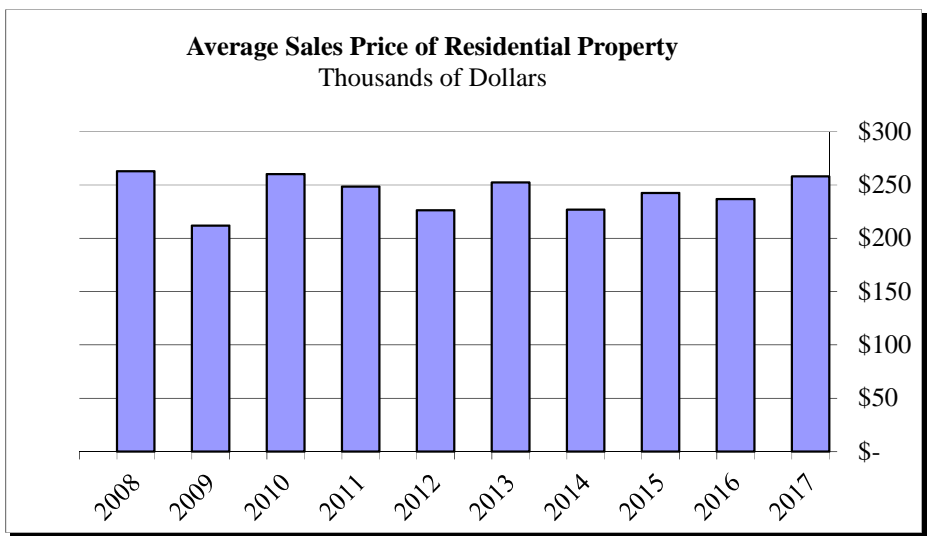
(3) Source: Ohio Department of Job & Family Services Bureau of Labor Market Information (<http://ohiolmi.com>)
 Website: <http://ohiolmi.com/laus/CLFE/AnnualAverages/2017Ranking.pdf>

(4) Source: Cuyahoga County Fiscal Officer,

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



School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
5,111	5.90%	\$ 257,930	\$ 772,361,630
5,260	5.40%	236,845	777,036,490
5,377	5.20%	242,498	777,985,760
5,343	6.40%	226,733	740,751,790
5,423	7.50%	252,267	750,012,970
5,446	7.30%	226,285	750,176,340
5,490	8.00%	248,486	810,867,240
5,484	9.00%	260,227	821,284,520
5,469	9.00%	211,955	825,442,570
5,482	7.00%	262,941	889,478,997



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

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

Source: Finance Department

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

(1) Includes Chief of Police and Command Staff Personnel

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

2012	2011	2010	2009	2008
3.5	3.5	3.5	3.5	3.5
7.5	7.5	7.5	7.5	9.5
2.0	2.0	2.0	2.0	2.0
5.0	4.5	4.5	4.5	6.5
2.0	2.0	2.0	2.0	2.0
10.0	10.0	11.0	11.0	13.0
45.0	44.5	44.5	44.0	43.0
6.0	4.5	4.5	4.5	5.5
3.0	4.0	2.0	2.0	3.0
58.0	64.0	64.0	65.0	71.0
8.5	10.5	11.0	11.5	11.0
15.5	15.0	17.5	16.5	15.0
3.0	3.0	3.0	3.0	4.5
8.5	7.0	11.5	11.0	14.5
10.0	9.5	12.0	12.0	11.0
48.0	54.0	58.0	58.0	67.0
3.5	2.5	2.5	2.5	4.0
1.0	1.0	1.5	1.0	0.0
10.5	12.0	14.0	19.5	10.0
55.5	60.5	62.0	59.5	63.0
11.0	10.0	10.0	9.0	13.0
4.0	4.0	5.0	5.0	5.0
9.0	10.0	10.0	10.0	9.0
10.0	9.0	9.0	9.5	11.5
19.0	20.0	22.0	22.5	28.0
11.0	10.0	8.0	11.0	12.0
20.0	20.0	23.0	23.0	26.0
4.0	8.0	7.0	8.0	7.5
21.0	20.0	22.0	20.0	22.0
<u>415.0</u>	<u>432.5</u>	<u>454.5</u>	<u>458.5</u>	<u>493.0</u>

