



OHIO AUDITOR OF STATE
KEITH FABER



SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2018

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**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

| <u>FEDERAL GRANTOR/ Pass Through Grantor Program Title</u> | Grant Year | Pass Through Entity Identifying Number | Federal CFDA Number | Expenditures | Non-Cash Expenditures |
|--|---------------|--|---------------------------|---------------------|--------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | |
| Child Nutrition Cluster: | | | | | |
| Non-Cash Assistance (Food Distribution): | | | | | |
| National School Lunch Program | 2018 | N/A | 10.555 | \$ - | \$ 107,423 |
| Cash Assistance: | | | | | |
| School Breakfast Program | 2018 | N/A | 10.553 | 192,503 | - |
| National School Lunch Program | 2018 | N/A | 10.555 | 611,833 | - |
| Total Cash Assistance | | | | 804,336 | - |
| Total Child Nutrition Cluster | | | | 804,336 | 107,423 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | 804,336 | 107,423 |
| U.S. DEPARTMENT OF EDUCATION | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | |
| Title I, Part A: | | | | | |
| Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) | 2017 | N/A | 84.010 | 164,305 | - |
| Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) | 2018 | N/A | 84.010 | 575,114 | - |
| Total Title I, Part A | | | | 739,419 | - |
| Special Education Cluster (IDEA): | | | | | |
| Special Education - Grants to States (IDEA, Part B) | 2017 | N/A | 84.027 | 100,625 | - |
| Special Education - Grants to States (IDEA, Part B) | 2018 | N/A | 84.027 | 1,161,864 | - |
| Total Special Education - Grants to States (IDEA, Part B) | | | | 1,262,489 | - |
| Special Education - Preschool Grants (IDEA Preschool) | | | | | |
| Special Education - Preschool Grants (IDEA Preschool) | 2017 | N/A | 84.173 | 2,826 | - |
| Special Education - Preschool Grants (IDEA Preschool) | 2018 | N/A | 84.173 | 17,990 | - |
| Total Special Education - Preschool Grants (IDEA Preschool) | | | | 20,816 | - |
| Total Special Education Cluster (IDEA) | | | | 1,283,305 | - |
| Title III, English Language Acquisition Grant | | | | | |
| Title III, English Language Acquisition Grant | 2017 | N/A | 84.365 | 17,696 | - |
| Title III, English Language Acquisition Grant | 2018 | N/A | 84.365 | 11,374 | - |
| Total Title III, English Language Acquisition Grant | | | | 29,070 | - |
| Supporting Effective Instruction State Grants | | | | | |
| Supporting Effective Instruction State Grants | 2017 | N/A | 84.367 | 2,448 | - |
| Supporting Effective Instruction State Grants | 2018 | N/A | 84.367 | 140,094 | - |
| Total Supporting Effective Instruction State Grants | | | | 142,542 | - |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | 2,194,336 | - |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | | \$ 2,998,672 | \$ 107,423 |

The accompanying notes are an integral part of this schedule.

**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Shaker Heights City School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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 District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



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

Shaker Heights City School District
Cuyahoga County
15600 Parkland Drive
Shaker Heights, Ohio 44120

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shaker Heights City School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2019, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

January 31, 2019



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

Shaker Heights City School District
Cuyahoga County
15600 Parkland Drive
Shaker Heights, Ohio 44120

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Shaker Heights City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Shaker Heights City School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying 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 opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Shaker Heights City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. 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 also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Shaker Heights City School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated January 31, 2019. Our report also explained that the District adopted *Governmental Accounting Standard* No. 75 during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Keith Faber
Auditor of State

Columbus, Ohio

January 31, 2019

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**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unmodified |
| <i>(d)(1)(ii)</i> | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material weaknesses in internal control reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Program's 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 Program: | CFDA #84.027, 84.173 – Special Education Cluster |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee under 2 CFR § 200.520? | Yes |

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Shaker Heights City School District Shaker Heights, Ohio

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

SHAKER HEIGHTS CITY SCHOOL DISTRICT
SHAKER HEIGHTS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Issued By:
Treasurer's Office
Bryan C. Christman
Treasurer



The Mission of the Schools

The District will nurture, educate, and graduate students who are civic-minded and prepared to make ethical decisions; who are confident, competent communicators, skillful in problem solving, capable of creative thinking; who have a career motivation and a knowledge of our global and multicultural society.

Shaker

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INTRODUCTORY SECTION



SHAKER HEIGHTS CITY SCHOOL DISTRICT

BOARD OF EDUCATION
15600 Parkland Drive
Shaker Heights, Ohio 44120
(216) 295-1400

Stephen M. Wilkins, Ed. D.
Interim Superintendent of Schools

Bryan C. Christman
Treasurer

January 31, 2019

Members of the Board of Education and
Residents of the Shaker Heights City School District

Dear Board Members and Residents:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Shaker Heights City School District for the fiscal year ended June 30, 2018. This CAFR enables the School District to comply with the Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires school districts reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of the fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Ohio law requires independent audits to be performed on all financial operations of the School District either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State rendered an opinion on the School District's financial statements as of June 30, 2018, and the Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The Shaker Heights City School District

The Shaker schools were founded in 1912 as an independent school district. Theodore Roosevelt split the Republican Party, the Country elected Woodrow Wilson president, there was trouble below the Rio Grande with Pancho Villa, the *Titanic* sank, Ohio was adopting a new constitution - and Shaker Heights opened its first public school.

The "school" was in the Van Sweringen real estate office at Lee Road and Shaker Boulevard, and four teachers and 26 students constituted its population. The first school board looked ahead, planned well, worked hard and got off on the right foot. It had to, for along with the rapid construction of new homes came a tremendous growth in the school population. Today, there are nearly 5,000 students in the Shaker schools.

MEMBERS OF THE BOARD:
WILLIAM L. CLAWSON II

LISA CREMER

AYESHA BELL HARDAWAY

JEFFREY ISAACS

HEATHER WEINGART

The little real estate office was gradually supplanted by twelve modern buildings over a 50-year period. The buildings were constructed in the following order:

- 1914 - Boulevard School**, at Drexmore and Southington Roads. *A new wing was added to this facility in 1990.*
- 1918 - Woodbury Elementary**, on South Woodland at Woodbury Road. *Originally used as the Senior High School until 1931, then renamed Woodbury Junior High. In 1985 it was converted to an upper elementary school that serves students in grades five and six.*
- 1922 - Malvern School**, at Malvern and Falmouth Roads. *Sold to the City of Shaker Heights, it now houses a private school.*
- 1922 - Sussex School**, on Sussex at Norwood Road. *Sold to the City of Shaker Heights, it serves as a center for several preschools and the Shaker Family Center, a non-profit organization serving families with young children. The School District's Pre-K program for children with disabilities was relocated there in the fall of 1999, but then relocated to Onaway School in the fall of 2006.*
- 1923 - Onaway School**, at Onaway and Woodbury Roads. *A new classroom wing was added to this facility in 1990.*
- 1924 - Moreland School**, at Van Aken Boulevard (then known as Moreland Boulevard and Lee Road). *Sold to the City of Shaker Heights and serves as the community's main library.*
- 1927 - Fernway School**, at Fernway and Ardmore Roads.
- 1927 - Ludlow School**, at Southington and Ludlow Roads. *Now houses the Positive Education Program (PEP) operated by Cuyahoga County.*
- 1928 - Lomond School**, on Lomond Boulevard at Strandhill and Palmerston Roads.
- 1931 - Shaker Heights High School**, on Aldersyde Drive at Onaway Road. *A new handicapped accessible front entrance and gym/music wing was added in 1999. A two-story cafeteria addition was added in 2008.*
- 1952 - Mercer School**, on Wimbledon Road off of Green Road and Shaker Boulevard.
- 1957 - Shaker Heights Middle School**, on Shaker Boulevard and Warrensville Center Road, *formerly known as Byron Junior High.*
- 1962 - Administration Building**, on Parkland at Ashford Road.

When the Shaker schools were opened, they were organized on the 8-4 plan, with an eight-year elementary school and a four-year senior high school. As the school population grew and new buildings were constructed, the School District shifted to a 6-3-3 plan, with six-year elementary schools, a three-year junior high and a three-year high school. This plan was followed from 1931 until 1985, when Byron Junior High became Shaker Heights Middle School, housing all seventh and eighth graders. Two years later, the elementary organization changed again to its current configuration to reflect shifts in student enrollment. Four K-6 schools were closed, and five of the remaining buildings were converted to K-4 schools, while Woodbury became an upper elementary school serving fifth and sixth graders. The High School houses all ninth through twelfth graders.

Dr. C. A. Bowers, an early President of the Shaker Heights Board of Education, wrote the following about Shaker's proud history of educational excellence:

Conceived in a vision that was unique and, in a way, that has few parallels in American public school education, the system of Shaker Heights Schools has upheld the high purposes of the founders of the village. The early Board members caught this spirit; succeeding boards have changed it but little. The loyal support given by our superintendents, principals, teachers, and the business and maintenance staffs has created a true Shaker spirit.

That "Shaker spirit" is still very much alive today as the Shaker Heights Schools continue to demonstrate the educational excellence which has been the hallmark of their distinguished history.

The Shaker Heights City School District is one of 609 school districts in the State of Ohio and one of 31 school districts in Cuyahoga County. The School District is the 61st largest in student enrollment in Ohio, with an enrollment of 4,955 full time equivalent students for the 2017-2018 academic year, and projected enrollment for fiscal year 2019 of 4,800 students. The School District offers general education, special education, and vocational education academic programs. The School District covers approximately 7.5 square miles, including all of the City of Shaker Heights and a portion of the City of Cleveland in the Shaker Square area, and is located approximately ten miles southeast of downtown Cleveland.

Organizational Structure

Statutorily, the School District operates under the standard prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide educational services prescribed by State and Federal agencies. The Board of Education is made up of five members elected at large, for overlapping four-year terms. The Board of Education elects its President and Vice President annually, and appoints two officials: the Superintendent, who serves as the Chief Executive Officer, and the Treasurer, who serves as the Chief Financial Officer.

The Board of Education is required to adopt an annual tax budget and an annual appropriation resolution that serves as the basis for control over and authorization for all expenditures of School District tax money.

The Reporting Entity

The School District has reviewed its reporting entity definition in order to insure conformance with the GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*. In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the School District (the primary government) and its potential component units. Excluded from the reporting entity because they are fiscally independent of the School District, are the City of Shaker Heights, the City of Cleveland, the Parent-Teacher Organization and the parochial and private schools.

The School District is associated with three organizations, the Ohio Schools' Council Association (OSC), Connect (formerly known as the North Coast Council (NCC), and the Shaker Heights Public Library. Connect and OSC are jointly-governed organizations whose relationships to the School District are described in Note 21 to the accompanying financial statements. The Shaker Heights Public Library is a related organization and is described in Note 20 to the accompanying financial statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the accompanying financial statements.

Economic Condition and Outlook

The School District serves 27,440 residents in the City of Shaker Heights, and 4,142 for the City of Cleveland. The community is primarily residential in nature with a diverse base of residents working largely in professional capacities. The School District is a mature, fully developed inner ring suburb whose economic strength is largely dependent upon the strength of the Northeast Ohio economy. According to the Ohio Department of Taxation, the average federal adjusted gross income per return for residents of the School District filing returns for calendar year 2016 was \$124,422, compared to the averages of \$77,989 for all Ohio school districts and \$64,303 for all districts in Cuyahoga County.

Because Shaker Heights is home to many management employees, the stability of Cleveland's major employers -- including several Fortune 500 companies -- is important to the continued vitality of this School District. While downtown Cleveland is only twenty minutes by car, the rapid transit, a light rail public transit system, provides even more accessibility to downtown Cleveland's business community and attractions. The Greater Cleveland Regional Transit System has extended the original rapid transit rail line to serve 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 2016 NBA Champion Cleveland Cavaliers), Progressive Field (home of the 2016 MLB American League Champion Cleveland Indians) and First Energy Stadium (home of the NFL Cleveland Browns).

Further enhancing Shaker Heights' proximity and easy access to downtown Cleveland are other recent economic development projects in downtown Cleveland, including the JACK (formerly known as the HorseShoe) Casino, which as the first casino in Ohio opened in May 2012; the Global Center for Health Innovation (previously referred to as the Medical Mart), and the Cleveland Convention Center, both of which celebrated their grand openings in June 2013. In all, 29 projects with more than \$3.5 billion in investment have opened or are scheduled to open in the city center from 2016 to 2018 including the addition of 1,500 hotel rooms; the conversion of 1 million square feet of commercial space into about 3,300 residential units; and the addition of 350,000 square feet of office space. Some of the projects include:

- Renovation of Public Square—a \$50 million, 15 month renovation of the 10-acre public green space located in center city Cleveland completed in 2016. The renovation follows a trend in major American cities to link park construction with economic redevelopment goals, with the expectation of helping unleash a strong surge in residential and commercial construction in center city Cleveland.
- Construction of a new \$275 million 600-room, 32-story Hilton Cleveland Downtown Hotel located next to the Cleveland Convention Center, which is the first major hotel built in the city since 1991, and the largest, opened in 2016.
- Conversion of historic office buildings into the \$40 million, 180-room Drury Hotel and the \$50 million, 122-room Kimpton Schofield Hotel both of which opened in 2016.
- Flats East Bank \$395 million development project, the first phase which opened in 2014, included a 150-room Aloft Hotel; a 480,000-square-foot, 18-story office tower opened for the accounting firm founded in Cleveland, Ernst & Young; restaurants; and a fitness center. The second phase, opened in 2015, is anchored by a rental apartment building with about 240 units, and ground-floor restaurants and businesses.
- Renovation/conversion of the 21-story Standard Building on Ontario Street, which opened in 1925, into 250 residences;
- \$22 million renovation of the 98-year-old, nearly million-square-foot Renaissance Cleveland Hotel, with close to 500 rooms.
- Located next door to the Renaissance hotel is Terminal Tower, the 52-story office building that has been a signature of Cleveland's skyline since it opened in 1930, now being converted into 300 apartments.
- A few blocks away is the Metropolitan at the 9, a \$275 million mixed-use project that converted an empty 45-year-old office building into a 155-room Marriott Metropolitan Hotel, 150 rental apartments, and retail space and restaurants; and
- Located around the corner from the Metropolitan, Heinen's Fine Foods in 2015 opened a 33,000-square-foot grocery store, the first such supermarket in downtown Cleveland.

2016 events that shone an international spotlight on Cleveland included the long-awaited National Basketball Association Championship won by the Cleveland Cavaliers, led by LeBron James, who grew up in nearby Akron; the Major League Baseball American League Championship won by the Cleveland Indians; and the Republican National Convention held in downtown Cleveland in July.

Cleveland is emerging as one of the country's principal centers of biomedical innovation and development, centered on the Cleveland Clinic and Case Western Reserve University. The city counts 25,000 jobs and 700 companies — 400 more than a decade ago — that are involved in health and medical research, biomedical device design, information technology and other related activities.

After decades of decline, Cleveland's population is nearly 386,000 (2017) but is expected to rise as a result of the new developments completed or underway. The increase in apartment construction corresponds with a spurt in residents living in center city Cleveland, who now number 15,000, up from 6,000 in 2002. City demographers project that the number of downtown residents could climb to 20,000 by 2020.

Only five miles southeast of Shaker Heights, the Chagrin Highlands development next to Interstate 271, including the relocation from downtown Cleveland of the Fortune 500 Eaton Corporation's operational headquarters and University Hospital's Ahuja Medical Center, has only served to enhance Shaker Heights as an ideal residential location.

Another contributor to the School District's economic strength is its proximity to the University Circle area of Cleveland. University Circle is the leading focus of employment growth in the area and home to major cultural, educational and medical facilities including Severance Hall, home of the world-renowned Cleveland Orchestra, the expanded Cleveland Museum of Art, Case Western Reserve University, and University Hospitals of Cleveland and the Cleveland Clinic, world-renowned medical research, teaching and treatment facilities and the two largest employers in Cuyahoga County. Significant numbers of Shaker Heights residents work in the medical, cultural, and educational institutions in nearby University Circle.

The Shaker Square shopping district, which lies in the Cleveland portion of the School District, was purchased and redeveloped in 2001 and 2002. The School District, in accordance with a tri-party agreement between the developer and the City of Cleveland, receives 25% of the increased property taxes resulting from the redevelopment for the 25-year abatement period. Thereafter, the School District will receive 100% of the increased property taxes. Additionally, the School District will receive 50% of the increased income taxes collected by the City of Cleveland during the 25-year abatement period for the redevelopment area. Developers announced in the spring of 2018 a significant capital investment including a proposed mix of office, retail, restaurant, and residential for the section of the Square that faces Van Aken Boulevard where the existing structure is largely vacant. As part of a comprehensive analysis of addressing the Square's serious signs of aging (2019 will be its 90th anniversary), a nine-month planning process began in the fall of 2018 to plan for the next 100 years.

The area of the School District is a substantially fully-developed residential community among the "inner ring" suburbs surrounding the City of Cleveland. The City of Shaker Heights, however, is aggressively pursuing new development, both commercial and residential. Through a process based on a collaborative effort of public and private community leaders, the City developed a Strategic Investment Plan that serves to advise the City on how to best leverage its limited assets to encourage appropriate private investment, and to ensure that Shaker Heights remains one of the premier communities in the country.

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 which has resulted in numerous projects including:

- Construction of a new \$5 million City Fire Station in the Shaker Towne Centre area;
- Redevelopment of commercial properties in the Shaker Towne Centre complex including \$3 million of facade and other improvements;
- \$13 million of public improvements completed in early 2008 at the Shaker Towne Centre including the reconfiguration and narrowing of Chagrin Boulevard; the addition of angled, on-street parking on Chagrin Boulevard; the construction of Center Street - a new road through Shaker Towne Centre which connects Chagrin Boulevard with Van Aken Boulevard; utility work to upgrade sewers, electric and telephone lines; public art and streetscape work on Chagrin Boulevard; and streetscape work on Lee Road between Chagrin Boulevard and City Hall.
- Building of 16 cluster townhouses known as Sussex Courts - Phase I on the north side of Chagrin Boulevard at Farnsleigh Road;
- Building of 30 cluster townhouses known as Sussex Courts - Phase II on the south side of Chagrin Boulevard at Farnsleigh Road;
- Development of 16 new residential condominiums entitled South Park Row on vacant land in the Warwick Road area;
- Construction of a new stand-alone retail bank branch building at Shaker Towne Centre;
- Shaker Common Shops (\$3.0 million) involved the purchase and major renovation of 35,000 square feet of historic retail buildings opposite Shaker Towne Center; and
- Razing of certain residential properties adjacent to the Shaker Towne Centre and the construction of a new residential project entitled Avalon Station. Phase 1 (begun in November 2005 and completed in 2007) of the project (\$12 million) includes 51 loft condominiums and a 90-car parking garage with a landscaped roof. When complete the project will consist of three 4-story buildings with approximately 160 loft condominiums and 17 townhomes as well as ground floor retail space in two buildings. Although the development of Phase II was delayed due to the recession, in 2014 a request for proposals for Avalon Station Phase II resulted in the selection of a developer to build market rate for sale townhomes in the Shaker Towne Centre area.

The City's significant project currently underway is the Van Aken District. This major project spans approximately 20 acres and sits at the beginning of the Van Aken light rail connecting Shaker Heights to Terminal Tower in Downtown Cleveland. The Van Aken district redevelopment will create a gathering place for residents with unique retail shops and restaurants, high quality rental apartments, and second and third floor office space. The first phase of the Van Aken district, parts of which opened for business in summer 2018, will include 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 with initial occupancy occurring in the summer of 2018.

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.

As a precursor to the Van Aken District redevelopment project, construction was completed in 2015 on the \$18 million reconfiguration of the Warrensville/VanAken/Chagrin intersection where four major highways intersected at various angles. This project, adopted in April 2008, set the stage for a 50-acre transit-oriented mixed use district and has improved safety at the intersection for motorists and pedestrians. The City contributed \$2.3 million of the \$18 million project total. Other partners include the State of Ohio, Cuyahoga County, the Greater Cleveland Regional Transit Authority, and the Northeast Ohio Areawide Coordinating Agency. Grants totaling \$1 million were received for additional streetscape improvements in the area.

An integral part of the financing of the Van Aken redevelopment project included the granting of two tri-party Tax Increment Financing (TIF) agreements which were granted in 2016. The terms of the 30-year agreements call for a substantial portion of the taxes generated from the increased property value of the projects to be dedicated to repay certain aspects of the project financings. The School District will receive 76% (approximating its normal percentage) of the property taxes attributable to the increased value from the Shaker Plaza TIF, and 18% of the property taxes attributable to the increase value from the Van Aken Plaza TIF.

Other city development projects completed include:

- Reconstructing Lee Road, a major north-south thoroughfare, from border to border, including replacing five sewer lines.
- Replacing a mechanical traffic signalization system with a computer-coordinated system.
- Developing in conjunction with the Greater Cleveland Regional Transit Authority the transit oriented development plan (\$3.0 million) for the rapid transit station at Van Aken and Lee, completed in 2016.
- The City is also working to establish the Moreland Innovation Zone in the one-quarter-mile radius around the Chagrin-Lee intersection where residents and businesses leverage the opportunities created by high-speed fiber. This project would build off the City's earlier Entrepreneurial Housing Project, where the City redeveloped two vacant foreclosed properties as nine units of affordable rental housing for entrepreneurs.
- The City received grant funds (\$688,000) to complete the Lake to Lakes multipurpose trail to connect the Shaker Lakes to Lake Erie, with our partners the cities of Cleveland and Cleveland Heights. The final leg of the trail through Shaker Heights and Cleveland Heights was completed in 2016.
- Construction along the Lee/Lomond intersection streetscape improvements, also funded with \$150,000 in grant dollars was completed in 2015.

The City in 2010 engaged a private firm to analyze and prepare strategic recommendations to be incorporated into a new Economic Development Strategy for the City, the purpose of which was to find ways to expand the City's tax base, property and income, and expand development efforts that would accomplish that goal. In November 2010, the City adopted an Economic Development Plan that incorporated a framework of action that is designed to produce positive financial results while being judicious in the use of limited City resources. It proposes a variety of action items and policy interventions that are designed to enhance the City's level of office-oriented and business activities. The plan envisions both a strategic and tactical response that includes:

- Financial incentives to commercial property owners;
- Financial incentives to businesses seeking to expand or locate in Shaker Heights;
- Investments in upgrading programs and operations that address Shaker businesses and commercial properties; and
- Aggressive marketing, branding, and business recruitment efforts.

This strategy has identified key segments of the Cleveland metropolitan business community that can and will be targeted in this effort, as well as key commercial districts in Shaker Heights that will be targeted for investment and reinvestment. When Shaker Heights becomes successful in growing these segments – ambulatory health care and social services, design, government and legal services, and information services – it will strengthen its fiscal base and set the stage for long-term economic health.

The recommendations of the plan significantly increase the City's ability to diversify its tax base and generate the level of density required to support the types of amenities – restaurants and retail – that the community desires.

An update to the Economic Development Plan was presented to City Council on April 11, 2011, at which time City Council approved two financial incentive programs to spur economic development in Shaker Heights:

- Forgivable Loan Program – Targeted to established, growing businesses that are ready to move into office space in Shaker Heights, this program offers a forgivable loan to make tenant improvements and purchase equipment based on the amount of income/payroll taxes the City will collect over a three to five year period.
- Shaker SEEDs Microfinance Revolving Loan Program – The goal of the program is strengthen the City's commercial districts and offer residents and businesses the amenities they demand by making available financing tools for new retail and restaurant creation and existing business expansions.

In accordance with the Economic Development Plan, the City invested \$500,000 in a City-owned building that was formerly a car dealership to house the Shaker LaunchHouse (SLH), a public-private partnership that fostered entrepreneurial success and job creation through seed capital, education and innovation, and connects new entrepreneurs with proven business leaders in a grassroots, for-profit model. After the SLH vacated the premises at the end of their lease, the non-profit Shaker Heights Development Corporation (SHDC) assumed that space for use as its offices and as "The Dealership", which offers co-working space for entrepreneurs and businesses as well as programming presented by the Economic Community Development Institute (ECDI). The SHDC is investing in buildings on Lee Road, having partnered with some local investors to purchase a former plant nursery which will house a local doggie day care facility. When the City receives commercial property it partners with the Cuyahoga County Land Bank to demolish the vacant building with Cuyahoga County grant dollars, then deeds the land to SHDC to redevelop, enabling additional revitalization of this commercial corridor.

In addition to commercial property development, the City is also pursuing residential development. In keeping with its aggressive pursuit of maintaining and enhancing the City's housing stock, in late 2006 the City enacted legislation creating five new "housing only" Community Reinvestment Areas (CRA's) with the particular objective to encourage new residential construction and significant rehabilitation. Conditions continue to improve following the impact of the 2008-2009 recession and mortgage crisis and subsequent anemic recovery.

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

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

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

The School District and City were able to weather the financial storm resulting from the economic downturn and are now well positioned to once again prosper and thrive. Despite the recession-resulting loss of \$165 million or 17.2% of the School District's property tax base from its 2007 high of \$957 million, the property tax base has begun to recover (\$812 million in 2018) and will be primed to grow at an enhanced rate as a result of the commercial redevelopment undertaken by the City of Shaker Heights. These local initiatives, combined with Cleveland's economic development, provide for a stable and desirable economic condition and outlook for our School District. This favorable economic outlook combined with the unwavering community support for the School District has resulted in repeated tax levy success over the last 15 years including a capital improvement bond issue in 2004 and operating levies in 2000, 2003, 2006, 2010 and most recently a 6.9 mill levy in May 2014, all but one (58% in 2010) of which passed with a 60% or higher margin.

In May 2017, voters in the School District passed with a 67.8% margin a combined issue including 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 estimated average annual levy for debt charges on the bond issue will be at a rate of 2.50 mills, and commenced in tax collection year 2018.

These are the cornerstones upon which the School District's future financial outlook depends. With these resounding reinforcements from the community, the economic outlook for the School District remains favorable.

Long-Term Financial Planning

The Board of Education has adopted (as revised) three specific policies that guide both the short- and long-term financial planning as well as the annual appropriation process.

Policy DA, titled *FISCAL MANAGEMENT GOALS*, reads as follows:

The quantity and quality of learning programs are related to the funding provided and the effective, efficient management of those funds. It follows that the School District's purposes can best be achieved through prudent fiscal management.

Due to resource limitations, there is sometimes a temptation to operate so that fiscal concerns overshadow the educational program. Recognizing this, it is essential that the Board take specific action to make certain that education remains central and that fiscal management contributes to the educational program. This concept is incorporated into Board operations and into all aspects of School District management and operation.

As trustees of the community's investment in facilities, materials and operational funds, the Board has a fiduciary responsibility to ensure that the investment is protected and used wisely. Competent personnel and efficient procedures are essential for sound management of fiscal affairs. The Board expects that the Superintendent and the Treasurer keep it informed through both oral and written reports –on the fiscal management of the School District.

With the cooperation of the Treasurer and assistance from other designated personnel, the Superintendent is expected to develop an efficient and effective procedure for fiscal accounting, purchasing and the protection of plant, grounds, materials and equipment through prudent and economical operation, maintenance and insurance.

The Board seeks to achieve the following goals to:

- 1. engage in thorough advance planning, with staff and community involvement, in order to develop budgets and to guide expenditures to achieve the greatest educational returns for the dollars expended;*
- 2. establish levels of funding that provide high quality education for the School District's students;*
- 3. use the best available techniques for budget development and management;*
- 4. provide timely and appropriate information to all staff with fiscal management responsibilities; and*
- 5. establish effective procedures for accounting, reporting, business, purchasing and delivery, payroll, payment of vendors and contractors and all other areas of fiscal management.*

Policy DBD, titled *BUDGET PLANNING (Five-Year Forecast)*, reads as follows:

Budget planning is an integral part of program planning so that the annual operating budget may effectively express and implement all programs and activities of the School District. Budget planning is a year-round process involving broad participation by administrators, teachers and other personnel throughout the School District.

The Superintendent and the Treasurer, in consultation with the Board are responsible for preparing the five-year forecast for the Board's approval. The forecast is for the current fiscal year and four years beyond.

The five-year forecast is prepared twice a year and filed with the Ohio Department of Education. The initial filing is due on or before October 31 and an update by May 31. The five-year forecast is updated as often as necessary in order to communicate significant changes in the School District's financial position.

Policy DB, titled *ANNUAL BUDGET AND APPROPRIATIONS MEASURES/BUDGET MODIFICATION AUTHORITY*, reads as follows:

BUDGET

The purpose of the annual tax budget is to identify adequate financial resources for the education program and to provide a basis for accountability in fiscal management. The School District budget is also the legal basis for the establishment of tax rates.

The annual tax budget is regulated and controlled by State law and requirements of the county budget commission. The Board may establish additional budget requirements for funds at its disposal.

The Treasurer, the Superintendent and their staffs are responsible for the preparation of the annual budget and presentation of the budget to the Board for adoption.

APPROPRIATIONS

As permitted by law, at the start of the fiscal year, the Board may pass a temporary appropriations measure to provide for meeting the ordinary expenses of the School District until such time as the Board approves the annual appropriations resolution for the year, which is not later than October 1. If by October 1 the county budget commission has not certified all amended certificates of estimated resources to the Board of Education (or submitted a certification that no amended certificates are necessary), the Board can delay action on the annual appropriation measure until such time as the certificates are received.

The Treasurer files both the temporary and final appropriations measures at the proper times with the office of the County Fiscal Officer.

The Superintendent/designee notifies each school administrator and/or department head of the allocations approved for expenditure.

BUDGET MODIFICATION

Appropriations approved by the Board at the fund level may receive a line item increase as long as there is a corresponding decrease. Any increase in the amount of the appropriation measure or transfers of funds permitted by law from major fund to major fund require Board approval and may require approval from the Court of Common Pleas.

TRANSFERS AMONG CATEGORIES

It is the responsibility of the Superintendent and the Treasurer to examine the appropriations categories and make the necessary recommendations to the Board.

The Board of Education has assigned responsibility for annual and long-term financial planning to the Superintendent and Treasurer. The policies require that the first objective of financial management planning is to provide for the education of the School District's children. We are expected to use the best available techniques for budget development and management, as well as to engage in strategic, long-term financial planning which attempts to forecast the need for future educational and capital expenditures.

In April 1995, the Board of Education revised its policies to incorporate the use of expense-growth limitations for future years' spending as a part of long-term financial planning. The annual expense-growth rate was developed using an assumed rate of inflation as measured by the Consumer Price Index and an assumed rate of change in student enrollment measured by the official October Average Daily Membership. These spending caps were renewed in 2000, and the School District has successfully operated under modified spending limits since then.

Currently, the Board of Education's long-term financial plan is guided by the Board-mandated edicts of restricting the School District's operating levy cycle to no more often than once every four years, at a rate below seven mills.

2017-18 Major Initiatives

Academic Achievement

With the support of faculty, parents, and local residents, our students continued to excel in academics, the arts, athletics, and community service. The Class of 2017 included 33 National Merit Semifinalists and Commended students. This again places Shaker in the top ranks of Ohio schools using this nationally accepted "gold standard" of scholastic achievement. Each year since the inception of the National Merit program in 1956, Shaker has far outpaced the national average in the production of these scholars. The district's four-year graduation rate rose to 92 percent in 2016 and 94 percent in 2017, from 82 percent in 2012. Nearly 43 percent of eleventh graders enrolled in at least one AP or IB course, a significant increase over the previous year. Nearly 83 percent of tested eleventh graders in 2015-16

earned a score of 3 or higher on at least one AP exam, or a score of 4 or higher on at least one IB exam. Based on PSAT results, more than 79 percent of tested tenth graders were on track to be college and career ready, up significantly from the previous year. In 2017, three-quarters of High School freshman scored proficient or higher on the state English exam, an increase in 13 percentage points from the previous year. In 2016-17, nearly 93 percent scored proficient or higher on the state geometry exam, an increase over the previous year. Since 2011-2012, the number of students taking at least one IB course has nearly doubled. Shaker Heights students continue to outperform the state and national averages on SAT and ACT scores by significant margins. Shaker Heights students continue to be sought after by colleges. Members of the Class of 2017 were accepted into more than 896 colleges and universities, including Ivy League institutions and other elite colleges. Collectively, they earned \$5.4 million in scholarships. More than 60% of graduating seniors plan to attend a 4-year college, and approximately 12% plan to attend a 2-year college. Three graduating seniors earned prestigious Ohio State Eminence Scholarships for academics, service and leadership.

Technology

Our computer network serves students, teachers, and staff in a wide variety of applications for instruction and business. Our server infrastructure has been consolidated utilizing server virtualization software. Our network also supports a variety of enterprise systems such as our phone system, transportation tracking, time cards, security systems, and other business products. Upgrades to the district's Wi-Fi network are planned for the 2018-2019 school year.

Shaker, during the 2018-2019 school year, continued to build capacity with staff and students in the use of G Suite for Education (formerly Google Apps for Education). Faculty and staff have been provided with myriad of professional learning opportunities around the use of the software tools provided by G Suite. Specifically, the district embarked on a teacher device program which has provided licensed teachers with an opportunity to learn about the G Suite apps, be provided with a district-issued Chromebook in exchange for agreeing to successfully complete the Google Level One Certified Teacher examination. In addition to teacher Chromebook purchases, Shaker also increased its overall count of Chromebooks district-wide through a refresh of older, underperforming portable devices.

Various tools for teachers (AIMSweb+, MAP-Measure of Academic Progress) provide data to inform instructional efforts. We provide a variety of online database resources including journals, encyclopedias, and other learning resources to support our curricula. All buildings also have access to Discovery Streaming and BrainPop, online video databases which allow teachers to choose short video clips to illustrate concepts as they teach.

Business and Operations

Transportation Services

During the 2017-2018 school year, the Transportation Department safely transported approximately 2,361 students to and from school; traveling over 1,500 miles daily. We also safely transported over 1,900 academic and athletic field trips; traveling over 69,000 miles over the school year. The department continued its transportation efficiency efforts by using group and/or corner stops and utilizing substitute bus drivers to drive field trips instead of using contracted school bus services.

The Transportation Maintenance team, consisting of three, (3), full time mechanics continued to provide preventative maintenance and emergency services to over 50 school buses and 30 other district vehicles at a high rate of operational efficiency. We maintained our record of a 100% passage rate for the annual and spot inspections with the State of Ohio Highway Patrol.

The Transportation Department continued its fleet rotation plan with the cost-effective purchase of three, (3), new school buses under the Ohio Schools Council (OSC) school bus procurement program. The department reviewed various bus software programs looking for a solution that provides a wide variety of services including fleet management, routing, field trip service, and GPS location services that would enable families to receive information regarding bus stop location(s), estimated arrival times and any other necessary bus communication. The Transportation Department expects to acquire and utilize this new software in the 18-19 school year.

Human Resources (HR)

The HR Department continued to provide excellent personnel support for the certified, classified and administrative staff. In December 2017, HR held its third-annual, Job Fair for classified staff at Shaker Heights Library, collaborating with the Family and Community Engagement Office, Transportation, Security and our vendor for teacher-substitutes, Rachel Wixey, Inc. The HR department monitors workplace retention efforts by collecting data of the workplace transition experience of our new hires over the initial year.

HR partnered with our vendor for the employee assistance program (EAP), Ease@work, Inc, a confidential, voluntary program provided at no cost to Shaker employees. EAP services include social-emotional counseling, wellness guidance, legal/financial advice, and dependent care information. Human Resources also promotes the use of a Health Advocate to help employees resolve claim issues, research medical treatments, and find the right doctor for expert healthcare services.

The HR department continued its Shaker Wellness Campaign with flu shots, back massages, online weight watchers, a Biggest Loser weight competition, and classes in salsa, zumba fusion cooking and yoga classes for personal wellness. HR also continues to coordinate professional learning and development for classified staff including paraprofessionals, bus drivers, security, administrative assistants, and custodians.

Food Services

The 2017-2018 financial school year ended with our highest ever positive cash flow solely due to an increase in reimbursable food stuffs and A-La-Carte food sales. A challenge for the food services budget is the impact of a new meal policy to curtail “food shaming” in the cafeteria line. This new policy requires all students to receive a hot type-A meal regardless of free and reduced status or meal account balance. Unlike past practice to provide a minimum meal only, this policy allows students to incur charges with a negative balance. The result is an increase in meal charge debt for some families. The Food Services Department is coordinating with the Treasurer’s Office for the collection of meal debts. In regards to modernizing kitchen equipment, the district allocated funds to purchase new kitchen equipment at High School, Middle School, and Woodbury to help improve our food-production times and upgrade some of our cooking/cooling methods. In July 2018, the District renewed a one-year, contract agreement with our food services vendor, AVI Fresh, Inc. for the operation and management of the School District’s food service program.

Buildings and Grounds Maintenance and Warehouse Operations

During the 2017-2018 school year, the department completed numerous projects including over ten million dollars in capital project under the bond levy. This work included projects at Boulevard, the High School, Mercer, the Middle School Onaway and Woodbury. The department also completed numerous smaller projects such as asbestos abatements, ceiling repairs, mechanical equipment repairs, and sidewalks, HVAC, electrical and plumbing upgrades, roof repairs; masonry work. The department also completed 1515 work orders. This is approximately 6 work orders completed per day.

The Service Center continues to monitor overtime and work toward accountability of all overtime hours. Warehouse logistics operations (shipping and receiving), inventory control, and procurement support for the School District continued on track. As we look toward the 2018-2019 school year, the department, under new leadership, will focus on raising the standard in facilities care and implementing preventive maintenance protocols. Our focus will continue to be on establishing and maintaining high standards in all areas of our facilities.

Capital Planning

During the 2017-2018 school year and subsequent summer, the district completed over \$10 million in capital projects. These projects included a pilot classroom upgrade at all schools, major roof repairs and replacement, security upgrades, waterline repairs, High School boiler replacement, High School parking lot resurfacing, ADA improvements, masonry and building envelope restoration. As the 2017-2018 school year ended, planning began for the 2018-2019 capital projects which are also anticipated to approximate \$10 million. Sadly, on July 10, 2018, the School District suffered a devastating fire at its Fernway Elementary building. Fortunately, all of the limited staff members present were safely evacuated. With the opening of school in August 2018, the approximately 300 Fernway

School students are now attending class in three other District elementary buildings located nearby. Utilizing the proceeds from the insurance settlement, the School District has announced plans to renovate/rebuild Fernway with an expected re-occupancy during the 2019-2020 school year.

Safety and Security Services

The Safety and Security Department continued to advance and raise safety awareness. For example, each school PTO received a safety briefing from the district security supervisor. The district expanded its exterior video-surveillance of every building in the district. The department also completed the 3-year update of each school emergency operation plan (EOP) to keep our school plans in full compliance with the state requirements. The security department implemented an electronic visitor-management system at all buildings to improve the control of visitors at our schools. As we move into the 2018-2019 school year the department looks forward to improving the security of our buildings, training for all staff on emergency plans, upgrading our radio communications equipment and implementing an EOP application that will provide for electronic tracking of training, drill logs, and provide instant access to the EOP for all staff.

Current and Future Initiatives

School Improvement Plans

The Shaker Heights City School District maintains an ongoing commitment to the philosophy of continuous improvement. The School District's five-year Strategic Plan drives school-based improvement plans in the form of Strategic Plan Action Plans. Each plan includes strategic initiatives, performance measures, strategies, resource allocation, assignment of responsibility, and timelines for completion. The action plans reflect both School District and building-level priorities and are monitored through frequent data review. This aligned approach facilitates genuine change and distributive leadership. All school principals collaborate with faculty to analyze data and revise Action Plans, based on the needs of individual schools. Three support sessions are held with a small team from each school. The purpose of each support session, where the school team is joined by the School District administrative team, including the superintendent, and the District Leadership Team, is to provide a time for the building teams to share successes, to monitor progress, to examine challenges, to clarify next steps, and plan for provision of added supports and/or resources.

2014–2019 Strategic Plan

On June 24, 2014, the Board of Education approved a five-year Strategic Plan. The plan is the work of a 44 member committee representing educators, administrators, parents, school board members, students, and community members. The document is based on considerable public input and a thorough review of existing data and plans.

The Superintendent and the Board of Education agreed on six areas of focus for the plan.

1. **Shaker Experience** - Academics, school climate, and out-of-school activities that make up the student experience for all Shaker students;
2. **Continuous Improvement** – The institutional commitment to ongoing self-examination and betterment;
3. **Policy** – Formal, Board-adopted policies that guide the daily work of the schools;
4. **Human Resources and Facilities** – The commitment to providing students with the best possible staff and physical environment for learning;
5. **Communications** – Open, two-way communication between and among staff, students, parents, and residents; and
6. **Finance** – Obtaining the maximum value for every dollar spent.

The implementation of the Strategic Plan has been both fruitful and challenging. The staff and faculty have worked very hard and numerous accomplishments reflect these efforts. These include, but are not limited to:

- Established a protocol and practice for tri-annual Strategic Plan Chats for school leadership teams and Cabinet teams
- Established core professional learning criteria and multi-year program for new teachers
- Established an Equity Task Force comprised of students, staff, and community members
- Began the second cohort of teachers participating in Cultivating Skillful Instruction, a program focused on developing teacher leaders
- Established two years of consistent measures for Strategic Plan Initiatives
- Developed a District Employee Handbook aligned to Board Policies
- Implemented Recruitment Fairs for various categories of District staff
- Implemented a Master Planning Process
- Organized a Communications Advisory Committee
- Developed and implemented a formal communication strategy that includes the active use of differentiated communications vehicles and strategies
- Implemented a revised new teacher orientation program and increased support for teachers in their first 4 years in the profession
- Revised the new staff orientation program
- Expanded professional learning in the areas of Cultural Proficiency

With 2017-2018 being year four of the five-year strategic plan, the District has begun the process for the development of a new five year Strategic Plan for 2019-2024. After issuing a request for proposals and vetting the submitted proposals, the District entered into a contract with a consultant to support the District with the Strategic Plan, including the integration of the work of the Equity Task Force. The goal is for implementation of the plan to begin in July of 2019.

The Strategic Plan can be found at www.shaker.org/strategicplanning.aspx.

The Year Two Progress Report can be found at <https://goo.gl/6LBbmt>.

The Year Three Progress Report can be found at <https://goo.gl/zGC15Y>.

International Baccalaureate Programme

Shaker is the only PreK-12 International Baccalaureate district in Greater Cleveland. Shaker is one of eight districts in the country to provide all of its students with a fully-authorized International Baccalaureate education from pre-kindergarten through graduation.

International Baccalaureate is an internationally recognized educational program with a rigorous curriculum. International Baccalaureate features a global focus and emphasizes creative problem solving, hands-on projects, inquiry-based learning, and community service.

The International Baccalaureate Programme is especially in demand among international families who are relocating to Cleveland to work in higher education, health care, and research.

At the beginning of the 2010-2011 school year, the International Baccalaureate Diploma Programme was authorized and began with the Junior Class. Offered as an elective course of study at the high school level, the International Baccalaureate Diploma Programme permits students to participate in a rigorous, internationally-oriented curriculum, culminating in a diploma that is recognized all over the world. The Class of 2012 afforded the first group of students with the opportunity to complete the fully developed two-year program and qualify for the International Baccalaureate Diploma. The Shaker Heights High School Class of 2013 included 12 International Baccalaureate diploma candidates, and now Shaker Heights graduates about 40 candidates each year.

As of August 2013 (and reauthorized by 2017), all five of Shaker's K-4 elementary schools have been authorized as International Baccalaureate World Schools following intensive site inspections by representatives of the International Baccalaureate Organization. The schools were required to demonstrate that they have collaboratively developed and are consistently teaching the globally-focused interdisciplinary units, using inquiry and problem-solving strategies as instructional approaches, as well as meeting rigorous requirements for student assessment.

Though the Middle Years Programme has been fully authorized as of 2015, work continues at the middle grades to unify the instructional approaches in grades 5-12, with greater emphasis being placed on 21st century skills, inquiry-based approaches to learning, international awareness, and higher expectations for all students. Efforts have included encouraging students to think globally, internalizing the "learner profile", and benefitting fully from thematic units of instruction developed by the staff. All tenth grade students are required to execute a Personal Project and implementation of this requirement is underway at the High School.

Awards

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Shaker Heights City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate is the highest form of recognition in the area of governmental financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2017 to the Shaker Heights City School District. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials. We believe our current report, which will be submitted to ASBO for review, continues to conform to ASBO's principles and standards.

Auditor of State Award – The School District has in past years been awarded the *Auditor of State Award with Distinction*, which recognizes excellence in financial reporting for the School District's Comprehensive Annual Financial Report. The School District has received this award, and or its predecessor award known as the State's Excellence in Financial Reporting Award, for numerous years.

Acknowledgments

The publication of this CAFR enhances the School District's accountability to the citizens of the School District. The preparation of this report would not have been possible without the assistance and support of the staff of the Treasurer's office and numerous other School District staff members. Our appreciation is also expressed to the GAAP Conversion Division of Rea & Associates' office for their assistance in preparing and reviewing this financial report.