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

Function/Program	2017	2016	2015	2014	2013
General Government					
<i>Council and Clerk</i>					
Number of Ordinances Passed	125	151	109	98	113
Number of Resolutions Passed	8	8	9	11	14
Number of Planning Commission docket items	9	25	13	9	14
Zoning Board of Appeals docket items	22	27	23	13	21
<i>Finance Department</i>					
Number of checks/vouchers issued	7,663	7,587	7,672	7,471	7,481
Amount of checks written	\$ 40,693,588	\$ 34,391,018	\$ 35,763,950	\$ 31,523,347	\$ 34,097,409
Interest earnings for fiscal year (cash basis)	\$ 387,687	\$ 240,290	\$ 41,518	\$ 44,942	\$ 83,981
Number of Receipts issued	7,318	7,938	7,772	8,013	8,635
Number of Journal Entries issued	954	899	865	870	882
Agency Ratings - S&P Global Ratings	AA+	AA+	AA+	AA+	AA+
General Fund Receipts (cash basis)	\$ 50,704,557	\$ 47,132,537	\$ 45,087,632	\$ 44,371,402	\$ 43,718,468
General Fund Expenditures (cash basis)	\$ 47,855,168	\$ 46,926,777	\$ 43,666,249	\$ 41,789,230	\$ 41,277,825
General Fund Cash Balances	\$ 17,364,346	\$ 14,515,941	\$ 14,307,708	\$ 12,923,930	\$ 10,358,358
<i>Municipal Court</i>					
Number of Civil Cases	1,938	1,775	1,684	1,539	1,355
Number of Criminal cases	10,508	10,270	10,571	9,134	10,232
<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	1	1	1	1
Number of fire entry tests administered	1	0	0	1	0
Number of police promotional tests administered	0	0	0	2	0
Number of fire promotional tests administered	0	0	2	0	0
Number of hires of Police Officers from certified lists	9	7	5	0	5
Number of hires of Fire/Medics from certified lists	0	0	4	5	0
Number of promotions from police certified lists	0	3	4	0	0
Number of promotions from fire certified lists	0	0	4	0	1

	2012	2011	2010	2009	2008
	124	126	142	135	115
	12	8	12	13	16
	12	7	20	15	8
	30	23	23	21	21
	7,418	6,946	7,113	7,281	7,293
\$	29,620,172	\$ 30,690,164	\$ 28,808,562	\$ 29,286,008	\$ 32,229,682
\$	248,687	\$ 339,749	\$ 343,297	\$ 261,123	\$ 918,229
	8,842	7,799	9,323	10,662	11,995
	839	781	984	1,230	1,102
	AA+	AA+	Aa1	Aa1	Aa1
\$	37,291,189	\$ 39,401,358	\$ 39,746,140	\$ 42,276,620	\$ 38,875,699
\$	39,360,880	\$ 38,651,093	\$ 39,191,995	\$ 43,085,953	\$ 39,073,922
\$	7,909,343	\$ 8,336,820	\$ 8,406,133	\$ 7,809,636	\$ 8,293,218
	1,697	1,669	1,850	2,005	2,443
	10,611	10,948	11,493	11,802	10,477
	81	71	63	71	99
	0	0	0	0	0
	81	71	63	71	99
	430	461	375	470	448
	0	0	1	3	1
	430	461	374	467	447
	280	259	237	185	262
	0	0	1	0	1
	0	0	0	0	1
	0	1	0	0	0
	0	0	1	0	0
	0	4	0	0	3
	0	0	0	0	1
	2	0	0	0	1
	3	4	0	0	1

(continued)