Respectfully submitted,



Bryan C. Christman
Treasurer



Stephen M. Wilkins, Ed. D.
Interim Superintendent

Shaker Heights City School District

Principal Officials

June 30, 2018

Board of Education

- Mr. Jeffrey IsaacsPresident
- Mr. William L. Clawson II Vice President
- Ms. Lisa Cremer..... Member
- Ms. Ayesha Bell Hardaway Member
- Ms. Heather Weingart..... Member

Administration

Dr. Stephen M. Wilkins...Interim Superintendent

Mr. Bryan C. Christman..... Treasurer

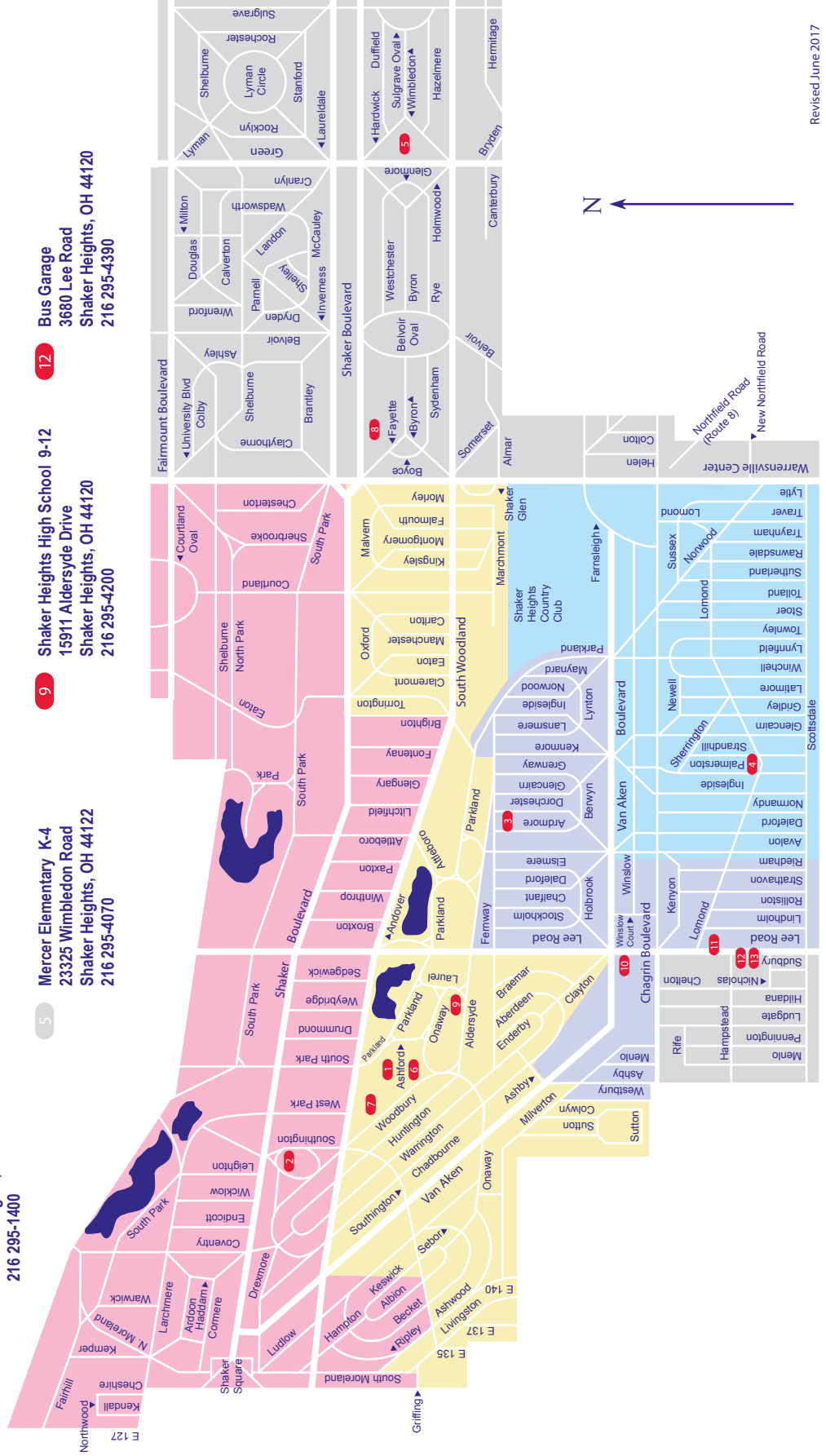


Shaker Heights Schools

www.shaker.org

- 2** Boulevard Elementary K-4
14900 Drexmore Road
Shaker Heights, OH 44120
216 295-4020
- 3** Fernway Elementary K-4
17420 Fernway Road
Shaker Heights, OH 44120
216 295-4040
- 4** Lomond Elementary K-4
17917 Lomond Boulevard
Shaker Heights, OH 44122
216 295-4050
- 5** Mercer Elementary K-4
23325 Wimbledon Road
Shaker Heights, OH 44122
216 295-4070
- 6** Onaway Elementary K-4
3115 Woodbury Road
Shaker Heights, OH 44120
216 295-4080
- 7** Woodbury Elementary 5-6
15400 South Woodland Road
Shaker Heights, OH 44120
216 295-4150
- 8** Shaker Heights Middle School 7-8
20600 Shaker Boulevard
Shaker Heights, OH 44122
216 295-4100
- 9** Shaker Heights High School 9-12
15911 Aldersyde Drive
Shaker Heights, OH 44120
216 295-4200
- 10** Innovation Center
3450 Lee Road
Shaker Heights, OH 44120
216 295-6275
- 11** Data/DLMO
3617 Lee Road
Shaker Heights, OH 44120
216 295-4844
- 12** Service Center
3654 Lee Road
Shaker Heights, OH 44120
216 295-4307
- 12** Bus Garage
3680 Lee Road
Shaker Heights, OH 44120
216 295-4390

- 1** Shaker Heights City Schools
15600 Parkland Drive
Shaker Heights, OH 44120
216 295-1400





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Shaker Heights City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Shaker Heights City School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.

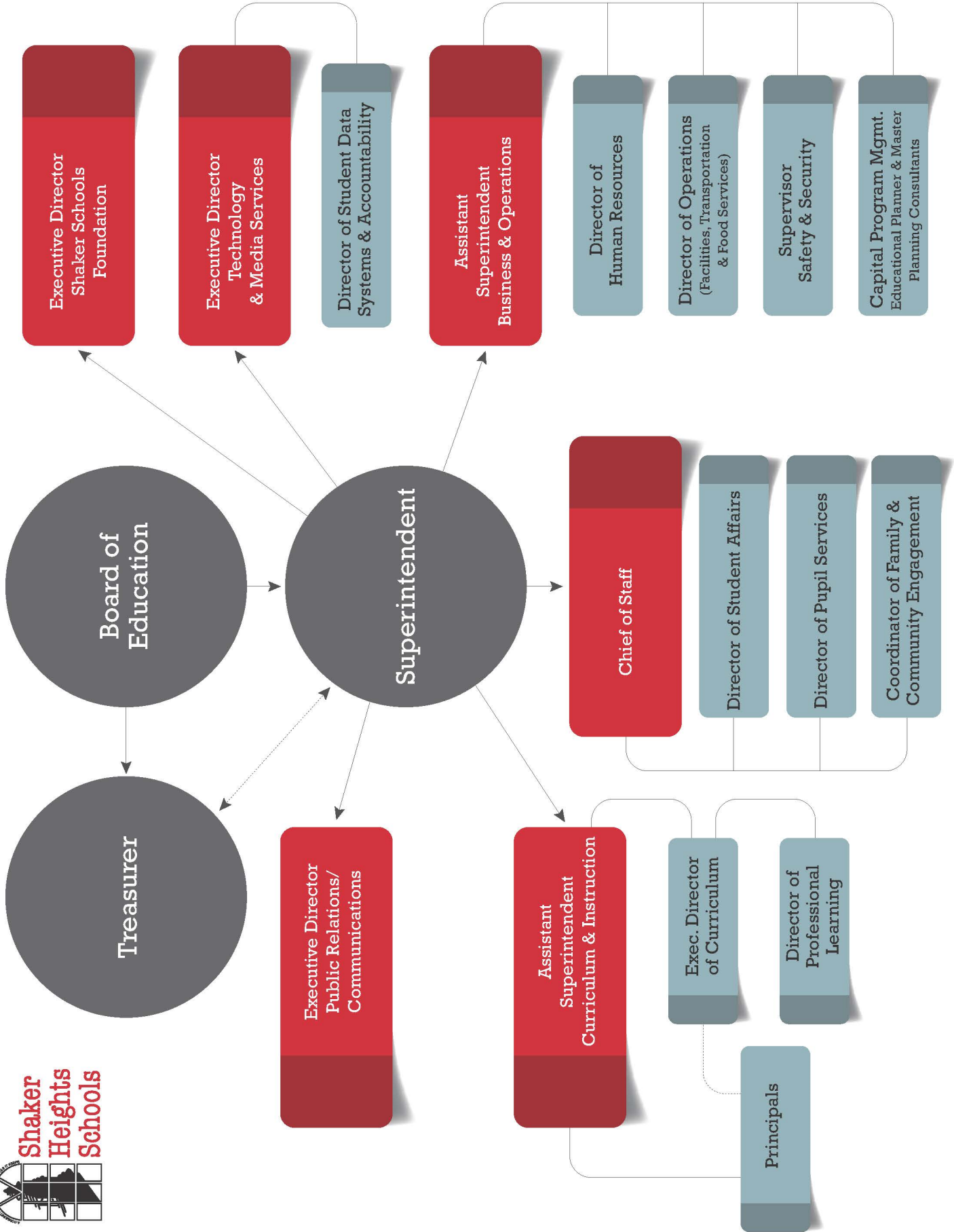


A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Shaker Heights City School District
Cuyahoga County
15600 Parkland Drive
Shaker Heights, Ohio 44120

To the Board of Education:

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 Shaker Heights City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Shaker Heights City School District, Cuyahoga County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, the entity-wide accrual statements with and without GASB 68 and GASB 75, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated January 31, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

January 31, 2019

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Shaker Heights City School District
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The discussion and analysis of the Shaker Heights City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the transmittal and notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position increased \$55,555,403, which represents a 66% increase from 2017.
- Capital assets increased \$2,632,902 during fiscal year 2018.
- During the fiscal year, outstanding debt increased from \$17,320,364 to \$44,962,853 due to the issuance of school improvement bonds of \$20,100,000 and \$8,395,000, offset by principal payments.
- During the fiscal year, the School District issued short term notes payable in the amount of \$9,900,000.
- The School District implemented GASB 75, which reduced beginning net position as previously reported by \$33,848,340.
- A decrease in net pension liability and net OPEB liability substantially decreased all instructional and support services expenses compared to fiscal year 2017. See further explanation after Table 1.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Shaker Heights City School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District'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 School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Shaker Heights City School District, the general fund, bond retirement and building fund are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflow

Shaker Heights City School District
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

of resources, liabilities, and deferred inflow of resources using the accrual basis of accounting similar to the accounting 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.

These two statements report the School District's net position and changes in the net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District 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 School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 21. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, bond retirement fund, and building fund.

Governmental Funds Most of the School District'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 School District'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 educational programs. 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 Fund The School District maintains two proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses the internal service funds to account for payments, administrative costs and reserves of the School District's self-insured prescription drug, health and dental coverage plans, and the State's retrospective rating workers' compensation plan, and is reported separately as the School District's proprietary funds. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 26.

Shaker Heights City School District
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 29. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Because of the discussion below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows of resources related to pensions and OPEB, the net pension and OPEB liability and by subtracting deferred outflows of resources related to pension and OPEB to the reported net position. Table 1 provides a summary of the School District's net position for 2018 compared to 2017:

Table 1
Net Position

| | Governmental Activities | |
|---|-------------------------|------------------|
| | 2018 | Restated 2017 |
| Assets | | |
| Current and Other Assets | \$ 188,780,920 | \$ 140,701,216 |
| Capital Assets | 38,434,122 | 35,801,220 |
| <i>Total Assets</i> | 227,215,042 | 176,502,436 |
| Deferred Outflows of Resources | | |
| Deferred Charge on Refunding | 503,348 | 585,644 |
| Pension & OPEB | 35,961,489 | 30,916,716 |
| <i>Total Deferred Outflows of Resources</i> | 36,464,837 | 31,502,360 |
| Liabilities | | |
| Other Liabilities | 23,351,787 | 12,683,629 |
| Long-Term Liabilities | 197,874,332 | 217,577,769 |
| <i>Total Liabilities</i> | 221,226,119 | 230,261,398 |
| Deferred Inflows of Resources | | |
| Property Taxes and Other | 62,976,242 | 60,127,714 |
| Payment in Lieu of Taxes | 104,000 | 104,000 |
| Pension & OPEB | 7,584,883 | 1,278,452 |
| <i>Total Deferred Inflows of Resources</i> | 70,665,125 | 61,510,166 |
| Net Position | | |
| Net Investment in Capital Assets | 20,562,527 | 20,192,334 |
| Restricted | 8,801,703 | 6,531,658 |
| Unrestricted | (57,575,595) | (110,490,760) |
| <i>Total Net Position</i> | \$ (28,211,365) | \$ (83,766,768) |

Shaker Heights City School District
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The net pension liability (NPL) is reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For fiscal year 2018, the School District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

Shaker Heights City School District
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

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

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

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$49,918,428) to (\$83,766,768).

At year end, capital assets represented 17% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, and vehicles. Net investment in capital assets was \$20,562,527 at June 30, 2018. These capital assets are used to provide services to students and are not available for future spending. Although the School District'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 School District's net position, \$8,801,703 represents resources that are subject to external restrictions on how they may be used. The deficit balance of government-wide unrestricted net position of \$28,211,365, is primarily due to GASB 68 and GASB 75.

Current assets showed a net increase of \$48,079,704 with a \$47.8 million increase in pooled cash and investments due to the new school improvement bonds being unspent at year end.

The increase in capital assets was attributed to additions, particularly construction in progress for a major roofing project, exceeding depreciation expense during the current year.

Current liabilities increased \$10,668,158 in fiscal year 2018 mainly due to the \$9.9 million note payable. Long term liabilities increased significantly due to school improvement bonds of \$20,100,000 and \$8,395,000, offset by a decrease in net pension and OPEB liabilities of \$41,688,363 and \$5,984,030, respectively.

The significant decrease in net pension liability is largely the result of a change in benefit terms in which STRS reduced their COLA to zero coupled by a slight reduction in COLA benefits by SERS. The significant increase in deferred outflows and inflows related to pension/OPEB are primarily from the change of assumptions and the difference in projected and actual investments earnings, respectively. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL and are described in more detail in their respective notes.

Shaker Heights City School District
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

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

Table 2
Changes in Net Position

| | Governmental Activities | |
|---|-------------------------|-----------------------|
| | 2018 | 2017 |
| Revenues | | |
| <i>Program Revenues:</i> | | |
| Charges for Services | \$ 4,693,999 | \$ 2,852,711 |
| Operating Grants | 6,502,390 | 7,966,563 |
| Capital Grants | 0 | 88,714 |
| <i>Total Program Revenues</i> | <u>11,196,389</u> | <u>10,907,988</u> |
| <i>General Revenues:</i> | | |
| Property Taxes | 74,710,208 | 61,559,239 |
| Grants and Entitlements Not Restricted | 25,414,022 | 25,402,285 |
| Payments in Lieu of Taxes | 112,332 | 122,973 |
| Other | 2,957,727 | 577,338 |
| <i>Total General Revenues</i> | <u>103,194,289</u> | <u>87,661,835</u> |
| <i>Total Revenues</i> | <u>114,390,678</u> | <u>98,569,823</u> |
| Program Expenses | | |
| Instruction: | | |
| Regular | 16,102,751 | 43,332,594 |
| Special | 9,849,551 | 15,712,484 |
| Career Technical Education (fka Vocational) | 158,211 | 352,363 |
| Student Intervention Services | (30,995) | 382,525 |
| Other | 213,569 | 446,397 |
| Support Services: | | |
| Pupils | 3,026,686 | 7,489,537 |
| Instructional Staff | 3,183,067 | 4,955,704 |
| Board of Education | 30,355 | 26,022 |
| Administration | 1,944,189 | 6,940,852 |
| Fiscal | 3,292,233 | 2,618,670 |
| Business | 700,381 | 757,710 |
| Operation and Maintenance of Plant | 4,750,932 | 12,675,113 |
| Pupil Transportation | 4,181,681 | 4,900,743 |
| Central | 1,366,505 | 1,804,959 |
| Operation of Non-Instructional Services: | | |
| Food Service Operations | 1,932,677 | 1,788,322 |
| Community Services | 695,161 | 1,686,053 |
| Extracurricular Activities | 6,296,056 | 1,688,888 |
| Debt Service: | | |
| Interest and Fiscal Charges | 1,142,265 | 549,577 |
| <i>Total Expenses</i> | <u>58,835,275</u> | <u>108,108,513</u> |
| <i>Increase (Decrease) in Net Position</i> | <u>\$ 55,555,403</u> | <u>\$ (9,538,690)</u> |

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For the Fiscal Year Ended June 30, 2018

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$251,987 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$3,545,433. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

| | | |
|--|--|-------------------------------|
| Total 2018 Program Expenses under GASB 75 | | \$ 58,835,275 |
| Negative OPEB Expense under GASB 75 | | 3,545,433 |
| 2018 Contractually Required Contribution | | <u>348,557</u> |
| Adjusted 2018 Program Expenses | | 62,729,265 |
| Total 2017 Program Expenses under GASB 45 | | <u>108,108,513</u> |
| Decrease in Program Expenses not Related to OPEB | | <u><u>\$ (45,379,248)</u></u> |

See financial highlights for explanation of fluctuations in instructional and support services expenses. The negative expense reported by student intervention services, fiscal services and extracurricular activities was also caused by these accruals.

Overall revenue increased \$15,820,855, primarily due to a result of the timing of revenue recognition for property taxes available as an advance over the past three years.

Overall expenditures increased only slightly, the highest increase as in capital outlay due to the beginning process of numerous improvement projects.

Shaker Heights City School District
Cuyahoga County, Ohio
Management's Discussion and Analysis
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The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

| | Total Cost of Service | | Net Cost of Service | |
|---|-----------------------|-----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Instruction: | | | | |
| Regular | \$ 16,102,751 | \$ 43,332,594 | \$ 14,032,387 | \$ 42,043,349 |
| Special | 9,849,551 | 15,712,484 | 5,663,353 | 11,278,242 |
| Career Technical Education (fka Vocational) | 158,211 | 352,363 | 93,365 | 305,734 |
| Student Intervention Services | (30,995) | 382,525 | (211,233) | 285,996 |
| Other | 213,569 | 446,397 | 185,270 | 430,797 |
| Support Services: | | | | |
| Pupils | 3,026,686 | 7,489,537 | 2,840,683 | 7,273,494 |
| Instructional Staff | 3,183,067 | 4,955,704 | 2,977,879 | 4,810,264 |
| Board of Education | 30,355 | 26,022 | 30,355 | 26,022 |
| Administration | 1,944,189 | 6,940,852 | 1,930,891 | 6,924,450 |
| Fiscal | 3,292,233 | 2,618,670 | 2,079,100 | 2,281,601 |
| Business | 700,381 | 757,710 | 700,362 | 757,710 |
| Operation and Maintenance of Plant | 4,750,932 | 12,675,113 | 4,750,932 | 12,673,344 |
| Pupil Transportation | 4,181,681 | 4,900,743 | 3,758,315 | 4,339,443 |
| Central | 1,366,505 | 1,804,959 | 1,366,505 | 1,804,959 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 1,932,677 | 1,788,322 | 110,498 | 44,684 |
| Community Services | 695,161 | 1,686,053 | 138,760 | (56,966) |
| Extracurricular Activities | 6,296,056 | 1,688,888 | 6,049,199 | 1,427,825 |
| Debt Service: | | | | |
| Interest and Fiscal Charges | 1,142,265 | 549,577 | 1,142,265 | 549,577 |
| <i>Total Expenses</i> | <u>\$ 58,835,275</u> | <u>\$ 108,108,513</u> | <u>\$ 47,638,886</u> | <u>\$ 97,200,525</u> |

The dependence upon general revenues for governmental activities is apparent. Nearly 81% of governmental activities are supported through taxes and other general revenues; such revenues are 90% of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. The net change in fund balances for the fiscal year was an increase of \$34,419,886 for all governmental funds with the most significant increase in the debt retirement fund and the building fund.

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The general fund's net change in fund balance for fiscal year 2018 was an increase of \$6,417,006. This increase is primarily due to the increase in property tax revenues as a result of the timing of revenue recognition for property taxes available as an advance over the past three years.

The bond retirement fund's net change in fund balance for fiscal year 2018 was an increase of \$11,422,911. This increase is due to the school improvement bonds and premium issued in connection with the maturing of the \$9.9 million bond anticipation notes issued in December, 2017, not due and paid until July, 2018.

The fund balance of the building fund increased by \$16,013,524. This increase can be attributed to the timing of debt proceeds issued to cover improvement projects offset by numerous construction projects started at the year end.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2018, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue was \$6,820,422 higher than the final budget basis revenue of \$99,063,832. Taxes and fees were higher than estimated. Final budget basis revenue was lower than the original budget basis revenue by an insignificant amount.

Final expenditure appropriations of \$102,827,468 were \$593,119 higher than the actual expenditures of \$102,234,349, as cost savings were recognized for wages and benefits.

There were no significant differences in other financing sources and uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had \$38,434,122 invested in capital assets, net of depreciation. Table 4 shows fiscal year 2018 balances compared with 2017.

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Table 4
Capital Assets at June 30
(Net of Depreciation)

| | Governmental Activities | |
|----------------------------|-------------------------|---------------|
| | 2018 | 2017 |
| Land | \$ 943,600 | \$ 943,600 |
| Construction in Progress | 2,206,608 | 950,002 |
| Land Improvements | 2,183,161 | 2,134,872 |
| Buildings and Improvements | 27,678,152 | 26,484,747 |
| Equipment | 4,389,161 | 4,214,407 |
| Vehicles | 1,033,440 | 1,073,592 |
| <i>Totals</i> | \$ 38,434,122 | \$ 35,801,220 |

The \$2,632,902 increase in capital assets was attributable to additions exceeding depreciation and disposals in the current year. See Note 11 for more information about the capital assets of the School District.

Debt

At June 30, 2018, the School District had \$44,962,853 in debt outstanding. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt at Year End

| | Governmental Activities | |
|--|-------------------------|---------------|
| | 2018 | 2017 |
| School Improvement Bonds - 2007 | \$ 435,000 | \$ 855,000 |
| School Improvement Refunding Bonds - 2007 | 896,099 | 1,313,499 |
| School Improvement Refunding Bonds - 2007 | 511,480 | 754,133 |
| School Improvement Bonds - 2008 | 955,000 | 1,244,688 |
| Capital Improvement & Equipment Bond - 2012 | 2,600,000 | 2,925,000 |
| School Improvement Refunding Bonds - 2012 | 3,921,844 | 4,415,639 |
| School Facilities Improvement Refunding Bonds - 2015 | 5,742,693 | 5,812,405 |
| School Improvement Bond - 2018 | 21,505,737 | 0 |
| School Improvement Bond - 2018 | 8,395,000 | 0 |
| | \$ 44,962,853 | \$ 17,320,364 |

Outstanding debt increased \$27,642,489 in fiscal year 2018 primarily due to new improvement bonds offset by principal payments. See Note 18 for more information about outstanding debt.

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School District Outlook

The School District is impacted by national and State factors, including economic, political, and educational issues, thereby continually presenting financial challenges and opportunities to be addressed. Despite such negative impacts such as the reductions in the State's various funding programs during the biennial budget cycles prior to the 2014-2015 biennium including the State's 2012-2013 biennial budget crisis, the School District has continued to maintain the highest standards of service to its students, parents and community. The School District was able to do so because of its significant reliance upon its local taxpayer base as well as its constant vigil to monitor and minimize the growth of expenditures, and consequently the impact of the State's budget crisis did not play as significant a role in the funding picture for the School District as it did for many districts throughout the State. While the State funding during the 2014-2015 biennium (continuing into the 2016-2017 and 2018-2019 bienniums) has benefited the School District, the School District continues to monitor all such factors so as to anticipate, with the objective of minimizing, any negative fallout, or maximizing any positive opportunities arising from future events.

The establishment of the Finance and Audit Committee (F&A Committee) in October 2002 by the Board of Education paved the way for a new era in the School District's financial management function. By creating the F&A Committee, the Board added an ongoing mechanism designed to provide additional financial insight and oversight to complement the School District's internal financial management. The F&A Committee consists of nine community members (two of which are Board members). The backgrounds of the members are primarily concentrated in business and financial management. The F&A Committee's charter includes the twin objectives of monitoring the financial affairs of the School District and serving as the primary contact for the School District's external financial auditors.

Because of its long history of strong community support at the ballot box, coupled with the continuous City efforts targeted toward maintaining the housing stock (thereby helping to maintain and improve the City's tax base), the School District has a strong financial outlook. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

While the School District's most recent State report card results for fiscal year 2018 appear to be mediocre, the results were not unexpected given the continuing changes in State measurement criteria and cut scores. The School District's five-year strategic plan incorporates its continuing efforts to work to improve its performance with respect to the State's educational criteria while continuing to emphasize other criteria that it believes to be critical to providing a well-rounded education, which are highlighted in the School Districts report (<http://www.shaker.org/MeasuringWhatMatters.aspx>).

As the preceding information shows, the School District heavily depends on its residential property taxpayers. Our community's support continues to be unwavering as demonstrated by the most recent operating levy in May of 2014, wherein a 6.9 mill levy was passed with a 61.2% margin in the wake of a national, State and local economic recession, as well as a facilities measure providing for a \$30 million bond issue and a 1.25 mill permanent improvement levy that was approved by the community with a 67.8% margin in May 2017. The continued financial support of the School District demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their community.

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The School District has communicated to the community the extent upon which the School District relies upon their support for the major part of its operations, and will continue to work diligently to carefully monitor expenses, staying within the five-year financial plan. State law retards the growth of income generated by local levies rendering revenue relatively constant. This lack of revenue growth, however, forces the School District to come back to the voters from time to time and ask for additional financial support.

State School Funding

Although significantly less than local taxes, the State's educational funding support is nonetheless an important component of the School District's total funding picture. As has been proven time and time again, such funding is subject to significant fluctuations from biennium to biennium. The following summarizes some of the more significant changes over time impacting the State's support to the School District.

- The school funding case known as *DeRolph vs Ohio*, which became synonymous with the State-wide attempt to accomplish public school funding reform in Ohio, was initially ruled on in 1994 and upheld by the Ohio Supreme Court an unprecedented four times. Unfortunately, the plaintiffs were unsuccessful in forcing the State of Ohio to comply with the Ohio Supreme Court orders and in fact were denied a last ditch effort in October 2003, when the United States Supreme Court denied the plaintiffs motion to be heard. As of the date of these financial statements, the consensus opinion is that *DeRolph* case is over and done.
- Past DeRolph, the State continued to struggle with the development of a constitutional school funding system primarily through the work of the then Governor's Blue Ribbon Task Force on Financing Student Success. The recommendation of the Task Force, which had failed to reach consensus on school funding improvements to provide a system that would be predictable, affordable, spend money effectively, and support student achievement, were only partially adopted and incorporated into House Bill No. 66, the State's budget bill for the fiscal year 2006 and 2007.
- House Bill No. 66 (H.B. 66), the State's biennial budget for fiscal years 2006 and 2007, was enacted in June 2005. This legislation adopted sweeping changes in the State's tax structure. The most significant provisions impacting the School District were the elimination of the Cost of Doing Business Factor (CODB) portion of the State Formula Aid calculation, and the elimination of the tangible personal property tax. The CODB was phased-out over fiscal years 2006 and 2007. H.B. 66, however, provided for a "guarantee", or a floor (the fiscal year 2004 State Formula Aid amount) below which school districts' funding would not fall during that biennium. Absent the continuation of the biennial "guarantee", the School District would lose approximately \$2 million per year. H.B. 66 eliminated the tangible personal property tax; the tax had previously generated about \$2 million per year for the School District. The phase-out for the tangible personal property taxpayer began with the 2006 tax collection year, in which approximately 75% of the traditional amount was payable, followed by 50% and 25% in tax collection years 2007 and 2008, respectively, with no tax due in collection year 2009. At the same time the tangible personal property tax phase-out occurred, the phase-out of the H.B. 66 personal property tax loss reimbursement mechanism began to make payments to school districts to help offset the loss of personal property tax collections. The reimbursement payments coincided with the phase-out, and in essence approximate the reciprocal percentage of the phase-out tax payment percentage (i.e. 25%, 50%, 75% and 100% for the tax collection years 2006, 2007, 2008, and 2009, respectively). After a second 100% reimbursement year in tax collection year 2010, the reimbursement payments were to be phased-out over the ensuing seven years.

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For the Fiscal Year Ended June 30, 2018

- The tax reform provision of H.B. 66 was continued in the 2008-2009 State biennial budget which was passed in 2007. Additionally, the budget bill provided for the continuation of the State Foundation Formula Aid “guarantee” through the end of the biennium. However, due to the State budget crisis, the Governor twice implemented mid-term budget reductions in 2008 resulting in peripheral budget reductions to the Ohio school district funding, but left the primary school districts State Foundation Funding untouched.
- After conducting a series of public forums in 2008 to first gather input about the desired attributes of a world class educational system, and then about financing such educational system, Governor Strickland developed and proposed the Ohio Evidenced-Based Model Education Program (OEBM), most of which was incorporated into the fiscal year 2010-2011 biennial State budget, House Bill No. 1. The OEBM represented a significant overhaul to the historical per pupil funding model utilized by the State, and was scheduled to be phased-in over the ensuing ten to twelve years. The State of Ohio utilized approximately \$8 billion of the Federal Stimulus package (American Recovery and Reinvestment Act, aka ARRA) to fill its budgetary hole for the 2010-2011 biennium, under which the School District’s State Foundation Funding continued to be subject to the guarantee with a 1% reduction during each of the two fiscal years of the biennium.
- In November 2010, Governor Strickland lost his bid for re-election. Facing an \$8 billion budget deficit for the fiscal year 2012 and 2013 biennial budget, Governor Kasich and the General Assembly repealed the OEBM, reinstated a modified per pupil funding model, and implemented substantial budget reductions including not replacing the State Foundation payments that were funded utilizing ARRA funds during fiscal years 2010 and 2011, and accelerating the phase-out of the public utility and the tangible personal property tax reimbursement payments. As a result, the School District has lost revenue totaling \$21 million during the 2012 – 2019 years, including \$8 million over the 2012 and 2013 biennium.
- In June 2013, the General Assembly approved Substitute House Bill No. 59, the State’s 2014 and 2015 biennial budget bill, which incorporated a new school funding formula that resulted in increases in funding for the School District in both fiscal year 2014 and 2015. House Bill No. 59, also eliminated the State’s subsidy of the 12.5% rollback credit for all future tax levies, but continued the subsidy for all of the school district’s existing levies.
- In June 2015, the General Assembly approved and the Governor signed Substitute House Bill No. 64, the State’s 2016 and 2017 biennial budget bill, which incorporated adjustments to the previous biennium’s new school funding formula that resulted in increases in funding for the School District in both fiscal years 2016 and projected for 2017. House Bill No. 64, as impacted by the Governor’s line item vetoes, also reinstated the phase-out of the tangible personal property reimbursement for those districts that were still receiving such payments. The School District was not affected by such provision given it had lost all such reimbursements in the 2012-2013 biennial budget legislation.
- In June 2017, the General Assembly approved and the Governor signed Substitute House Bill No. 49, the State’s 2018 and 2019 biennial budget bill, which incorporated minimal adjustments to the previous biennium’s school funding formula. As a result of the combination of the complex machinations embedded in the State’s funding model, minimal per pupil funding amount increases in the current biennium, and declining enrollment, the School District transitioned from being funded via the State’s “gain cap” in Fiscal 2016, to the “formula” in Fiscal 2017, to the “guarantee” in Fiscal 2018.
- Development of the provisions of the 2020-2021 biennial budget bill are yet to be determined.

Shaker Heights City School District
Cuyahoga County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

While the School District is currently the beneficiary of additional funding during both the previous two bienniums, the long term impact of the outcome of these and other State funding policies on the School District is unknown at this time. Consequently, all of the School District's financial abilities will be called upon to meet the challenges the future will bring. The School District's Board and management team continue to carefully, and prudently plan in order to provide the resources required to meet the future needs of its students.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bryan C. Christman, Treasurer, at Shaker Heights City School District, 15600 Parkland Drive, Shaker Heights, Ohio 44120, or e-mail at christman_b@shaker.org.

Shaker Heights City School District
Cuyahoga County, Ohio
Statement of Net Position
June 30, 2018

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | \$ 106,729,529 |
| Restricted Cash and Investments | 353,070 |
| Receivables: | |
| Accrued Interest | 61,395 |
| Accounts | 221,762 |
| Intergovernmental | 656,992 |
| Property Taxes | 80,525,587 |
| Prepaid Items | 232,585 |
| Nondepreciable Capital Assets | 3,150,208 |
| Depreciable Capital Assets (Net) | 35,283,914 |
| <i>Total Assets</i> | 227,215,042 |
| Deferred Outflows of Resources | |
| Deferred Charges on Refunding | 503,348 |
| Pension | 34,692,670 |
| OPEB | 1,268,819 |
| <i>Total Deferred Outflows of Resources</i> | 36,464,837 |
| Liabilities | |
| Accounts Payable | 541,159 |
| Accrued Wages and Benefits | 9,220,429 |
| Contracts Payable | 1,304,453 |
| Intergovernmental Payable | 1,615,965 |
| Retainage Payable | 103,230 |
| Matured Compensated Absences Payable | 276,097 |
| Accrued Interest Payable | 390,454 |
| Notes Payable | 9,900,000 |
| Long Term Liabilities: | |
| Due Within One Year | 4,938,897 |
| Due in More Than One Year: | |
| Net Pension Liability (Note 14) | 116,899,822 |
| Net OPEB Liability (Note 15) | 28,116,297 |
| Other Amounts | 47,919,316 |
| <i>Total Liabilities</i> | 221,226,119 |
| Deferred Inflows of Resources | |
| Property Taxes Levied for the Next Year | 62,976,242 |
| Pension | 4,478,011 |
| Payment in Lieu of Taxes for the Next Year | 104,000 |
| OPEB | 3,106,872 |
| <i>Total Deferred Inflows of Resources</i> | 70,665,125 |
| Net Position | |
| Net Investment in Capital Assets | 20,562,527 |
| Restricted For: | |
| Capital Outlay | 1,067,989 |
| Debt Service | 6,690,195 |
| Set Asides | 353,070 |
| Other Purposes | 690,449 |
| Unrestricted | (57,575,595) |
| <i>Total Net Position</i> | \$ (28,211,365) |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|--------------------------------------|---|---|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | Governmental Activities |
| Governmental Activities | | | | |
| Instruction: | | | | |
| Regular | \$ 16,102,751 | \$ 1,641,595 | \$ 428,769 | \$ (14,032,387) |
| Special | 9,849,551 | 520,511 | 3,665,687 | (5,663,353) |
| Career Technical Education (fka Vocational) | 158,211 | 9,527 | 55,319 | (93,365) |
| Student Intervention Services | (30,995) | 0 | 180,238 | 211,233 |
| Other | 213,569 | 11,480 | 16,819 | (185,270) |
| Support Services: | | | | |
| Pupils | 3,026,686 | 0 | 186,003 | (2,840,683) |
| Instructional Staff | 3,183,067 | 158,734 | 46,454 | (2,977,879) |
| Board of Education | 30,355 | 0 | 0 | (30,355) |
| Administration | 1,944,189 | 12,245 | 1,053 | (1,930,891) |
| Fiscal | 3,292,233 | 1,198,733 | 14,400 | (2,079,100) |
| Business | 700,381 | 19 | 0 | (700,362) |
| Operation and Maintenance of Plant | 4,750,932 | 0 | 0 | (4,750,932) |
| Pupil Transportation | 4,181,681 | 6,186 | 417,180 | (3,758,315) |
| Central | 1,366,505 | 0 | 0 | (1,366,505) |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 1,932,677 | 892,758 | 929,421 | (110,498) |
| Community Services | 695,161 | 0 | 556,401 | (138,760) |
| Extracurricular Activities | 6,296,056 | 242,211 | 4,646 | (6,049,199) |
| Debt Service: | | | | |
| Interest and Fiscal Charges | 1,142,265 | 0 | 0 | (1,142,265) |
| Total | <u>\$ 58,835,275</u> | <u>\$ 4,693,999</u> | <u>\$ 6,502,390</u> | <u>(47,638,886)</u> |

General Revenues

| | |
|--|------------------------|
| Property Taxes Levied for: | |
| General Purposes | 69,760,159 |
| Debt Service | 4,079,725 |
| Capital Outlay | 870,324 |
| Grants and Entitlements Not Restricted to Specific Programs | 25,414,022 |
| Payments in Lieu of Taxes | 112,332 |
| Investment Earnings | 795,045 |
| Miscellaneous | 2,162,682 |
| Total General Revenues | <u>103,194,289</u> |
| <i>Change in Net Position</i> | 55,555,403 |
| <i>Net Position Beginning of Year, Restated (See Note 2)</i> | (83,766,768) |
| <i>Net Position End of Year</i> | <u>\$ (28,211,365)</u> |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

| | General | Bond Retirement | Building | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------|----------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Investments | \$ 57,565,527 | \$ 14,584,238 | \$ 27,565,256 | \$ 1,330,362 | \$ 101,045,383 |
| Restricted Cash and Investments | 353,070 | 0 | 0 | 0 | 353,070 |
| Receivables: | | | | | |
| Accrued Interest | 61,395 | 0 | 0 | 0 | 61,395 |
| Accounts | 114,195 | 0 | 107,567 | 0 | 221,762 |
| Interfund | 548 | 0 | 0 | 0 | 548 |
| Intergovernmental | 368,650 | 0 | 0 | 288,342 | 656,992 |
| Property Taxes | 74,997,448 | 4,504,109 | 0 | 1,024,030 | 80,525,587 |
| Prepaid Items | 226,458 | 0 | 0 | 6,127 | 232,585 |
| <i>Total Assets</i> | <u>\$ 133,687,291</u> | <u>\$ 19,088,347</u> | <u>\$ 27,672,823</u> | <u>\$ 2,648,861</u> | <u>\$ 183,097,322</u> |
| Liabilities | | | | | |
| Accounts Payable | \$ 515,793 | \$ 0 | \$ 0 | \$ 25,366 | \$ 541,159 |
| Accrued Wages and Benefits | 8,871,935 | 0 | 0 | 348,494 | 9,220,429 |
| Contracts Payable | 0 | 0 | 1,304,453 | 0 | 1,304,453 |
| Intergovernmental Payable | 1,564,078 | 0 | 0 | 51,887 | 1,615,965 |
| Retainage Payable | 0 | 0 | 103,230 | 0 | 103,230 |
| Matured Compensated Absences Payable | 276,097 | 0 | 0 | 0 | 276,097 |
| Interfund Payable | 0 | 0 | 0 | 548 | 548 |
| Notes Payable | 0 | 0 | 9,900,000 | 0 | 9,900,000 |
| <i>Total Liabilities</i> | <u>11,227,903</u> | <u>0</u> | <u>11,307,683</u> | <u>426,295</u> | <u>22,961,881</u> |
| Deferred Inflows of Resources | | | | | |
| Property Taxes Levied for the Next Year | 58,688,780 | 3,490,077 | 0 | 797,385 | 62,976,242 |
| Payment in Lieu of Taxes for the Next Year | 104,000 | 0 | 0 | 0 | 104,000 |
| Unavailable Revenue | 7,600,240 | 465,080 | 0 | 246,247 | 8,311,567 |
| <i>Total Deferred Inflows of Resources</i> | <u>66,393,020</u> | <u>3,955,157</u> | <u>0</u> | <u>1,043,632</u> | <u>71,391,809</u> |
| Fund Balances | | | | | |
| Nonspendable | 226,458 | 0 | 0 | 6,127 | 232,585 |
| Restricted | 353,070 | 15,133,190 | 16,365,140 | 1,382,307 | 33,233,707 |
| Assigned | 17,880,399 | 0 | 0 | 0 | 17,880,399 |
| Unassigned | 37,606,441 | 0 | 0 | (209,500) | 37,396,941 |
| <i>Total Fund Balances</i> | <u>56,066,368</u> | <u>15,133,190</u> | <u>16,365,140</u> | <u>1,178,934</u> | <u>88,743,632</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$ 133,687,291</u> | <u>\$ 19,088,347</u> | <u>\$ 27,672,823</u> | <u>\$ 2,648,861</u> | <u>\$ 183,097,322</u> |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

| | | |
|--|---------------|-----------------|
| Total Governmental Fund Balances | | \$ 88,743,632 |
| <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. | | 38,434,122 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | | |
| Intergovernmental | \$ 137,912 | |
| Property Taxes | 8,173,655 | 8,311,567 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. | | 4,332,172 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported. | | (390,454) |
| In the statement of activities, a gain/loss on the refunding of bonds is amortized over the term of the bonds, whereas in governmental funds a refunding gain/loss is reported when bonds are issued. | | 503,348 |
| The net pension/OPEB liability is not due and payable in the current period therefore, the liability and related deferred inflows/outflows are not reported in governmental funds: | | |
| Deferred Outflows - Pension | 34,692,670 | |
| Deferred Outflows - OPEB | 1,268,819 | |
| Deferred Inflows - Pension | (4,478,011) | |
| Deferred Inflows - OPEB | (3,106,872) | |
| Net Pension Liability | (116,899,822) | |
| Net OPEB Liability | (28,116,297) | (116,639,513) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| General Obligation Bonds | (42,325,000) | |
| Capital Appreciation Bonds | (119,310) | |
| Bond Premium | (2,265,007) | |
| Accretion of Interest - Capital Appreciation Bonds | (253,536) | |
| Compensated Absences | (6,543,386) | (51,506,239) |
| <i>Net Position of Governmental Activities</i> | | \$ (28,211,365) |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

| | General | Bond Retirement | Building | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|----------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | |
| Property and Other Local Taxes | \$ 70,377,113 | \$ 3,893,142 | \$ 0 | \$ 761,989 | \$ 75,032,244 |
| Intergovernmental | 27,893,313 | 353,868 | 0 | 3,630,216 | 31,877,397 |
| Investment Income | 796,813 | 0 | 49,339 | 10,828 | 856,980 |
| Tuition and Fees | 1,506,363 | 0 | 0 | 0 | 1,506,363 |
| Extracurricular Activities | 211,038 | 0 | 0 | 160,898 | 371,936 |
| Rentals | 89,293 | 0 | 0 | 0 | 89,293 |
| Charges for Services | 1,657,269 | 0 | 0 | 838,584 | 2,495,853 |
| Contributions and Donations | 17,496 | 0 | 16,603 | 65,089 | 99,188 |
| Payment in Lieu of Taxes | 112,332 | 0 | 0 | 0 | 112,332 |
| Miscellaneous | 1,991,759 | 0 | 59,722 | 54,535 | 2,106,016 |
| <i>Total Revenues</i> | <u>104,652,789</u> | <u>4,247,010</u> | <u>125,664</u> | <u>5,522,139</u> | <u>114,547,602</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 40,366,183 | 0 | 1,314,539 | 401,644 | 42,082,366 |
| Special | 14,632,418 | 0 | 94,743 | 1,259,100 | 15,986,261 |
| Career Technical Education (fka Vocational) | 151,084 | 0 | 0 | 0 | 151,084 |
| Student Intervention Services | 219,824 | 0 | 0 | 182,753 | 402,577 |
| Other | 196,896 | 0 | 0 | 17,054 | 213,950 |
| Support Services: | | | | | |
| Pupils | 6,921,366 | 0 | 0 | 191,627 | 7,112,993 |
| Instructional Staff | 4,962,423 | 0 | 0 | 172,234 | 5,134,657 |
| Board of Education | 30,355 | 0 | 0 | 0 | 30,355 |
| Administration | 6,617,382 | 0 | 0 | 0 | 6,617,382 |
| Fiscal | 3,361,523 | 75,750 | 4,092 | 14,400 | 3,455,765 |
| Business | 743,138 | 0 | 27,274 | 0 | 770,412 |
| Operation and Maintenance of Plant | 10,089,760 | 0 | 0 | 14,682 | 10,104,442 |
| Pupil Transportation | 4,250,899 | 0 | 258,426 | 0 | 4,509,325 |
| Central | 1,917,734 | 0 | 0 | 0 | 1,917,734 |
| Extracurricular Activities | 1,228,284 | 0 | 0 | 387,273 | 1,615,557 |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | 171 | 0 | 0 | 1,881,099 | 1,881,270 |
| Community Services | 609,291 | 0 | 0 | 693,826 | 1,303,117 |
| Capital Outlay | 1,405,677 | 0 | 2,514,830 | 0 | 3,920,507 |
| Debt Service: | | | | | |
| Principal Retirement | 225,000 | 1,704,999 | 100,000 | 0 | 2,029,999 |
| Interest and Fiscal Charges | 46,375 | 1,018,892 | 7,300 | 0 | 1,072,567 |
| <i>Total Expenditures</i> | <u>97,975,783</u> | <u>2,799,641</u> | <u>4,321,204</u> | <u>5,215,692</u> | <u>110,312,320</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>6,677,006</u> | <u>1,447,369</u> | <u>(4,195,540)</u> | <u>306,447</u> | <u>4,235,282</u> |
| Other Financing Sources (Uses) | | | | | |
| Issuance of General Obligation Bonds | 0 | 8,395,000 | 20,100,000 | 0 | 28,495,000 |
| Premium on Debt Issuance | 0 | 1,580,540 | 0 | 0 | 1,580,540 |
| Insurance Recoveries | 0 | 0 | 109,064 | 0 | 109,064 |
| Transfers In | 0 | 0 | 0 | 260,000 | 260,000 |
| Transfers Out | (260,000) | 0 | 0 | 0 | (260,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(260,000)</u> | <u>9,975,540</u> | <u>20,209,064</u> | <u>260,000</u> | <u>30,184,604</u> |
| <i>Net Change in Fund Balance</i> | 6,417,006 | 11,422,909 | 16,013,524 | 566,447 | 34,419,886 |
| <i>Fund Balances Beginning of Year</i> | <u>49,649,362</u> | <u>3,710,281</u> | <u>351,616</u> | <u>612,487</u> | <u>54,323,746</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 56,066,368</u> | <u>\$ 15,133,190</u> | <u>\$ 16,365,140</u> | <u>\$ 1,178,934</u> | <u>\$ 88,743,632</u> |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
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 Fiscal Year Ended June 30, 2018*