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

Function/Program	2017	2016	2015	2014	2013
Security of Persons & Property					
<i>Police</i>					
Total Calls for Services	37,462	40,613	41,303	36,081	30,810
Number of traffic citations issued	9,518	9,503	9,975	8,987	10,232
Number of parking citations issued	2,616	4,018	3,469	2,795	2,366
Number of criminal arrests	945	1,260	912	1,968	1,015
Part 1 Offenses (major offenses)	386	544	613	616	779
DUI Arrests	112	105	105	97	142
Prisoners	740	834	754	757	797
Motor Vehicle Accidents	721	627	653	842	730
Property damage accidents	651	513	536	43	635
Fatalities from Motor Vehicle Accidents	1	0	1	0	0
Community Diversion Program Youths	21	58	20	28	36
Community Diversion Program - community service hours	80	64	37	152	186
<i>Fire</i>					
Total Fire Department Incidents	4,049	4,054	3,973	4,255	3,928
EMS Incidents (NFIRS 300's)	2,787	2,538	2,481	2,471	2,462
Fire Incidents (NFIRS 100's)	86	95	80	63	51
Other Incidents (NFIRS 200's, 400's - 900's)	1,226	1,421	1,412	1,721	1,415
Fires with Loss	5	13	9	18	9
Fires with Losses exceeding \$10K	4	8	8	6	5
Fire Losses \$	\$ 155,500	\$ 548,500	\$ 746,000	\$ 1,367,081	\$ 343,000
Fire Safety Inspections	1,999	2,083	2,175	2,585	2,557
Number of times Mutual Aid given for Fire and EMS	176	162	94	82	73
Number of times Mutual Aid received for Fire and EMS	107	164	98	93	49
Ambulance Billing Collections (net)	\$ 620,881	\$ 580,280	\$ 625,847	\$ 669,688	\$ 577,190
Leisure Time Activities					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$ 182,691	\$ 204,868	\$ 199,023	\$ 165,588	\$ 190,497
Recreation Mens & Womens Leagues receipts	0	0	0	0	0
Recreation Children's Leagues receipts	18,804	28,166	18,557	20,787	49,804
Senior Van Fees	0	0	0	0	0
Facilities rentals	141,931	138,549	169,271	153,560	106,543
Total Recreation Department receipts	<u>\$ 343,426</u>	<u>\$ 371,583</u>	<u>\$ 386,851</u>	<u>\$ 339,935</u>	<u>\$ 346,844</u>

2012	2011	2010	2009	2008
30,367	29,981	31,099	32,255	29,333
9,879	10,622	10,820	10,804	8,964
1,597	2,541	2,601	3,438	3,969
1,070	827	1,268	1,687	1,168
701	697	655	596	704
94	172	286	433	254
932	875	1,141	1,340	1,269
787	952	834	739	898
601	643	725	641	(813)
0	0			0
75	28	36	59	99
529	80	111	187	165
3,896	3,788	3,488	3,433	2,448
2,317	2,396	2,212	2,166	N/A
65	68	66	73	1,284
1,514	1,324	1,210	1,194	N/A
15	18	23	38	7
8	8	10	8	7
\$ 1,448,600	\$ 636,600	\$ 923,159	\$ 244,235	\$ 737,800
2,359	2,263	2,195	2,560	1,847
82	81	52	45	52
63	82	84	58	52
\$ 576,153	\$ 566,130	\$ 522,429	\$ 574,525	529,381
\$ 211,874	\$ 215,024	\$ 209,410	\$ 223,917	\$ 229,347
175	350	450	2,800	2,800
23,337	32,839	33,780	22,879	26,827
0	0	0	795	1,376
131,852	136,970	129,849	145,394	152,688
<u>\$ 367,238</u>	<u>\$ 385,183</u>	<u>\$ 373,489</u>	<u>\$ 395,785</u>	<u>\$ 413,038</u>