| | | |
|---|---------------------|-------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 34,419,886 |
| <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 | \$ 5,457,129 | |
| Current Year Depreciation | <u>(2,788,141)</u> | 2,668,988 |
| 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. | | |
| | | (36,086) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property Taxes | (322,036) | |
| Intergovernmental | <u>56,048</u> | (265,988) |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| General Obligation Bonds | 1,910,000 | |
| Capital Appreciation Bonds | 119,999 | |
| Accreted Interest On Capital Appreciation Bonds | <u>185,001</u> | 2,215,000 |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows | | |
| Pension | 8,128,382 | |
| OPEB | <u>348,557</u> | 8,476,939 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities | | |
| Pension | 34,388,363 | |
| OPEB | <u>3,545,433</u> | 37,933,796 |
| Debt proceeds, including premiums on issuance, issued in the governmental funds that increase long-term in the statement of net position are not reported as revenues. | | |
| Premium on Bonds | (1,493,596) | |
| General Obligation Bonds | <u>(28,495,000)</u> | (29,988,596) |
| In the statement of activities, interest is accrued on outstanding bonds, and bond premium and 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 | (390,454) | |
| Amortization of Premium on Bonds | 213,910 | |
| Amortization of Refunding Loss | <u>(82,296)</u> | (258,840) |
| The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-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. | | |
| | | 846,600 |
| 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 | | (373,493) |
| Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities. | | |
| | | <u>(82,803)</u> |
| <i>Change in Net Position of Governmental Activities</i> | \$ | <u>55,555,403</u> |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|--|----------------------|----------------------|----------------------|--|
| | Original | Final | Actual | |
| Revenues | | | | |
| Property and Other Local Taxes | \$ 68,863,044 | \$ 68,805,350 | \$ 73,015,109 | \$ 4,209,759 |
| Intergovernmental | 27,907,791 | 27,886,150 | 27,910,975 | 24,825 |
| Investment Income | 629,767 | 629,000 | 971,802 | 342,802 |
| Tuition and Fees | 1,050,084 | 1,049,000 | 1,373,398 | 324,398 |
| Extracurricular Activities | 65,052 | 65,000 | 65,979 | 979 |
| Rentals | 91,070 | 91,000 | 89,293 | (1,707) |
| Charges for Services | 300,362 | 300,000 | 458,517 | 158,517 |
| Payment in Lieu of Taxes | 112,332 | 112,332 | 112,332 | 0 |
| Miscellaneous | 127,489 | 126,000 | 1,886,869 | 1,760,869 |
| <i>Total Revenues</i> | <u>99,146,991</u> | <u>99,063,832</u> | <u>105,884,274</u> | <u>6,820,442</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 44,515,982 | 42,235,837 | 40,559,011 | 1,676,826 |
| Special | 14,147,418 | 15,644,186 | 15,644,186 | 0 |
| Career Technical Education (fka Vocational) | 383,136 | 686,460 | 686,460 | 0 |
| Student Intervention Services | 287,049 | 219,824 | 219,824 | 0 |
| Other | 441,276 | 262,938 | 262,938 | 0 |
| Support Services: | | | | |
| Pupils | 7,317,514 | 7,015,607 | 7,015,607 | 0 |
| Instructional Staff | 4,322,090 | 4,287,214 | 4,992,765 | (705,551) |
| Board of Education | 28,618 | 32,225 | 32,225 | 0 |
| Administration | 7,033,566 | 6,834,664 | 6,834,664 | 0 |
| Fiscal | 2,833,096 | 2,629,611 | 2,795,633 | (166,022) |
| Business | 1,074,007 | 993,901 | 993,901 | 0 |
| Operation and Maintenance of Plant | 11,470,841 | 10,997,232 | 11,209,366 | (212,134) |
| Pupil Transportation | 4,805,581 | 4,672,372 | 4,672,372 | 0 |
| Central | 1,809,433 | 2,046,778 | 2,046,778 | 0 |
| Extracurricular Activities | 1,224,468 | 1,226,648 | 1,226,648 | 0 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 0 | 171 | 171 | 0 |
| Community Services | 55,293 | 49,500 | 49,500 | 0 |
| Capital Outlay | 783,049 | 2,720,925 | 2,720,925 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 225,000 | 225,000 | 225,000 | 0 |
| Interest and Fiscal Charges | 70,050 | 46,375 | 46,375 | 0 |
| <i>Total Expenditures</i> | <u>102,827,467</u> | <u>102,827,468</u> | <u>102,234,349</u> | <u>593,119</u> |
| <i>Excess (Deficiency) of Revenues Over</i> <i>(Under) Expenditures</i> | <u>(3,680,476)</u> | <u>(3,763,636)</u> | <u>3,649,925</u> | <u>7,413,561</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (270,000) | (270,000) | (265,000) | 5,000 |
| <i>Net Change in Fund Balance</i> | (3,950,476) | (4,033,636) | 3,384,925 | 7,418,561 |
| <i>Fund Balance Beginning of Year</i> | 40,640,340 | 40,640,340 | 40,640,340 | 0 |
| Prior Year Encumbrances Appropriated | 7,129,549 | 7,129,549 | 7,129,549 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$ 43,819,413</u> | <u>\$ 43,736,253</u> | <u>\$ 51,154,814</u> | <u>\$ 7,418,561</u> |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

| | Governmental Activities - Internal Service Funds |
|---|---|
| Assets | |
| <i>Current Assets</i> | |
| Equity in Pooled Cash and Investments | \$ 5,684,146 |
| <i>Total Assets</i> | 5,684,146 |
| Liabilities | |
| <i>Current Liabilities</i> | |
| Claims Payable | 1,026,526 |
| <i>Total Current Liabilities</i> | 1,026,526 |
| <i>Long-Term Liabilities</i> | |
| Claims Payable - Net of Current Portion | 325,448 |
| <i>Total Long-Term Liabilities</i> | 325,448 |
| <i>Total Liabilities</i> | 1,351,974 |
| Net Position | |
| Unrestricted | 4,332,172 |
| <i>Total Net Position</i> | \$ 4,332,172 |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

| | <u>Governmental Activities - Internal Service Funds</u> |
|---------------------------------------|---|
| Operating Revenues | |
| Charges for Services | <u>\$ 11,586,066</u> |
| Operating Expenses | |
| Purchased Services | 1,164,383 |
| Claims | 9,563,340 |
| Other | 11,743 |
| <i>Total Operating Expenses</i> | <u>10,739,466</u> |
| <i>Operating Income (Loss)</i> | 846,600 |
| <i>Net Position Beginning of Year</i> | <u>3,485,572</u> |
| <i>Net Position End of Year</i> | <u><u>\$ 4,332,172</u></u> |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

| | Governmental Activities - Internal Service Funds |
|--|---|
| <hr/> | |
| Cash Flows From Operating Activities | |
| Cash Received from Interfund Services Provided | \$ 11,586,066 |
| Cash Paid for Goods and Services | (1,176,126) |
| Cash Paid for Claims | (9,610,366) |
| <i>Net Cash Provided By (Used For) Operating Activities</i> | 799,574 |
| <i>Net Increase (Decrease) in Cash and Investments</i> | 799,574 |
| <i>Cash and Investments, Beginning of Year</i> | 4,884,572 |
| <i>Cash and Investments, End of Year</i> | \$ 5,684,146 |
| | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities | |
| Operating Income (Loss) | \$ 846,600 |
| Increase (Decrease) in Liabilities: | |
| Claims Payable | (47,026) |
| <i>Net Cash Provided By (Used For) Operating Activities</i> | \$ 799,574 |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018

| | <u>Agency</u> |
|---------------------------------------|--------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | <u>\$ 519,526</u> |
| Liabilities | |
| Undistributed Monies | \$ 294,840 |
| Due to Students | 224,686 |
| <i>Total Liabilities</i> | <u><u>\$ 519,526</u></u> |

See accompanying notes to the basic financial statements.

Shaker Heights City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1 - Description of the School District

The Shaker Heights City School District (School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government. Each member is elected to a four year term. The School District provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's eight instructional and four support facilities.

The School District is located in Shaker Heights, Ohio, Cuyahoga County. The School District operates five elementary schools (K-4), one elementary school (5-6), one middle school (7-8), and one high school (9-12). The School District's four support facilities include an administration building, transportation center, warehouse and maintenance vehicle garage and a media and technology services facility.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Shaker Heights City School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool and student related activities of the School District.

Non-Public Schools Within the School District boundaries, St. Dominic is operated through the Cleveland Catholic Diocese. Also, within the School District boundaries are Hanna-Perkins, Hathaway-Brown, Laurel and University non-public schools. Current state budget legislation provides certain per pupil amounts of funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools within state expenditure requirements. This activity is reflected in a special revenue fund and as a governmental activity of the School District. In accordance with new optional provisions under the State's 2018-2019 biennial budget, Hathaway-Brown and Laurel Schools elected effective the beginning of Fiscal 2018, to receive such funds directly from the State. They continue to employ School District employees through a third party contract agreement which is accounted for in a School District agency account.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provides financial support to, the organization; (4) or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

Shaker Heights City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The School District is associated with a related organization and two jointly governed organizations. These organizations are the Shaker Heights Public Library, the Ohio Schools' Council Association and Connect. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District'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 which are not classified as program revenues are presented as general revenues of the School District, with limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Shaker Heights City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Fund Accounting

The School District 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 outflow of resources and liabilities and deferred inflow of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment.

Building Fund This fund accounts for revenues restricted for various capital improvements within the School District.

The other governmental funds of the School District account for grants and other resources of the School District to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District only has internal service funds.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The internal service funds account for the payments, administrative costs and reserves of the School District's self-insured prescription drug coverage, the potential obligation under its contingent premium health and dental insurance plan, and the State's retrospective rating workers' compensation plan.

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 and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two agency funds which account for field trips, college entrance exam testing and student activities.

Measurement Focus

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Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Like the government-wide statements, the internal service funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of 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 School District finances and meets the cash flow needs of its internal service funds activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

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Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Inflows of Resources and Deferred Outflows 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 School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15).

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

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

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Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the original and final appropriations were passed by the Board of Education. The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" in the basic financial statements.

During fiscal year 2018, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, US Treasury bills and notes, commercial paper, certificates of deposit, money market accounts and the State Treasury Asset Reserve of Ohio (STAR Ohio), the State Treasurer's Investment Pool.

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

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During the year 2018, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$796,813 which includes \$200,486 assigned from other School District funds.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for budget stabilization. See Note 9 for additional information regarding set asides.

Capital Assets

All capital assets of the School District are classified as general capital assets. 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.

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Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the capital asset to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital the straight-line method over the following useful lives:

| Description | Governmental Activities Estimated Lives |
|----------------------------|--|
| Land Improvements | 5 - 60 Years |
| Buildings and Improvements | 50 - 100 Years |
| Equipment | 5 - 20 Years |
| Vehicles | 8 Years |

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

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

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Pensions and Other Postemployment Benefits (OPEB)

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

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the bond outstanding method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are reported as an other financing source when received.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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 borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2018, there was no net position restricted by enabling legislation.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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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.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 School District 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 policies and authorized purchase commitments by the School District Board of Education. The Board of Education has, by resolution, authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

The School District 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.

Internal 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.

Operating Revenues and Expenses

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Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for the self-insurance and workers' compensation programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

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 Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred in fiscal year 2018.

Estimates

The preparation of 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.

Implementation of New Accounting Principles and Restatement of Net Position

For the fiscal year ended June 30, 2018, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments*.

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

| | |
|--|-----------------|
| Net Position, June 30, 2017 | \$ (49,918,428) |
| Adjustments: | |
| Net OPEB Liability | (34,100,327) |
| Deferred Outflow-Payments Subsequent to Measurement Date | 251,987 |
| Restated Net Position, July 1, 2017 | \$ (83,766,768) |

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

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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 School District.

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

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

Note 3 – Fund Deficits

Fund balances at June 30, 2018, included the following individual fund deficits:

| | Fund Balance |
|------------------------------|-----------------|
| Nonmajor Governmental Funds: | |
| Parent Mentor Grant | \$ 451 |
| Title VI-B | 145,429 |
| Limited English Proficiency | 4,197 |
| Title I | 49,694 |
| Class Size Reduction | 4,732 |

The special revenue funds have deficits caused by the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

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Notes to the Basic Financial Statements
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Note 4 - Fund Balances

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

| | General Fund | Bond Retirement Fund | Building Fund | Nonmajor Governmental Funds | Total |
|-------------------------------------|----------------------|----------------------------|----------------------|-----------------------------------|----------------------|
| Nonspendable for: | | | | | |
| Prepays | \$ 226,458 | \$ 0 | \$ 0 | \$ 6,127 | \$ 232,585 |
| Restricted for: | | | | | |
| Food Service | 0 | 0 | 0 | 278,975 | 278,975 |
| Athletics | 0 | 0 | 0 | 207,112 | 207,112 |
| Non-Public Schools | 0 | 0 | 0 | 65,692 | 65,692 |
| Math Enrichment | 0 | 0 | 0 | 59,235 | 59,235 |
| Special Instruction | 0 | 0 | 0 | 26 | 26 |
| Debt Service Payments | 0 | 15,133,190 | 0 | 0 | 15,133,190 |
| Capital Improvements | 0 | 0 | 16,365,140 | 771,267 | 17,136,407 |
| Budget Stabilization-BWC Refund | 353,070 | 0 | 0 | 0 | 353,070 |
| Total Restricted | 353,070 | 15,133,190 | 16,365,140 | 1,382,307 | 33,233,707 |
| Assigned for: | | | | | |
| Uniform School Supplies | 18,175 | 0 | 0 | 0 | 18,175 |
| Public School Support | 152,336 | 0 | 0 | 0 | 152,336 |
| Shaker Merchandise | 14,706 | 0 | 0 | 0 | 14,706 |
| Subsequent Year Appropriations | 13,117,960 | 0 | 0 | 0 | 13,117,960 |
| Encumbrances: | | | | | |
| Instruction | 2,335,221 | 0 | 0 | 0 | 2,335,221 |
| Student Support | 1,982,462 | 0 | 0 | 0 | 1,982,462 |
| Extracurricular | 9,864 | 0 | 0 | 0 | 9,864 |
| Capital Outlay | 249,675 | 0 | 0 | 0 | 249,675 |
| Total Assigned | 17,880,399 | 0 | 0 | 0 | 17,880,399 |
| Unassigned (Deficit) | 37,606,441 | 0 | 0 | (209,500) | 37,396,941 |
| Total Fund Balance (Deficit) | \$ 56,066,368 | \$ 15,133,190 | \$ 16,365,140 | \$ 1,178,934 | \$ 88,743,632 |

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Notes to the Basic Financial Statements
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Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance

| | <u>General Fund</u> |
|---|---------------------|
| GAAP Basis | \$ 6,417,006 |
| Net Adjustment for Revenue Accruals | 2,774,581 |
| Net Adjustment for Expenditure Accruals | (508,987) |
| Funds Budgeted Elsewhere ** | (215,699) |
| Adjustment for Encumbrances | (5,081,976) |
| Budget Basis | \$ 3,384,925 |

** 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 public school support fund, the Shaker merchandise fund, fringe benefits, and uniform school supplies fund.

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Notes to the Basic Financial Statements
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Note 6 - Deposits and Investments

State statutes classify monies held by the School District 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts.

Protection of the School District'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 to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed two hundred seventy days from the purchase date in an amount not to exceed 40% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments: As of June 30, 2018, the School District had the following investments:

| Rating | Investment | Measurement Amount | Maturity (in months) | | | % Total Investments |
|----------|--|-----------------------|-------------------------|----------------------|---------------------|---------------------------|
| | | | 0 - 12 | 13-36 | >36 | |
| | Nav: | | | | | |
| AAAm | STAR Ohio | \$ 5,598,285 | \$ 5,598,285 | \$ 0 | \$ 0 | 5.39% |
| N/A | Money Market | 44,973 | 44,973 | 0 | 0 | 0.04% |
| | Fair Value: | | | | | |
| N/A | Negotiable Certificates of Deposit | 4,383,912 | 2,433,131 | 1,712,496 | 238,285 | 4.22% |
| P-1/BAA1 | Commercial Paper | 44,823,535 | 44,823,535 | 0 | 0 | 43.18% |
| N/A | US Treasury Bill | 6,513,886 | 6,513,886 | 0 | 0 | 6.27% |
| N/A | US Treasury Note | 11,240,215 | 11,240,215 | 0 | 0 | 10.83% |
| AA+ | Federal Home Loan Bank | 2,949,549 | 0 | 2,949,549 | 0 | 2.84% |
| AA+ | Federal Home Loan Mortgage Corporation | 12,066,871 | 7,288,565 | 4,778,306 | 0 | 11.62% |
| AA- | Federal National Mortgage Association | 13,008,592 | 747,414 | 9,009,314 | 3,251,864 | 12.54% |
| AA+ | Federal Farm Credit Bank | 3,189,006 | 0 | 3,189,006 | 0 | 3.07% |
| | Totals | <u>\$ 103,818,824</u> | <u>\$ 78,690,004</u> | <u>\$ 21,638,671</u> | <u>\$ 3,490,149</u> | <u>100.00%</u> |

The School District 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 School District's recurring fair value measurements as of June 30, 2018. The School District'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).

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Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2018, is 49 days.

Credit Risk: The School District's investments at June 30, 2018 are rated as shown above by S&P Global Ratings. Federal money markets are exempt from ratings since they are explicitly guaranteed by a U.S. Government Agency. The School District's policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2018 taxes were collected are:

| | 2017 Second Half Collections | | 2018 First Half Collections | |
|---|---------------------------------|----------------|--------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Real Estate | \$ 801,483,780 | 98.10% | \$ 795,291,310 | 97.95% |
| Public Utility Personal Property | 15,510,410 | 1.90% | 16,650,160 | 2.05% |
| | <u>\$ 816,994,190</u> | <u>100.00%</u> | <u>\$ 811,941,470</u> | <u>100.00%</u> |
| Tax rate per \$1,000 assessed valuation | <u>\$ 186.73</u> | | <u>\$ 190.48</u> | |

Note 8 – Receivables

Receivables at June 30, 2018, consisted of taxes, accounts (rent and student fees), interfund, accrued interest on investments and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Note 9 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2018, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

The following cash basis information describes the change in the year end set-aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

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| | Capital Improvement | Budget Stabilization |
|---|------------------------|-------------------------|
| Set Aside Restricted Balance June 30, 2017 | \$ 0 | \$ 353,070 |
| Current Year Set-Aside Requirement | 892,561 | 0 |
| Current Year Qualifying Expenditures | (3,655,301) | 0 |
| Total | \$ (2,762,740) | \$ 353,070 |
| | | |
| Set Aside Balance June 30, 2018 | \$ 0 | \$ 353,070 |
| | | |
| Balance Carried Forward to Fiscal Year 2019 | \$ 0 | \$ 353,070 |

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the two set-asides at the end of the fiscal year was \$353,070. This represents workers' compensation refunds that were received prior to April 20, 2001.

Note 10 – Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

Litigation

The Shaker Heights City School District is party to various legal proceedings. The School District management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

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Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

| | Balance 6/30/17 | Additions | Reductions | Adjustments | Balance 6/30/18 |
|---|----------------------|---------------------|--------------------|--------------------|----------------------|
| Governmental Activities | | | | | |
| <i>Capital Assets, not being depreciated:</i> | | | | | |
| Land | \$ 943,600 | \$ 0 | \$ 0 | \$ 0 | \$ 943,600 |
| Construction in progress | 950,002 | 2,852,054 | 0 | (1,595,448) | 2,206,608 |
| Total Capital Assets, not being depreciated | <u>1,893,602</u> | <u>2,852,054</u> | <u>0</u> | <u>(1,595,448)</u> | <u>3,150,208</u> |
| <i>Capital Assets, being depreciated:</i> | | | | | |
| Land Improvements | 4,516,307 | 184,710 | 0 | 0 | 4,701,017 |
| Buildings and Improvements | 43,685,025 | 590,370 | (19,260) | 1,595,448 | 45,851,583 |
| Equipment | 20,322,946 | 1,539,184 | (173,785) | 0 | 21,688,345 |
| Vehicles | 4,960,976 | 290,811 | 0 | 0 | 5,251,787 |
| Total Capital Assets, being depreciated | <u>73,485,254</u> | <u>2,605,075</u> | <u>(193,045)</u> | <u>1,595,448</u> | <u>77,492,732</u> |
| Less Accumulated Depreciation: | | | | | |
| Land Improvements | (2,381,435) | (136,421) | 0 | 0 | (2,517,856) |
| Buildings and Improvements | (17,200,278) | (976,042) | 2,889 | 0 | (18,173,431) |
| Equipment | (16,108,539) | (1,344,715) | 154,070 | 0 | (17,299,184) |
| Vehicles | (3,887,384) | (330,963) | 0 | 0 | (4,218,347) |
| Total Accumulated Depreciation | <u>(39,577,636)</u> | <u>(2,788,141)</u> | <u>156,959</u> | <u>0</u> | <u>(42,208,818)</u> |
| Total Capital Assets being depreciated, net | <u>33,907,618</u> | <u>(183,066)</u> | <u>(36,086)</u> | <u>1,595,448</u> | <u>35,283,914</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 35,801,220</u> | <u>\$ 2,668,988</u> | <u>\$ (36,086)</u> | <u>\$ 0</u> | <u>\$ 38,434,122</u> |

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Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------|--------------|
| Instruction: | |
| Regular | \$ 1,180,932 |
| Special | 11,232 |
| Other Instruction | 8,693 |
| Support Services: | |
| Pupil | 1,303 |
| Instructional Staff | 339,653 |
| Administration | 7,835 |
| Fiscal | 8,880 |
| Business | 45,752 |
| Operation and Maintenance of Plant | 450,845 |
| Pupil Transportation | 315,318 |
| Central Services | 872 |
| Food Service Operations | 187,780 |
| Non-instructional | 33,950 |
| Extracurricular Activities | 195,096 |
| Total Depreciation | \$ 2,788,141 |

Note 12 - Risk Management

Property and Liability

The School District 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 fiscal year 2018, the School District contracted with Argonaut Insurance Company for property, inland marine, vehicle, umbrella and general liability insurance coverage. General liability coverage includes a \$1,000,000 single occurrence limit, a \$3,000,000 aggregate with a \$1,000 deductible. Coverage for vehicles, including school buses, have a \$1,000 deductible for both comprehensive and collision with a \$1,000,000 per accident combined single limit of liability. The School District also has a \$10,000,000 umbrella policy that covers both general liability and vehicle policies. The School District also has coverages provided by Travelers and other insurance companies that include foreign travel, cyber liability, crime and fiduciary obligations. Settled claims have not exceeded the School District's commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The School District participates in the State Bureau of Workers' Compensation individual retrospective rating and payment system for claims years prior to calendar 2015. Such plan requires the payment of an annual minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees. The School District reimburses the State Bureau of Workers' Compensation for claims paid on the School District's behalf for all open individual retrospective claims years in the calendar year following the State's payment of the claims.

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The School District switched from an “individual retrospective” to a “group retrospective” rating plan effective January 1, 2016 and thus there are no reserves for claim years after 2015. The balance of claims payable at June 30, 2018, represents an estimate of the liability for unpaid claims costs provided by Workers’ Compensation for open claim years through calendar 2015. The claims liability reported in the internal service funds for the Workers’ Compensation retrospective rating and payment system at June 30, 2018, was \$529,974.

Changes in claims activity for fiscal years 2017 and 2018 are as follows:

| | | <u>Balance at</u> <u>Beginning</u> | <u>Current Year</u> <u>Provision</u> | <u>Claims</u> <u>Payments</u> | <u>Balance at</u> <u>End of Year</u> |
|------|----|---------------------------------------|---|----------------------------------|---|
| 2017 | \$ | 504,479 | \$ 170,569 | \$ 175,048 | \$ 500,000 |
| 2018 | \$ | 500,000 | \$ 250,565 | \$ 220,591 | \$ 529,974 |

Employee Health Benefits

The School District is self-insured for prescription drug, medical and dental insurance. Express Scripts, the pharmacy benefit manager of the program, processes the claims for the School District’s prescription drug program. Monthly funding rates for prescription drug insurance are \$327.12 for family coverage and \$123.21 for single coverage. The program utilizes a \$7 retail prescription deductible for generic drugs, a \$25 deductible for preferred name brand drugs and a \$50 deductible for non-preferred drugs.

Anthem Blue Cross/Blue Shield, the third party administrator, processes the claims for the School District’s medical and dental program. Monthly funding rates for medical insurance are \$1,317.65 for family coverage and \$501.01 for single coverage. Monthly funding rates for dental insurance are \$111.24 for family coverage and \$38.76 for single coverage. The School District has stop loss coverage that begins at \$200,000 per family per year and a calculated aggregate maximum stop loss coverage for the 2018 plan year (January through December) that begins at \$7,867,097.

The claims liability of \$822,000 reported in the self-insurance fund at June 30, 2018 for employee medical, dental and drug coverage was estimated by an independent health actuary and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for fiscal years 2017 and 2018 are as follows:

| | | <u>Balance at</u> <u>Beginning</u> | <u>Current Year</u> <u>Provision</u> | <u>Premiums and</u> <u>Claim Payments</u> | <u>Balance at</u> <u>End of Year</u> |
|------|----|---------------------------------------|---|--|---|
| 2017 | \$ | 593,000 | \$ 10,148,918 | \$ 9,842,918 | \$ 899,000 |
| 2018 | \$ | 899,000 | \$ 9,312,775 | \$ 9,389,775 | \$ 822,000 |

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Note 13 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn up to twenty-four days of vacation per year, depending upon length of service. Vacation days are credited to classified employees on July 1st and employees can carryover into the next fiscal year five vacation days a year. Accumulated unused vacation time is paid to classified employees upon termination of employment, with some restrictions. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. The number of unused sick days which can accumulate is either unrestricted or limited by the terms of negotiated agreements.

Health Care Benefits

The School District's primary health insurance carrier was Anthem Blue Cross/Blue Shield through December 2017, and Medical Mutual of Ohio beginning January 1, 2018. The School District health insurance plan continues to require a \$20 office visit co-pay; a \$250/\$500 deductible; and a \$250/\$500 coinsurance for a \$500/\$1,000 maximum in-network out-of-pocket maximum.

Life Insurance

Life insurance is offered to employees through Anthem Life Insurance Company. The Superintendent receives \$300,000 for \$36 per month; the Treasurer receives \$150,000 coverage for \$18 per month; administrators, supervisors, other non-bargaining employees, certified teachers and support teachers, classified clerical and paraprofessional employees receive \$50,000 coverage for \$6 per month, and custodial and security employees receive \$40,000 for \$4.80 per month.

Note 14 – 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 School District'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.

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

| | Eligible to Retire on or before August 1, 2017* | Eligible to Retire on or after August 1, 2017 |
|---------------------------------|---|--|
| Full Benefits | Any age with 30 years of service credit | Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit |

*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2018.

The School District's contractually required contribution to SERS was \$2,210,929 for fiscal year 2018. Of this amount, \$170,612 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$5,917,453 for fiscal year 2018. Of this amount, \$996,838 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

| | SERS | STRS | Total |
|--|----------------|-----------------|-----------------|
| Proportion of the Net Pension Liability: | | | |
| Current Measurement Date | 0.51450510% | 0.36269628% | |
| Prior Measurement Date | 0.51201700% | 0.36182360% | |
| Change in Proportionate Share | 0.00248810% | 0.00087268% | |
| Proportionate Share of the Net | | | |
| Pension Liability | \$ 30,740,543 | \$ 86,159,279 | \$ 116,899,822 |
| Pension Expense | \$ (1,260,160) | \$ (33,128,203) | \$ (34,388,363) |

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Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | SERS | STRS | Total |
|---|---------------------|----------------------|----------------------|
| Deferred Outflows of Resources | | | |
| Differences between Expected and | | | |
| Actual Experience | \$ 1,322,968 | \$ 3,327,068 | \$ 4,650,036 |
| Changes of Assumptions | 1,589,616 | 18,843,981 | 20,433,597 |
| Changes in Proportion and Differences between | | | |
| School District Contributions and Proportionate | | | |
| Share of Contributions | 157,356 | 1,323,299 | 1,480,655 |
| School District Contributions Subsequent to the | | | |
| Measurement Date | 2,210,929 | 5,917,453 | 8,128,382 |
| Total Deferred Outflows of Resources | \$ 5,280,869 | \$ 29,411,801 | \$ 34,692,670 |
| Deferred Inflows of Resources | | | |
| Differences between Expected and | | | |
| Actual Experience | \$ 0 | \$ 694,410 | \$ 694,410 |
| Net Difference between Projected and | | | |
| Actual Earnings on Pension Plan Investments | 145,918 | 2,843,357 | 2,989,275 |
| Changes in Proportion and Differences between | | | |
| School District Contributions and Proportionate | | | |
| Share of Contributions | 225,902 | 568,424 | 794,326 |
| Total Deferred Inflows of Resources | \$ 371,820 | \$ 4,106,191 | \$ 4,478,011 |

\$8,128,382 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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| Fiscal Year Ending June 30: | SERS | STRS | Total |
|-----------------------------|--------------|---------------|---------------|
| 2019 | \$ 1,077,293 | \$ 4,017,346 | \$ 5,094,639 |
| 2020 | 1,868,659 | 7,885,289 | 9,753,948 |
| 2021 | 468,792 | 5,928,409 | 6,397,201 |
| 2022 | (716,624) | 1,557,113 | 840,489 |
| | \$ 2,698,120 | \$ 19,388,157 | \$ 22,086,277 |

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

| | |
|--|---|
| Wage Inflation | 3.00 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent |
| COLA or Ad Hoc COLA | 2.50 percent |
| Investment Rate of Return | 7.50 percent net of investment expense, including inflation |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |

Mortality rates among active members were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the most recent actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *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 an arithmetic weighted average 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. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|------------------------|----------------------|---|
| Cash | 1.00 % | 0.50 % |
| US Stocks | 22.50 | 4.75 |
| Non-US Stocks | 22.50 | 7.00 |
| Fixed Income | 19.00 | 1.50 |
| Private Equity | 10.00 | 8.00 |
| Real Assets | 15.00 | 5.00 |
| Multi-Asset Strategies | 10.00 | 3.00 |
| Total | 100.00 % | |

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the 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 School District'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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's 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%) |
|---|------------------------|-------------------------------------|------------------------|
| School District's Proportionate Share of the Net Pension Liability | \$ 42,659,885 | \$ 30,740,543 | \$ 20,755,663 |

Actuarial Assumptions - STRS

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The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|---|
| Inflation | 2.50 percent |
| Salary Increases | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation |
| Payroll Increases | 3.00 percent |
| Cost-of-Living Adjustments | 0.00 percent effective July 1, 2017 |

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| <u>Asset Class</u> | <u>Target Allocation*</u> | <u>Long Term Expected Real Rate of Return**</u> |
|----------------------|-------------------------------|---|
| Domestic Equity | 28.00 % | 7.35 % |
| International Equity | 23.00 | 7.55 |
| Alternatives | 17.00 | 7.09 |
| Fixed Income | 21.00 | 3.00 |
| Real Estate | 10.00 | 6.00 |
| Liquidity Reserves | <u>1.00</u> | 2.25 |
| Total | <u><u>100.00 %</u></u> | |

*The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer

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contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

| | 1% Decrease (6.45%) | Current Discount Rate (7.45%) | 1% Increase (8.45%) |
|---|------------------------|-------------------------------------|------------------------|
| School District's Proportionate Share of the Net Pension Liability | \$ 123,506,394 | \$ 86,159,279 | \$ 54,699,932 |

Assumption Changes since the Prior Measurement Date

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Benefit Term Changes since the Prior Measurement Date

Effective July 1, 2017, the COLA was reduced to zero.

Note 15 - Defined Benefit OPEB Plans

Net OPEB Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$266,671.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$348,557 for fiscal year 2018. Of this amount \$272,990 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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| | SERS | STRS | Total |
|---|--------------------|--------------------|----------------|
| Proportion of the Net OPEB Liability | | | |
| Current Measurement Date | 0.52036490% | 0.36269628% | |
| Prior Measurement Date | 0.51747342% | 0.36182360% | |
| Change in Proportionate Share | <u>0.00289148%</u> | <u>0.00087268%</u> | |
| Proportionate Share of the Net OPEB Liability | \$ 13,965,227 | \$ 14,151,070 | \$ 28,116,297 |
| OPEB Expense | \$ 766,042 | \$ (4,311,475) | \$ (3,545,433) |

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | SERS | STRS | Total |
|---|---------------------|---------------------|---------------------|
| Deferred Outflows of Resources | | | |
| Differences between Expected and Actual Experience | \$ 0 | \$ 816,887 | \$ 816,887 |
| Changes in Proportionate Share and Differences between School District Contributions and Proportionate Share of Contributions | 63,371 | 40,004 | 103,375 |
| School District Contributions Subsequent to the Measurement Date | <u>348,557</u> | <u>0</u> | <u>348,557</u> |
| Total Deferred Outflows of Resources | <u>\$ 411,928</u> | <u>\$ 856,891</u> | <u>\$ 1,268,819</u> |
| Deferred Inflows of Resources | | | |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | \$ 36,878 | \$ 604,850 | \$ 641,728 |
| Changes of Assumptions | <u>1,325,228</u> | <u>1,139,916</u> | <u>2,465,144</u> |
| Total Deferred Inflows of Resources | <u>\$ 1,362,106</u> | <u>\$ 1,744,766</u> | <u>\$ 3,106,872</u> |

\$348,557 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | SERS | STRS | Total |
|-----------------------------|-----------------------|---------------------|-----------------------|
| Fiscal Year Ending June 30: | | | |
| 2019 | \$ (466,414) | \$ (198,383) | \$ (664,797) |
| 2020 | (466,414) | (198,383) | (664,797) |
| 2021 | (356,689) | (198,383) | (555,072) |
| 2022 | (9,218) | (198,385) | (207,603) |
| 2023 | 0 | (47,171) | (47,171) |
| Thereafter | <u>0</u> | <u>(47,170)</u> | <u>(47,170)</u> |
| | <u>\$ (1,298,735)</u> | <u>\$ (887,875)</u> | <u>\$ (2,186,610)</u> |

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Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

| | |
|--|---|
| Wage Inflation | 3.00 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent |
| Investment Rate of Return | 7.50 percent net of investment expense, including inflation |
| Municipal Bond Index Rate | |
| Measurement Date | 3.56 percent |
| Prior Measurement Date | 2.92 percent |
| Single Equivalent Interest Rate | |
| Measurement Date | 3.63 percent, net of plan investment expense, including price inflation |
| Prior Measurement Date | 2.98 percent, net of plan investment expense, including price inflation |
| Medical Trend Assumption | |
| Medicare | 5.50 percent - 5.00 percent |
| Pre-Medicare | 7.50 percent - 5.00 percent |

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|------------------------|----------------------|---|
| Cash | 1.00 % | 0.50 % |
| US Stocks | 22.50 | 4.75 |
| Non-US Stocks | 22.50 | 7.00 |
| Fixed Income | 19.00 | 1.50 |
| Private Equity | 10.00 | 8.00 |
| Real Assets | 15.00 | 5.00 |
| Multi-Asset Strategies | 10.00 | 3.00 |
| Total | 100.00 % | |

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63 percent) and higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 4.0 percent) and higher (8.5 percent decreasing to 6.0 percent) than the current rate.

| | 1% Decrease (2.63%) | Current Discount Rate (3.63%) | 1% Increase (4.63%) |
|---|------------------------|-------------------------------------|------------------------|
| School District's Proportionate Share of the Net OPEB Liability | \$ 16,864,789 | \$ 13,965,227 | \$ 11,668,033 |
| | 1% Decrease | Current Trend Rate | 1% Increase |
| School District's Proportionate Share of the Net OPEB Liability | \$ 11,331,735 | \$ 13,965,227 | \$ 17,450,698 |

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

| | |
|-----------------------------------|---|
| Inflation | 2.50 percent |
| Projected Salary Increases | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation |
| Payroll Increases | 3.00 percent |
| Cost-of-Living Adjustments (COLA) | 0.00 percent effective July 1, 2017 |
| Blended Discount Rate of Return | 4.13 percent |
| Health Care Cost Trends | 6.00 percent to 11.00 percent, initial, 4.50 percent ultimate |

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return* |
|----------------------|----------------------|--|
| Domestic Equity | 28.00 % | 7.35 % |
| International Equity | 23.00 | 7.55 |
| Alternatives | 17.00 | 7.09 |
| Fixed Income | 21.00 | 3.00 |
| Real Estate | 10.00 | 6.00 |
| Liquidity Reserves | 1.00 | 2.25 |
| | 100.00 % | |

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13

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percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| | 1% Decrease (3.13%) | Current Discount Rate (4.13%) | 1% Increase (5.13%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's Proportionate Share of the Net OPEB Liability | \$ 18,997,585 | \$ 14,151,070 | \$ 10,320,740 |
| | 1% Decrease | Current Trend Rate | 1% Increase |
| School District's Proportionate Share of the Net OPEB Liability | \$ 9,831,557 | \$ 14,151,070 | \$ 19,836,055 |

Note 16 – Significant Commitments

Contractual Commitments

As a result of projects that were in progress at June 30, 2018, the School District had the following outstanding contractual commitments at fiscal year-end:

| | Contract Amount | Expenditures as of June 30, 2018 | Amount Remaining on Contract |
|------------------------------|--------------------|--|------------------------------------|
| ABC Piping | \$ 1,415,000 | \$ 250,000 | \$ 1,165,000 |
| Bailey Communications | 191,349 | 91,849 | 99,500 |
| Chagrin Valley Paving | 1,039,873 | 166,950 | 872,923 |
| D. B . Johnsen Company | 265,648 | 239,083 | 26,565 |
| Gardinier | 542,720 | 60,707 | 482,013 |
| Garland/DBS, Inc. | 1,758,885 | 340,702 | 1,418,183 |
| Kastra, LLC | 191,125 | 82,062 | 109,063 |
| Lakeland Management Systems | 1,012,155 | 470,275 | 541,880 |
| Legat Architects | 524,089 | 362,260 | 161,829 |
| Sterling Professional Group | 450,794 | 0 | 450,794 |
| Tap Construction LTD | 96,773 | 0 | 96,773 |
| Total Environmental Services | 30,440 | 15,220 | 15,220 |
| VAA | 102,000 | 54,389 | 47,611 |
| | \$ 7,620,851 | \$ 2,133,497 | \$ 5,487,354 |

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Encumbrance Commitments

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year-end may be reported as part of restricted, committed or assigned classifications of fund balance. At fiscal year-end, the School District commitments for encumbrances in the governmental funds were as follows:

| Fund | Amount |
|-----------------------|---------------|
| General | \$ 4,601,416 |
| Bond Retirement | 4,065 |
| Building | 5,751,897 |
| Nonmajor Governmental | 221,883 |
| | \$ 10,579,261 |

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

Note 17 – Interfund Balances

Interfund Loans

Interfund loans receivable and payable consisted of the following at June 30, 2018, as reported on the fund statement:

| | Interfund Receivable | Interfund Payable |
|------------------------|-------------------------|----------------------|
| General | \$ 548 | \$ 0 |
| Nonmajor Governmental: | | |
| Title III | 0 | 149 |
| Title I | 0 | 399 |
| | \$ 548 | \$ 548 |

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances were interfund loans which were not repaid in the current fiscal year, however expected to be repaid in the next fiscal year.

Interfund transactions between governmental funds are eliminated on the government-wide financial statements.

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Transfers

Transfers made during fiscal year 2018 were as follows:

| | Transfers In | Transfers Out |
|------------------------|--------------|---------------|
| General | \$ 0 | \$ 260,000 |
| Nonmajor Governmental: | | |
| Athletics | 260,000 | 0 |
| | \$ 260,000 | \$ 260,000 |

The general fund transferred unrestricted balances to support programs and projects in the athletics fund.

Note 18– Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District’s bonds is as follows:

| Debt Issue | Interest Rate | Original Issue Amount | Fiscal Year of Maturity |
|-------------------------------------|---------------|-----------------------|-------------------------|
| <i>General Obligation Bonds:</i> | | | |
| School Improvement - 2007 | 4.00 - 24.70% | \$ 8,498,960 | 2026 |
| School Improvement Refunding - 2007 | 4.00 - 24.70% | 3,769,983 | 2020 |
| School Improvement Refunding - 2007 | 4.00 - 24.70% | 1,931,639 | 2020 |
| School Improvement - 2008 | 4.0 - 4.50% | 4,999,999 | 2026 |
| Capital Improvement - 2012 | 2.0 - 2.50% | 4,170,000 | 2028 |
| School Improvement Refunding - 2012 | 2.0 - 21.0% | 4,994,310 | 2026 |
| School Improvement Refunding - 2015 | 3.98% | 5,345,000 | 2026 |
| School Improvement Bond - 2018 | 2.25 - 5.0% | 20,100,000 | 2034 |
| School Improvement Bond - 2018 | 2.0 - 2.75% | 8,395,000 | 2038 |

On April 18, 2007, the School District issued \$8,498,960 in general obligation bonds for various school facility improvements. The general obligation bonds included serial and capital appreciation bonds in the amounts of \$8,475,000 and \$23,960, respectively. The bonds were issued for a twenty year period with a final maturity at December 15, 2025. On March 5, 2015, \$3,600,000 of these bonds were refunded. The capital appreciation bonds matured in fiscal year 2016. The final payment will mature in 2019.

On April 18, 2007 issued \$3,769,983 in general obligation bonds to refund a portion of the 1999 school improvement bonds. The general obligation bonds included serial and capital appreciation bonds in the amount of \$3,760,000 and \$9,983, respectively. The bonds were issued for a fourteen year period with a final maturity at December 15, 2019. The capital appreciation bonds matured in fiscal year 2016.

On April 18, 2007 issued \$1,931,639 in general obligation bonds to refund a portion of the 2000 school improvement bonds. The general obligation bonds included serial and capital appreciation bonds in the amount of \$1,915,000 and \$16,639, respectively. The bonds were issued for a fourteen year period with a final maturity at December 15, 2019. The capital appreciation bonds matured in fiscal year 2016.

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On November 25, 2008, the School District issued \$4,999,999 in school improvement bonds. These bonds were issued to defease bond anticipation notes of \$5,000,000 maturing on December 2, 2008. The bond issue included serial and capital appreciation bonds in the amounts \$4,880,000, and \$119,999, respectively. The bonds will be retired with a voted property tax levy from the debt service fund with serial portion maturing in fiscal year 2026. On March 11, 2015, \$1,885,000 of these bonds were refunded.

The capital appreciation bonds is \$305,000 matured in fiscal year 2018.

On October 30, 2012, the School District issued \$2,340,000 for energy efficiency improvements, \$830,000 for stadium improvements, and \$1,000,000 for buses in general obligation. The bonds were issued for a fifteen year period with a final maturity at December 15, 2027.

On October 30, 2012, the School District issued \$4,994,310 in general obligation bonds to refund a portion of the 2005 school improvement bonds. The general obligation bonds included serial and capital appreciation bonds in the amount of \$4,875,000 and \$119,310, respectively. The bonds were issued for a thirteen year period with a final maturity at December 15, 2025. As of June 30, 2018, \$1,810,000 of the defeased debt is outstanding.

The serial and capital appreciation bonds remained outstanding at June 30, 2018. The capital appreciation bonds were originally sold at a discount of \$375,690, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2020. The maturity amount of the outstanding capital appreciation bonds is \$495,000.

The issuance resulted in an economic gain of \$543,228. The issuance resulted in a difference (savings) between the cash flow requirements to service the old debt and the cash flows required to service the new debt of \$227,729.

On March 11, 2015, the School District issued \$5,345,000 in general obligation bonds to refund a portion of the 2007 and 2009 school improvement bonds in the amounts of \$3,600,000 and \$1,885,000, respectively. The bonds were issued for an eleven year period with a final maturity at December 15, 2025. As of June 30, 2018, \$5,485,000 of the defeased debt is outstanding.

The issuance resulted in a difference (savings) between the cash flow requirements to service the old debt and the cash flows required to service the new debt of \$347,326.

On April 11, 2018, the School District issued \$20,100,000 in school improvement bonds for the purpose of constructing, adding to, renovating, remodeling, furnishing, equipping and otherwise improving School District buildings. The bonds will be retired with a voted property tax levy from the debt service fund maturing in fiscal year 2034.

On April 25, 2018, the School District issued \$8,395,000 in school improvement bonds for the purpose of constructing, adding to, renovating, remodeling, furnishing, equipping and otherwise improving School District buildings. The bonds will be retired with a voted property tax levy from the debt service fund maturing in fiscal year 2038.

The School District's overall debt margin was \$33,303,560 with an unvoted debt margin of \$795,291 at June 30, 2018.