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

Function/Program	2017	2016	2015	2014	2013
General Government					
Square Footage of City Hall	40,000	40,000	40,000	40,000	40,000
Administrative Vehicles	1	1	1	1	1
Inspection Vehicles	12	12	12	12	12
Police					
Stations	1	1	1	1	1
Square Footage of Building	29,425	29,425	29,425	29,425	29,425
Vehicles	40	40	40	40	40
Fire					
Stations	2	2	2	2	2
Square Footage of Building #1	21,000	21,000	21,000	21,000	21,000
Square Footage of Building #2	15,000	15,000	15,000	15,000	15,000
Vehicles	16	16	16	16	16
Recreation					
Number of Parks	4	4	4	4	4
Number of Pools	1	1	1	1	1
Number of Ice Rinks	1	1	1	1	1
Number of Tennis Courts	10	10	10	10	10
Number of Skateboarding Areas	1	1	1	1	1
Number of Baseball Diamonds	5	5	5	5	5
Number of Playgrounds	5	5	5	5	5
Number of Soccer Fields	3	3	3	3	3
Vehicles	6	6	6	6	6

2012	2011	2010	2009	2008
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	48	48	48	48
2	2	2	2	2
21,000	21,000	21,000	21,000	21,000
15,000	15,000	15,000	15,000	15,000
16	17	17	17	17
4	4	4	4	4
1	1	1	1	1
1	1	1	1	1
10	10	10	10	10
1	1	1	1	1
5	5	5	5	5
5	5	5	5	5
3	3	3	3	3
6	6	6	6	6

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City of Shaker Heights
Cuyahoga County, Ohio

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

For the Year Ended
December 31, 2017

City of Shaker Heights
Cuyahoga County, Ohio
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December 31, 2017

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June 27, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kea & Associates, Inc.

Medina, Ohio

June 27, 2018

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, 2017. 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, 2017.

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 27, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rea & Associates, Inc.

Medina, Ohio

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

*Schedule of Expenditures of Federal Awards
For The Fiscal Year Ended December 31, 2017*

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
<i>Direct:</i>				
Fair Housing Assistance Program	14.401	N/A	\$ 12,772	\$0
<i>Passed Through Cuyahoga County Department of Development:</i>				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants	14.218	N/A	31,224	0
Total CDBG - Entitlement Grants Cluster			<u>31,224</u>	<u>0</u>
Total U.S. Department of Housing and Urban Development			<u>43,996</u>	<u>0</u>
U.S. Department of Justice				
<i>Direct:</i>				
Bulletproof Vest Program	16.607	N/A	10,940	0
Total U.S. Department of Justice			<u>10,940</u>	<u>0</u>
U.S. Department of Transportation				
<i>Passed Through the Ohio Department of Transportation:</i>				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	PID #85371	1,712,997	0
Total Highway Planning and Construction Cluster			<u>1,712,997</u>	<u>0</u>
Total U.S. Department of Transportation			<u>1,712,997</u>	<u>0</u>
U.S. Department of Health and Human Services				
<i>Passed Through the Cuyahoga County Board of Health:</i>				
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	N/A	17,980	0
Total U.S. Department of Health and Human Services			<u>17,980</u>	<u>0</u>
Executive Office of the President - Office of National Drug Control Policy				
<i>Direct:</i>				
High Intensity Drug Trafficking Areas (2015)	95.001	G15OH0001A	50,897	0
High Intensity Drug Trafficking Areas (2016)	95.001	G16OH0001A	1,741,390	0
Total High Intensity Drug Trafficking Areas			<u>1,792,287</u>	<u>0</u>
Total Executive Office of the President - Office of National Drug Control Policy			<u>1,792,287</u>	<u>0</u>
Total Expenditures of Federal Awards			<u>\$ 3,578,200</u>	<u>\$0</u>

**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, 2017*

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, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C- MATCHING REQUIREMENTS

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

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

*Schedule of Findings and Questioned Costs
2 CFR Section 200.515
December 31, 2017*

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): High Intensity Drug Trafficking Areas	CFDA #95.001
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None Noted.

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

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Dave Yost • Auditor of State

CITY OF SHAKER HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 11, 2018**