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Changes in the School District's long-term obligation during fiscal year 2018 were as follows:

| | Restated Balance 6/30/17 | Additions | Reductions | Balance 6/30/18 | Amounts Due in One Year |
|--|--------------------------------|----------------------|----------------------|-----------------------|-------------------------------|
| Governmental Activities: | | | | | |
| <i>General Obligation Bonds:</i> | | | | | |
| School Improvement Bonds - 2007 | | | | | |
| Serial Bonds | \$ 855,000 | \$ 0 | \$ 420,000 | \$ 435,000 | \$ 435,000 |
| School Improvement Refunding Bonds - 2007 | | | | | |
| Serial Bonds | 1,295,000 | 0 | 410,000 | 885,000 | 435,000 |
| Unamortized Premium | 18,499 | 0 | 7,400 | 11,099 | 0 |
| Total School Improvement Refunding Bonds - 2007 | <u>1,313,499</u> | <u>0</u> | <u>417,400</u> | <u>896,099</u> | <u>435,000</u> |
| School Improvement Refunding Bonds - 2007 | | | | | |
| Serial Bonds | 735,000 | 0 | 235,000 | 500,000 | 245,000 |
| Unamortized Premium | 19,133 | 0 | 7,653 | 11,480 | 0 |
| Total School Improvement Refunding Bonds - 2007 | <u>754,133</u> | <u>0</u> | <u>242,653</u> | <u>511,480</u> | <u>245,000</u> |
| School Improvement Bonds - 2008 | | | | | |
| Serial Bonds | 955,000 | 0 | 0 | 955,000 | 305,000 |
| Capital Appreciation Bonds | 119,999 | 0 | 119,999 | 0 | 0 |
| Accretion on Capital Appreciation Bonds | 169,689 | 15,312 | 185,001 | 0 | 0 |
| Total School Improvement Bonds - 2008 | <u>1,244,688</u> | <u>15,312</u> | <u>305,000</u> | <u>955,000</u> | <u>305,000</u> |
| Capital Improvement & Equipment Bonds - 2012 | | | | | |
| Energy Conservation | 1,785,000 | 0 | 145,000 | 1,640,000 | 150,000 |
| Stadium Improvements | 515,000 | 0 | 80,000 | 435,000 | 85,000 |
| Buses | 625,000 | 0 | 100,000 | 525,000 | 100,000 |
| Total Capital Improvement & Equipment Bonds-2012 | <u>2,925,000</u> | <u>0</u> | <u>325,000</u> | <u>2,600,000</u> | <u>335,000</u> |
| School Improvement Refunding Bonds - 2012 | | | | | |
| Serial Bonds | 3,700,000 | 0 | 510,000 | 3,190,000 | 505,000 |
| Capital Appreciation Bonds | 119,310 | 0 | 0 | 119,310 | 0 |
| Accretion on Capital Appreciation Bonds | 186,045 | 67,491 | 0 | 253,536 | 0 |
| Unamortized Premium | 410,284 | 0 | 51,286 | 358,998 | 0 |
| Total School Improvement Refunding Bonds - 2012 | <u>4,415,639</u> | <u>67,491</u> | <u>561,286</u> | <u>3,921,844</u> | <u>505,000</u> |
| School Improvement Refunding Bonds - 2015 | | | | | |
| Serial Bonds | 5,275,000 | 0 | 10,000 | 5,265,000 | 10,000 |
| Unamortized Premium | 537,405 | 0 | 59,712 | 477,693 | 0 |
| Total School Improvement Refunding Bonds - 2015 | <u>5,812,405</u> | <u>0</u> | <u>69,712</u> | <u>5,742,693</u> | <u>10,000</u> |
| School Improvement Bonds - 2018 | | | | | |
| Serial Bonds | 0 | 20,100,000 | 0 | 20,100,000 | 690,000 |
| Unamortized Premium | 0 | 1,493,596 | 87,859 | 1,405,737 | 0 |
| Total School Improvement Bonds - 2018 | <u>0</u> | <u>21,593,596</u> | <u>87,859</u> | <u>21,505,737</u> | <u>690,000</u> |
| School Improvement Bonds - 2018 | | | | | |
| Serial Bonds | 0 | 8,395,000 | 0 | 8,395,000 | 25,000 |
| Total General Obligation Bonds | <u>17,320,364</u> | <u>30,071,399</u> | <u>2,428,910</u> | <u>44,962,853</u> | <u>2,985,000</u> |
| <i>Net Pension/OPEB Liability:</i> | | | | | |
| Pension | 158,588,185 | 0 | 41,688,363 | 116,899,822 | 0 |
| OPEB | 34,100,327 | 0 | 5,984,030 | 28,116,297 | 0 |
| Total Net Pension/OPEB Liability | <u>192,688,512</u> | <u>0</u> | <u>47,672,393</u> | <u>145,016,119</u> | <u>0</u> |
| <i>Other Long-term Obligations:</i> | | | | | |
| Compensated Absences | 6,169,893 | 739,006 | 365,513 | 6,543,386 | 927,371 |
| Claims Payable | 1,399,000 | 9,563,340 | 9,610,366 | 1,351,974 | 1,026,526 |
| Total Governmental Activities | <u>\$ 217,577,769</u> | <u>\$ 40,373,745</u> | <u>\$ 60,077,182</u> | <u>\$ 197,874,332</u> | <u>\$ 4,938,897</u> |

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General obligation bonds will be paid from the general fund, debt service fund or the building fund. Compensated absences will be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2018 are as follows:

| Fiscal Year Ending June 30, | Serial Bonds | | Capital Appreciation Bonds | | Total | |
|--------------------------------|----------------------|----------------------|----------------------------|-------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Accretion | Principal | Interest/Accretion |
| 2019 | \$ 2,985,000 | \$ 1,835,129 | \$ 0 | \$ 0 | \$ 2,985,000 | \$ 1,835,129 |
| 2020 | 2,830,000 | 1,410,014 | 119,310 | 375,690 | 2,949,310 | 1,785,704 |
| 2021 | 2,670,000 | 1,311,118 | 0 | 0 | 2,670,000 | 1,311,118 |
| 2022 | 2,730,000 | 1,136,167 | 0 | 0 | 2,730,000 | 1,136,167 |
| 2023 | 2,795,000 | 1,052,450 | 0 | 0 | 2,795,000 | 1,052,450 |
| 2024 - 2028 | 11,090,000 | 4,080,765 | 0 | 0 | 11,090,000 | 4,080,765 |
| 2029 - 2033 | 7,565,000 | 2,449,619 | 0 | 0 | 7,565,000 | 2,449,619 |
| 2034 - 2038 | 9,660,000 | 836,297 | 0 | 0 | 9,660,000 | 836,297 |
| Total | \$ 42,325,000 | \$ 14,111,559 | \$ 119,310 | \$ 375,690 | \$ 42,444,310 | \$ 14,487,249 |

Note 19 – Note Payable

A summary of the note transaction for the year ended June 30, 2018 follows:

| | Outstanding 6/30/2017 | Additions | Deletions | Outstanding 6/30/2018 |
|---|--------------------------|--------------|-----------|--------------------------|
| 3% School Facilities Improvement Note, Series 2017 | \$ 0 | \$ 9,900,000 | \$ 0 | \$ 9,900,000 |

In 2018, the School District issued \$9,900,000 in School Facilities Improvement note in anticipation of bonds, for the purpose of rehabilitating, remodeling, renovating and improving School District buildings. This note matures July 12, 2018. This note was retired with the \$8,395,000 bond issued in April, 2018. Note was paid in July, 2018.

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Note 20 - Related Organization

The Shaker Heights Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Shaker Heights City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Shaker Heights Public Library, Amy Switzer, Director, at 16500 Van Aken Boulevard, Shaker Heights, Ohio 44120.

Note 21 - Jointly Governed Organizations

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed regional council of governments with members numbering over 210 school districts and related school organizations, located in 33 counties and serving over 500,000 students. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Council operates under a nine-member Board of Directors (the Board). The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Board is the policy making authority of the Council. The Board meets monthly from September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2018, the School District paid \$1,105 to the Council. Financial information can be obtained by contacting Dr. William Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates (currently at \$0.34/dekatherm lower than the Dominion East Ohio's current Standard Service Offer (SSO)). Constellation New Energy (fka Compass Energy) is the supplier and program manager. There are currently 157 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

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The School District also participates in the Council's electricity group purchase program. The Council's last program, which began in September 2009 and ran through May 2011, provided as much as 25% in generation cost savings to 250 school districts in the First Energy territory. The Council's current program, Power 4 Schools, a partnership between the Council, the Ohio Association of School Business Officials (OASBO), the Ohio School Boards Association (OSBA) and the Buckeye Association of School Administrators (BASA), provided for a fixed per kilowatt-hour for electricity generation until May 2014, when it was converted to a new fixed price (\$0.0518/kwh effective June 2017 through the end of the agreement) or percent off the Price to Compare (PTC), whichever provides the greatest savings until December 2019.

Connect

Connect is a jointly governed computer service bureau known as an Information Technology Center (ITC) that was formed for the purpose of providing data services to its then twenty-nine member school districts. Major areas of service provided by Connect include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Connect operates as a Council of Governments (COG), whereby the Educational Service Center of Cuyahoga County (ESCCC), the Educational Service Center of Lorain County (ESCLC), the Educational Service Center of Medina County (ESCMC), and the Ohio Schools Council (OSC) (collectively referred to as the Member-Owners) became the Member-Owners responsible for governance, accountability and financial liability of the ITC. Integral to the transaction, all financial obligations of the 29 member school districts have been transferred to the new Member-Owners in consideration for their relinquishment of control of the ITC. The new membership agreement for participating school districts establishes an initial "Minimum Purchase Requirement" defined as purchasing at least one core service for a minimum of three years. This applies to current ITC members and any new members that join at a future date. The membership agreement also removes requirements to pay outstanding debts and obligations when a member withdraws from the ITC after the Minimum Purchase Requirement. There is no financial buy-in required for future members to join Connect, and there is intent required to withdraw. Instead, after the minimum purchase requirement is satisfied, members can withdraw at any time with sixty (60) days advance notice, and no financial obligation outside of direct costs incurred for services provided.

The ESCCC continues to serve as the fiscal agent of Connect. Participating school districts pay for services provided by the ITC based upon a per pupil charge dependent upon the software packages and services used. In fiscal year 2018, the School District paid \$166,459 to Connect. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

Effective August 2018, the School District obtains its fiscal services from NEOnet, an ITC with offices located in Cuyahoga Falls. Other services continue to be provided by Connect.

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Note 22 – Tax Abatements

The School District and other local governments located within the School District's boundaries have entered into tax abatement agreements in order to retain or attract new industry, preserve or increase employment and revitalize the local economy. These tax abatements also affect the School District's revenue stream, as they mean that the School District is foregoing or reducing tax revenue it is otherwise entitled to collect. All agreements are in effect prior to the reduction of taxes and are granted for the purpose of economic assistance or development. The amount of the abatement is a reduction of the taxable assessed valuation thus reducing the recipient's tax bill. The School District's fiscal year 2018 taxes abated amounted to \$1,493,098.

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Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years (1)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|----------------|---------------|---------------|----------------|
| <i>School Employees Retirement System (SERS)</i> | | | | | |
| School District's Proportion of the Net Pension Liability | 0.51450510% | 0.51201700% | 0.51126850% | 0.52540800% | 0.52540800% |
| School District's Proportionate Share of the Net Pension Liability | \$ 30,740,543 | \$ 37,474,920 | \$ 29,173,476 | \$ 26,590,600 | \$ 31,244,327 |
| School District's Covered Payroll | \$ 16,345,950 | \$ 17,656,993 | \$ 17,290,819 | \$ 16,701,962 | \$ 16,371,886 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 188.06% | 212.24% | 168.72% | 159.21% | 190.84% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.50% | 62.98% | 69.16% | 71.70% | 65.52% |
| <i>State Teachers Retirement System (STRS)</i> | | | | | |
| School District's Proportion of the Net Pension Liability | 0.36269628% | 0.36182360% | 0.35595127% | 0.36092189% | 0.36092189% |
| School District's Proportionate Share of the Net Pension Liability | \$ 86,159,279 | \$ 121,113,265 | \$ 98,374,519 | \$ 87,788,694 | \$ 104,573,318 |
| School District's Covered Payroll | \$ 40,214,564 | \$ 39,452,800 | \$ 37,351,907 | \$ 35,942,792 | \$ 35,238,031 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 214.25% | 306.98% | 263.37% | 244.25% | 296.76% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.30% | 66.80% | 72.10% | 74.70% | 69.30% |

(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.

See accompanying notes to the required supplementary information.

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| <i>School Employees Retirement System (SERS)</i> | | | | |
| Contractually Required Contribution | \$ 2,210,929 | \$ 2,288,433 | \$ 2,471,979 | \$ 2,278,930 |
| Contributions in Relation to the Contractually Required Contribution | <u>(2,210,929)</u> | <u>(2,288,433)</u> | <u>(2,471,979)</u> | <u>(2,278,930)</u> |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| School District's Covered Payroll | \$ 16,377,252 | \$ 16,345,950 | \$ 17,656,993 | \$ 17,290,819 |
| Pension Contributions as a Percentage of Covered Payroll | 13.50% | 14.00% | 14.00% | 13.18% |
| <i>State Teachers Retirement System (STRS)</i> | | | | |
| Contractually Required Contribution | \$ 5,917,453 | \$ 5,630,039 | \$ 5,523,392 | \$ 5,229,267 |
| Contributions in Relation to the Contractually Required Contribution | <u>(5,917,453)</u> | <u>(5,630,039)</u> | <u>(5,523,392)</u> | <u>(5,229,267)</u> |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| School District's Covered Payroll | \$ 42,267,521 | \$ 40,214,564 | \$ 39,452,800 | \$ 37,351,907 |
| Pension Contributions as a Percentage of Covered Payroll | 14.00% | 14.00% | 14.00% | 14.00% |

See accompanying notes to the required supplementary information.

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 2,314,892 | \$ 2,265,869 | \$ 2,078,071 | \$ 1,906,938 | \$ 1,951,653 | \$ 1,439,155 |
| <u>(2,314,892)</u> | <u>(2,265,869)</u> | <u>(2,078,071)</u> | <u>(1,906,938)</u> | <u>(1,951,653)</u> | <u>(1,439,155)</u> |
| <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| \$ 16,701,962 | \$ 16,371,886 | \$ 15,450,342 | \$ 15,170,549 | \$ 14,413,981 | \$ 14,625,559 |
| 13.86% | 13.84% | 13.45% | 12.57% | 13.54% | 9.84% |
| \$ 4,672,563 | \$ 4,580,944 | \$ 4,696,142 | \$ 4,878,369 | \$ 5,129,640 | \$ 4,928,534 |
| <u>(4,672,563)</u> | <u>(4,580,944)</u> | <u>(4,696,142)</u> | <u>(4,878,369)</u> | <u>(5,129,640)</u> | <u>(4,928,534)</u> |
| <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| \$ 35,942,792 | \$ 35,238,031 | \$ 36,124,169 | \$ 37,525,915 | \$ 39,458,769 | \$ 37,911,800 |
| 13.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |

See accompanying notes to the required supplementary information.

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

| | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|
| <i>School Employees Retirement System (SERS)</i> | | |
| School District's Proportion of the Net OPEB Liability | 0.52036490% | 0.51747342% |
| School District's Proportionate Share of the Net OPEB Liability | \$ 13,965,227 | \$ 14,749,907 |
| School District's Covered Payroll | \$ 16,345,950 | \$ 17,656,993 |
| School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 85.44% | 83.54% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 12.46% | 11.49% |
| <i>State Teachers Retirement System (STRS)</i> | | |
| School District's Proportion of the Net OPEB Liability | 0.36269628% | 0.36182360% |
| School District's Proportionate Share of the Net OPEB Liability | \$ 14,151,070 | \$ 19,350,420 |
| School District's Covered Payroll | \$ 40,214,564 | \$ 39,452,800 |
| School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 35.19% | 49.05% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.10% | 37.30% |

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|------------------|------------------|
| <i>School Employees Retirement System (SERS)</i> | | | | |
| Contractually Required Contribution (1) | \$ 348,557 | \$ 251,987 | \$ 255,839 | \$ 393,030 |
| Contributions in Relation to the Contractually Required Contribution | <u>(348,557)</u> | <u>(251,987)</u> | <u>(255,839)</u> | <u>(393,030)</u> |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| School District's Covered Payroll | \$ 15,113,459 | \$ 16,345,950 | \$ 17,656,993 | \$ 17,290,819 |
| OPEB Contributions as a Percentage of Covered Payroll (1) | 2.31% | 1.54% | 1.45% | 2.27% |
| <i>State Teachers Retirement System (STRS)</i> | | | | |
| Contractually Required Contribution | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Contributions in Relation to the Contractually Required Contribution | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| School District's Covered Payroll | \$ 35,147,250 | \$ 40,214,564 | \$ 39,452,800 | \$ 37,351,907 |
| OPEB Contributions as a Percentage of Covered Payroll | 0.00% | 0.00% | 0.00% | 0.00% |

(1) Includes surcharge

See accompanying notes to the required supplementary information.

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 276,412 | \$ 240,185 | \$ 301,258 | \$ 217,631 | \$ 186,308 | \$ 608,423 |
| <u>(276,412)</u> | <u>(240,185)</u> | <u>(301,258)</u> | <u>(217,631)</u> | <u>(186,308)</u> | <u>(608,423)</u> |
| <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| \$ 16,701,962 | \$ 16,371,886 | \$ 15,450,342 | \$ 15,170,549 | \$ 14,413,981 | \$ 14,625,559 |
| 1.65% | 1.47% | 1.95% | 1.43% | 1.29% | 4.16% |
| \$ 359,428 | \$ 352,380 | \$ 361,242 | \$ 375,259 | \$ 394,588 | \$ 379,118 |
| <u>(359,428)</u> | <u>(352,380)</u> | <u>(361,242)</u> | <u>(375,259)</u> | <u>(394,588)</u> | <u>(379,118)</u> |
| <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| \$ 35,942,792 | \$ 35,238,031 | \$ 36,124,169 | \$ 37,525,915 | \$ 39,458,769 | \$ 37,911,800 |
| 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |

See accompanying notes to the required supplementary information.

Shaker Heights City School District
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

Effective for fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Shaker Heights City School District
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Note 2 - Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

| | |
|------------------|--------------|
| Fiscal year 2018 | 3.56 percent |
| Fiscal year 2017 | 2.92 percent |

Single Equivalent Interest Rate, net of plan investment expense, including price inflation

| | |
|------------------|--------------|
| Fiscal year 2018 | 3.63 percent |
| Fiscal year 2017 | 2.98 percent |

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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Combining Statements and Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds:

The Special Revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purpose. Following is a description of the School District's nonmajor special revenue funds:

Food Service - This fund accounts for and reports the charges and services and operating grants restricted to the food service operations of the School District.

Local Grants - This fund accounts for and reports restricted local grants received from private foundations and individuals for various purposes such as math workshops, math enrichment or enhanced technology instruction.

Athletics – This fund accounts for and reports receipts and other revenues from student activity programs which have student participation in the activity, but do not have students involved in the management of the program restricted for the costs (except supplemental coaching contracts) of the School District's student activity programs.

Auxiliary Services – This fund accounts for and reports restricted State monies used to provide services and materials to pupils attending non-public schools within the School District.

Data Communications – This fund accounts for and reports restricted State monies to install and provide for wiring to all classrooms in the State and provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

Parent Mentor Grant – This fund accounts for and reports restricted State monies for Mercer Elementary School for a parent involvement program.

Title VI-B – This fund accounts for and reports restricted Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary level.

Limited English Proficiency - This fund accounts for and reports restricted Federal monies used to assist the School District in providing programs for children learning English as a second language.

Title I - This fund accounts for and reports Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Preschool Disability - This fund accounts for and reports restricted State monies received for the improvement and expansion of services for handicapped children ages three through five years.

Class Size Reduction - This fund accounts for and reports restricted Federal monies to hire additional classroom teachers grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants Fund – This fund accounts for federal monies which support academic and enrichment programs for the student body.

Nonmajor Capital Projects Fund

Capital projects funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary funds.

Permanent Improvement Fund - The permanent improvement capital projects fund accounts for all transactions related to the acquiring, constructing or improving facilities.

Shaker Heights City School District
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

| | Nonmajor Special Revenue Funds | Permanent Improvement Fund | Total Nonmajor Governmental Funds |
|---|---|----------------------------------|--|
| Assets | | | |
| Equity in Pooled Cash and Investments | \$ 677,405 | \$ 652,957 | \$ 1,330,362 |
| Receivables: | | | |
| Intergovernmental | 288,342 | 0 | 288,342 |
| Property Taxes | 0 | 1,024,030 | 1,024,030 |
| Prepaid Items | 6,127 | 0 | 6,127 |
| <i>Total Assets</i> | <u>\$ 971,874</u> | <u>\$ 1,676,987</u> | <u>\$ 2,648,861</u> |
| Liabilities | | | |
| Accounts Payable | \$ 25,366 | \$ 0 | \$ 25,366 |
| Accrued Wages and Benefits | 348,494 | 0 | 348,494 |
| Intergovernmental Payable | 51,887 | 0 | 51,887 |
| Interfund Payable | 548 | 0 | 548 |
| <i>Total Liabilities</i> | <u>426,295</u> | <u>0</u> | <u>426,295</u> |
| Deferred Inflows of Resources | | | |
| Property Taxes Levied for the Next Year | 0 | 797,385 | 797,385 |
| Unavailable Revenue | 137,912 | 108,335 | 246,247 |
| <i>Total Deferred Inflows of Resources</i> | <u>137,912</u> | <u>905,720</u> | <u>1,043,632</u> |
| Fund Balances | | | |
| Nonspendable | 6,127 | 0 | 6,127 |
| Restricted | 611,040 | 771,267 | 1,382,307 |
| Unassigned | (209,500) | 0 | (209,500) |
| <i>Total Fund Balances</i> | <u>407,667</u> | <u>771,267</u> | <u>1,178,934</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$ 971,874</u> | <u>\$ 1,676,987</u> | <u>\$ 2,648,861</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

| | Nonmajor Special Revenue Funds | Permanent Improvement Fund | Total Nonmajor Governmental Funds |
|--|---|----------------------------------|--|
| Revenues | | | |
| Property and Other Local Taxes | \$ 0 | \$ 761,989 | \$ 761,989 |
| Intergovernmental | 3,620,938 | 9,278 | 3,630,216 |
| Investment Income | 10,828 | 0 | 10,828 |
| Extracurricular Activities | 160,898 | 0 | 160,898 |
| Charges for Services | 838,584 | 0 | 838,584 |
| Contributions and Donations | 65,089 | 0 | 65,089 |
| Miscellaneous | 54,535 | 0 | 54,535 |
| <i>Total Revenues</i> | <u>4,750,872</u> | <u>771,267</u> | <u>5,522,139</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 401,644 | 0 | 401,644 |
| Special | 1,259,100 | 0 | 1,259,100 |
| Student Intervention Services | 182,753 | 0 | 182,753 |
| Other | 17,054 | 0 | 17,054 |
| Support Services: | | | |
| Pupils | 191,627 | 0 | 191,627 |
| Instructional Staff | 172,234 | 0 | 172,234 |
| Fiscal | 14,400 | 0 | 14,400 |
| Operation and Maintenance of Plant | 14,682 | 0 | 14,682 |
| Extracurricular Activities | 387,273 | 0 | 387,273 |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations | 1,881,099 | 0 | 1,881,099 |
| Community Services | 693,826 | 0 | 693,826 |
| <i>Total Expenditures</i> | <u>5,215,692</u> | <u>0</u> | <u>5,215,692</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(464,820)</u> | <u>771,267</u> | <u>306,447</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | 260,000 | 0 | 260,000 |
| <i>Net Change in Fund Balance</i> | (204,820) | 771,267 | 566,447 |
| <i>Fund Balances Beginning of Year</i> | <u>612,487</u> | <u>0</u> | <u>612,487</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 407,667</u> | <u>\$ 771,267</u> | <u>\$ 1,178,934</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

| | Food Service | Local Grants | Athletics | Auxiliary Services | Data Communications |
|---|-------------------|------------------|-------------------|-----------------------|------------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Investments | \$ 273,729 | \$ 62,235 | \$ 213,041 | \$ 117,968 | \$ 0 |
| Receivables: | | | | | |
| Intergovernmental | 5,246 | 0 | 695 | 1,333 | 0 |
| Prepaid Items | 0 | 0 | 76 | 1,034 | 0 |
| <i>Total Assets</i> | <u>\$ 278,975</u> | <u>\$ 62,235</u> | <u>\$ 213,812</u> | <u>\$ 120,335</u> | <u>\$ 0</u> |
| Liabilities | | | | | |
| Accounts Payable | \$ 0 | \$ 3,000 | \$ 4,084 | \$ 7,119 | \$ 0 |
| Accrued Wages and Benefits | 0 | 0 | 0 | 41,296 | 0 |
| Intergovernmental Payable | 0 | 0 | 2,540 | 5,194 | 0 |
| Interfund Payable | 0 | 0 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | <u>0</u> | <u>3,000</u> | <u>6,624</u> | <u>53,609</u> | <u>0</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable Revenue | 0 | 0 | 0 | 0 | 0 |
| Fund Balances | | | | | |
| Nonspendable | 0 | 0 | 76 | 1,034 | 0 |
| Restricted | 278,975 | 59,235 | 207,112 | 65,692 | 0 |
| Unassigned | 0 | 0 | 0 | 0 | 0 |
| <i>Total Fund Balances</i> | <u>278,975</u> | <u>59,235</u> | <u>207,188</u> | <u>66,726</u> | <u>0</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$ 278,975</u> | <u>\$ 62,235</u> | <u>\$ 213,812</u> | <u>\$ 120,335</u> | <u>\$ 0</u> |

| Parent Mentor Grant | Title VI-B | Limited English Proficiency | Title I | Preschool Disability | Class Size Reduction | Miscellaneous Federal Grants | Total Nonmajor Special Revenue Funds |
|---------------------------|------------------|-----------------------------------|-------------------|-------------------------|----------------------------|------------------------------------|---|
| \$ 0 | \$ 10,432 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 677,405 |
| 682 | 66,762 | 10,816 | 142,543 | 26 | 41,364 | 18,875 | 288,342 |
| 66 | 3,157 | 42 | 1,732 | 20 | 0 | 0 | 6,127 |
| <u>\$ 748</u> | <u>\$ 80,351</u> | <u>\$ 10,858</u> | <u>\$ 144,275</u> | <u>\$ 46</u> | <u>\$ 41,364</u> | <u>\$ 18,875</u> | <u>\$ 971,874</u> |
| \$ 0 | \$ 1,163 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 10,000 | \$ 25,366 |
| 1,039 | 196,776 | 6,473 | 98,808 | 0 | 4,102 | 0 | 348,494 |
| 160 | 26,831 | 814 | 15,718 | 0 | 630 | 0 | 51,887 |
| 0 | 0 | 149 | 399 | 0 | 0 | 0 | 548 |
| <u>1,199</u> | <u>224,770</u> | <u>7,436</u> | <u>114,925</u> | <u>0</u> | <u>4,732</u> | <u>10,000</u> | <u>426,295</u> |
| 0 | 1,010 | 7,619 | 79,044 | 0 | 41,364 | 8,875 | 137,912 |
| 66 | 3,157 | 42 | 1,732 | 20 | 0 | 0 | 6,127 |
| 0 | 0 | 0 | 0 | 26 | 0 | 0 | 611,040 |
| (517) | (148,586) | (4,239) | (51,426) | 0 | (4,732) | 0 | (209,500) |
| (451) | (145,429) | (4,197) | (49,694) | 46 | (4,732) | 0 | 407,667 |
| <u>\$ 748</u> | <u>\$ 80,351</u> | <u>\$ 10,858</u> | <u>\$ 144,275</u> | <u>\$ 46</u> | <u>\$ 41,364</u> | <u>\$ 18,875</u> | <u>\$ 971,874</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

| | Food Service | Local Grants | Athletics | Auxiliary Services | Data Communications |
|--|-------------------|------------------|-------------------|-----------------------|------------------------|
| Revenues | | | | | |
| Intergovernmental | \$ 921,109 | \$ 0 | \$ 0 | \$ 547,565 | \$ 14,400 |
| Investment Income | 8,312 | 7 | 0 | 2,509 | 0 |
| Extracurricular Activities | 0 | 3,561 | 157,337 | 0 | 0 |
| Charges for Services | 838,584 | 0 | 0 | 0 | 0 |
| Contributions and Donations | 0 | 62,069 | 3,020 | 0 | 0 |
| Miscellaneous | 54,174 | 0 | 361 | 0 | 0 |
| <i>Total Revenues</i> | <u>1,822,179</u> | <u>65,637</u> | <u>160,718</u> | <u>550,074</u> | <u>14,400</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 0 | 12,683 | 0 | 0 | 0 |
| Special | 0 | 4,500 | 0 | 0 | 0 |
| Student Intervention Services | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| Support Services: | | | | | |
| Pupils | 0 | 0 | 0 | 0 | 0 |
| Instructional Staff | 0 | 9,021 | 0 | 0 | 0 |
| Fiscal | 0 | 0 | 0 | 0 | 14,400 |
| Operation and Maintenance of Plant | 0 | 0 | 14,682 | 0 | 0 |
| Extracurricular Activities | 0 | 147 | 387,126 | 0 | 0 |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | 1,881,099 | 0 | 0 | 0 | 0 |
| Community Services | 0 | 0 | 0 | 685,904 | 0 |
| <i>Total Expenditures</i> | <u>1,881,099</u> | <u>26,351</u> | <u>401,808</u> | <u>685,904</u> | <u>14,400</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(58,920)</u> | <u>39,286</u> | <u>(241,090)</u> | <u>(135,830)</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 0 | 0 | 260,000 | 0 | 0 |
| <i>Net Change in Fund Balance</i> | (58,920) | 39,286 | 18,910 | (135,830) | 0 |
| <i>Fund Balances Beginning of Year</i> | 337,895 | 19,949 | 188,278 | 202,556 | 0 |
| <i>Fund Balances End of Year</i> | <u>\$ 278,975</u> | <u>\$ 59,235</u> | <u>\$ 207,188</u> | <u>\$ 66,726</u> | <u>\$ 0</u> |

| Parent Mentor Grant | Title VI-B | Limited English Proficiency | Title I | Preschool Disability | Classroom Size Reduction | Miscellaneous Federal Grants | Total Nonmajor Special Revenue Funds |
|---------------------|---------------------|-----------------------------|--------------------|----------------------|--------------------------|------------------------------|--------------------------------------|
| \$ 25,086 | \$ 1,233,545 | \$ 32,063 | \$ 678,742 | \$ 18,334 | \$ 140,094 | \$ 10,000 | \$ 3,620,938 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,828 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 160,898 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 838,584 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 65,089 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54,535 |
| <u>25,086</u> | <u>1,233,545</u> | <u>32,063</u> | <u>678,742</u> | <u>18,334</u> | <u>140,094</u> | <u>10,000</u> | <u>4,750,872</u> |
| 0 | 0 | 0 | 378,961 | 0 | 0 | 10,000 | 401,644 |
| 0 | 1,044,859 | 36,417 | 151,511 | 17,081 | 4,732 | 0 | 1,259,100 |
| 0 | 182,753 | 0 | 0 | 0 | 0 | 0 | 182,753 |
| 0 | 17,054 | 0 | 0 | 0 | 0 | 0 | 17,054 |
| 0 | 0 | 0 | 191,627 | 0 | 0 | 0 | 191,627 |
| 24,660 | 0 | 0 | 0 | 0 | 138,553 | 0 | 172,234 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,400 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,682 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 387,273 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,881,099 |
| 0 | 6,415 | 0 | 0 | 0 | 1,507 | 0 | 693,826 |
| <u>24,660</u> | <u>1,251,081</u> | <u>36,417</u> | <u>722,099</u> | <u>17,081</u> | <u>144,792</u> | <u>10,000</u> | <u>5,215,692</u> |
| <u>426</u> | <u>(17,536)</u> | <u>(4,354)</u> | <u>(43,357)</u> | <u>1,253</u> | <u>(4,698)</u> | <u>0</u> | <u>(464,820)</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>260,000</u> |
| 426 | (17,536) | (4,354) | (43,357) | 1,253 | (4,698) | 0 | (204,820) |
| (877) | (127,893) | 157 | (6,337) | (1,207) | (34) | 0 | 612,487 |
| <u>\$ (451)</u> | <u>\$ (145,429)</u> | <u>\$ (4,197)</u> | <u>\$ (49,694)</u> | <u>\$ 46</u> | <u>\$ (4,732)</u> | <u>\$ 0</u> | <u>\$ 407,667</u> |

Combining Statements – Internal Service Funds

Internal Service Funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis.

Self Insurance – This fund accounts for all health insurance payments, administrative costs and reserves for the self-insured prescription drug coverage, and the potential obligation under the contingent premium health and dental insurance plan.

Workers' Compensation Reserve – This fund accounts for all claims cost payments and the reserve for the State's retrospective rating workers' compensation plan for the years in which the School District elects the retrospective rating plan option.

Shaker Heights City School District
Cuyahoga County, Ohio
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2018

| | Self Insurance | Workers' Compensation Reserve | Total Internal Service |
|---|---------------------|-------------------------------------|------------------------------|
| Assets | | | |
| <i>Current Assets</i> | | | |
| Equity in Pooled Cash and Investments | \$ 5,154,172 | \$ 529,974 | \$ 5,684,146 |
| <i>Total Assets</i> | <u>5,154,172</u> | <u>529,974</u> | <u>5,684,146</u> |
| Liabilities | | | |
| <i>Current Liabilities</i> | | | |
| Claims Payable | 822,000 | 204,526 | 1,026,526 |
| <i>Total Current Liabilities</i> | <u>822,000</u> | <u>204,526</u> | <u>1,026,526</u> |
| <i>Long-Term Liabilities</i> | | | |
| Claims Payable - net of Current Portion | 0 | 325,448 | 325,448 |
| <i>Total Long-Term Liabilities</i> | <u>0</u> | <u>325,448</u> | <u>325,448</u> |
| <i>Total Liabilities</i> | <u>822,000</u> | <u>529,974</u> | <u>1,351,974</u> |
| Net Position | | | |
| Unrestricted | 4,332,172 | 0 | 4,332,172 |
| <i>Total Net Position</i> | <u>\$ 4,332,172</u> | <u>\$ 0</u> | <u>\$ 4,332,172</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

| | Self Insurance | Workers' Compensation Reserve | Total Internal Service |
|---------------------------------------|---------------------|-------------------------------------|------------------------------|
| Operating Revenues | | | |
| Charges for Services | \$ 11,335,501 | \$ 250,565 | \$ 11,586,066 |
| Operating Expenses | | | |
| Purchased Services | 1,164,383 | 0 | 1,164,383 |
| Claims | 9,312,775 | 250,565 | 9,563,340 |
| Other | 11,743 | 0 | 11,743 |
| <i>Total Operating Expenses</i> | <u>10,488,901</u> | <u>250,565</u> | <u>10,739,466</u> |
| <i>Operating Income (Loss)</i> | 846,600 | 0 | 846,600 |
| <i>Net Position Beginning of Year</i> | <u>3,485,572</u> | <u>0</u> | <u>3,485,572</u> |
| <i>Net Position End of Year</i> | <u>\$ 4,332,172</u> | <u>\$ 0</u> | <u>\$ 4,332,172</u> |

Shaker Heights City School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

| | Self Insurance | Workers' Compensation Reserve | Total Internal Service |
|--|---------------------|-------------------------------------|------------------------------|
| Cash Flows From Operating Activities | | | |
| Cash Received from Interfund Services Provided | \$ 11,335,501 | \$ 250,565 | \$ 11,586,066 |
| Cash Paid for Goods and Services | (1,176,126) | 0 | (1,176,126) |
| Cash Paid for Claims | (9,389,775) | (220,591) | (9,610,366) |
| <i>Net Cash Provided By (Used For) Operating Activities</i> | <u>769,600</u> | <u>29,974</u> | <u>799,574</u> |
| <i>Net Increase (Decrease) in Cash and Investments</i> | 769,600 | 29,974 | 799,574 |
| <i>Cash and Investments Beginning of Year</i> | <u>4,384,572</u> | <u>500,000</u> | <u>4,884,572</u> |
| <i>Cash and Investments End of Year</i> | <u>\$ 5,154,172</u> | <u>\$ 529,974</u> | <u>\$ 5,684,146</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities | | | |
| Operating Income (Loss) | \$ 846,600 | \$ 0 | \$ 846,600 |
| Adjustments: | | | |
| Increase (Decrease) in Liabilities: | | | |
| Claims Payable | (77,000) | 29,974 | (47,026) |
| <i>Total Adjustments</i> | <u>(77,000)</u> | <u>29,974</u> | <u>(47,026)</u> |
| <i>Net Cash Provided By (Used For) Operating Activities</i> | <u>\$ 769,600</u> | <u>\$ 29,974</u> | <u>\$ 799,574</u> |

Combining Statements - Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental, and/or other funds. The following is the School District's only fiduciary fund type:

Agency Funds

Rotary – This fund reflects resources that belong to the student bodies of the various schools and are used for field trips and college entrance exam testing.

Student Managed Activities – This fund reflects resources that belong to the student bodies of the various schools.

Shaker Heights City School District
Cuyahoga County, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2018

| | Balance 6/30/2017 | Additions | Deletions | Balance 6/30/2018 |
|--|----------------------|-------------------|-------------------|----------------------|
| <u>Rotary</u> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$ 261,646 | \$ 242,422 | \$ 209,228 | \$ 294,840 |
| Accounts Receivable | 200 | 0 | 200 | 0 |
| Total Assets | <u>\$ 261,846</u> | <u>\$ 242,422</u> | <u>\$ 209,428</u> | <u>\$ 294,840</u> |
| Liabilities | | | | |
| Accounts Payable | \$ 99 | \$ 0 | \$ 99 | \$ 0 |
| Undistributed Monies | 261,747 | 33,293 | 200 | 294,840 |
| Total Liabilities | <u>\$ 261,846</u> | <u>\$ 33,293</u> | <u>\$ 299</u> | <u>\$ 294,840</u> |
| <u>Student Managed Activities</u> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$ 212,992 | \$ 264,574 | \$ 252,880 | \$ 224,686 |
| Accounts Receivable | 262 | 0 | 262 | 0 |
| Total Assets | <u>\$ 213,254</u> | <u>\$ 264,574</u> | <u>\$ 253,142</u> | <u>\$ 224,686</u> |
| Liabilities | | | | |
| Accounts Payable | \$ 373 | \$ 0 | \$ 373 | \$ 0 |
| Due to Students | 212,881 | 12,067 | 262 | 224,686 |
| Total Liabilities | <u>\$ 213,254</u> | <u>\$ 12,067</u> | <u>\$ 635</u> | <u>\$ 224,686</u> |
| <u>Totals</u> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$ 474,638 | \$ 506,996 | \$ 462,108 | \$ 519,526 |
| Accounts Receivable | 462 | 0 | 462 | 0 |
| Total Assets | <u>\$ 475,100</u> | <u>\$ 506,996</u> | <u>\$ 462,570</u> | <u>\$ 519,526</u> |
| Liabilities | | | | |
| Accounts Payable | \$ 472 | \$ 0 | \$ 472 | \$ 0 |
| Undistributed Monies | 261,747 | 33,293 | 200 | 294,840 |
| Due to Students | 212,881 | 12,067 | 262 | 224,686 |
| Total Liabilities | <u>\$ 475,100</u> | <u>\$ 45,360</u> | <u>\$ 934</u> | <u>\$ 519,526</u> |

**Individual Fund Schedules of Revenues, Expenditures/Expenses and
Changes in Fund Balance/Net Position – Budget (Non-GAAP Basis)
and Actual Governmental/Proprietary Funds – Major and
Nonmajor**

SHAKER HEIGHTS CITY SCHOOL DISTRICT
Cuyahoga County, Ohio

Funds being reported as part of the General Fund

Uniform School Supplies - This fund accounts for and reports the purchase and sale of school supplies assigned for school purposes or activities connected with the school.

Public School Support - This fund accounts for and reports school site sales revenue and expenditures assigned for field trips, assemblies, and other activity costs.

Shaker Merchandise - This fund accounts for and reports funds received from the sale of merchandise to students, faculty, staff and the community which is assigned to purchase additional merchandise.

Fringe Benefits – This fund accumulates and pays employer share of non-health care fringe benefits.

Major Debt Service Fund

Bond Retirement - This fund is used to account for and report the accumulation of property tax revenues restricted for the retirement of principal and interest on outstanding general obligation bonds.

Major Building Fund

Building Fund - This fund accounts for revenues restricted for various capital improvements within the School District.

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Uniform School Supplies
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|-----------------|-----------|--|
| Revenues | | | |
| Tuition and Fees | \$ 130,000 | \$ 75,540 | \$ (54,460) |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 104,489 | 86,780 | 17,709 |
| <i>Net Change in Fund Balance</i> | 25,511 | (11,240) | (36,751) |
| <i>Fund Balance Beginning of Year</i> | 21,684 | 21,684 | 0 |
| Prior Year Encumbrances Appropriated | 4,488 | 4,488 | 0 |
| <i>Fund Balance End of Year</i> | \$ 51,683 | \$ 14,932 | \$ (36,751) |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Public School Support
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|------------------|-------------------|--|
| Revenues | | | |
| Investment Income | \$ 1,768 | \$ 1,768 | \$ 0 |
| Tuition and Fees | 58,291 | 58,291 | 0 |
| Extracurricular Activities | 161,756 | 145,059 | (16,697) |
| Contributions and Donations | 17,496 | 17,496 | 0 |
| Miscellaneous | 10,692 | 10,692 | 0 |
| <i>Total Revenues</i> | <u>250,003</u> | <u>233,306</u> | <u>(16,697)</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 202,461 | 202,461 | 0 |
| Support Services: | | | |
| Administration | 18,118 | 18,118 | 0 |
| Pupil Transportation | 6,774 | 6,774 | 0 |
| Extracurricular Activities | 127,786 | 21,337 | 106,449 |
| <i>Total Expenditures</i> | <u>355,139</u> | <u>248,690</u> | <u>106,449</u> |
| <i>Net Change in Fund Balance</i> | (105,136) | (15,384) | 89,752 |
| <i>Fund Balance Beginning of Year</i> | 112,545 | 112,545 | 0 |
| Prior Year Encumbrances Appropriated | 30,138 | 30,138 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$ 37,547</u> | <u>\$ 127,299</u> | <u>\$ 89,752</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Shaker Merchandise
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|------------------|------------------|--|
| Revenues | | | |
| Customer Sales and Services | \$ 0 | \$ 19 | \$ 19 |
| Miscellaneous | 6,470 | 5,666 | (804) |
| <i>Total Revenues</i> | <u>6,470</u> | <u>5,685</u> | <u>(785)</u> |
| Expenditures | | | |
| Current: | | | |
| Support Services: | | | |
| Business | <u>25,000</u> | <u>25,000</u> | <u>0</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(18,530)</u> | <u>(19,315)</u> | <u>(785)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | <u>13,530</u> | <u>5,000</u> | <u>(8,530)</u> |
| <i>Net Change in Fund Balance</i> | (5,000) | (14,315) | (9,315) |
| <i>Fund Balance Beginning of Year</i> | <u>29,022</u> | <u>29,022</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 24,022</u> | <u>\$ 14,707</u> | <u>\$ (9,315)</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fringe Benefits
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|---------------------|---------------------|--|
| Revenues | | | |
| Charges for Services | \$ 1,000,000 | \$ 1,198,733 | \$ 198,733 |
| Miscellaneous | 0 | 25,317 | 25,317 |
| <i>Total Revenues</i> | <u>1,000,000</u> | <u>1,224,050</u> | <u>224,050</u> |
| Expenditures | | | |
| Current: | | | |
| Support Services: | | | |
| Administration | 254 | 254 | 0 |
| Fiscal | 610,766 | 457,291 | 153,475 |
| Operation of Non-Instructional Services: | | | |
| Community Services | 538,979 | 538,979 | 0 |
| <i>Total Expenditures</i> | <u>1,149,999</u> | <u>996,524</u> | <u>153,475</u> |
| <i>Net Change in Fund Balance</i> | (149,999) | 227,526 | 377,525 |
| <i>Fund Balance Beginning of Year</i> | <u>1,711,084</u> | <u>1,711,084</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 1,561,085</u> | <u>\$ 1,938,610</u> | <u>\$ 377,525</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Bond Retirement
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|---------------------|----------------------|--|
| Revenues | | | |
| Property and Other Local Taxes | \$ 3,675,000 | \$ 3,753,734 | \$ 78,734 |
| Intergovernmental | 310,000 | 353,870 | 43,870 |
| Miscellaneous | 15,000 | 0 | (15,000) |
| <i>Total Revenues</i> | <u>4,000,000</u> | <u>4,107,604</u> | <u>107,604</u> |
| Expenditures | | | |
| Current: | | | |
| Support Services: | | | |
| Fiscal | 79,815 | 79,815 | 0 |
| Debt Service: | | | |
| Principal Retirement | 12,307,627 | 1,704,999 | 10,602,628 |
| Interest and Fiscal Charges | 612,558 | 1,018,892 | (406,334) |
| <i>Total Expenditures</i> | <u>13,000,000</u> | <u>2,803,706</u> | <u>10,196,294</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(9,000,000)</u> | <u>1,303,898</u> | <u>10,303,898</u> |
| Other Financing Sources (Uses) | | | |
| General Obligation Bonds Issued | 7,700,000 | 8,395,000 | 695,000 |
| Premium on Bonds Issuance | 1,600,000 | 1,580,540 | (19,460) |
| <i>Total Other Financing Sources (Uses)</i> | <u>9,300,000</u> | <u>9,975,540</u> | <u>675,540</u> |
| <i>Net Change in Fund Balance</i> | 300,000 | 11,279,438 | 10,979,438 |
| <i>Fund Balance Beginning of Year</i> | <u>3,300,737</u> | <u>3,300,737</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 3,600,737</u> | <u>\$ 14,580,175</u> | <u>\$ 10,979,438</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Building
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|----------------------|----------------------|--|
| Revenues | | | |
| Investment Income | \$ 0 | \$ 49,339 | \$ 49,339 |
| Contributions and Donations | 0 | 16,603 | 16,603 |
| Miscellaneous | 0 | 59,322 | 59,322 |
| <i>Total Revenues</i> | <u>0</u> | <u>125,264</u> | <u>125,264</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | (93,144) | (93,144) | 0 |
| Special | 94,743 | 94,743 | 0 |
| Support Services: | | | |
| Fiscal | 4,092 | 4,092 | 0 |
| Business | 27,274 | 27,274 | 0 |
| Pupil Transportation | 258,426 | 258,426 | 0 |
| Capital Outlay | 10,191,069 | 9,757,563 | 433,506 |
| Debt Service: | | | |
| Principal Retirement | 100,000 | 100,000 | 0 |
| Interest and Fiscal Charges | 7,300 | 7,300 | 0 |
| <i>Total Expenditures</i> | <u>10,589,760</u> | <u>10,156,254</u> | <u>433,506</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(10,589,760)</u> | <u>(10,030,990)</u> | <u>558,770</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds of General Obligation Bonds | 30,000,000 | 30,000,000 | 0 |
| Other Financing Sources | 0 | 6,470 | 6,470 |
| <i>Total Other Financing Sources (Uses)</i> | <u>30,000,000</u> | <u>30,006,470</u> | <u>6,470</u> |
| <i>Net Change in Fund Balance</i> | 19,410,240 | 19,975,480 | 565,240 |
| <i>Fund Balance Beginning of Year</i> | 325,581 | 325,581 | 0 |
| Prior Year Encumbrances Appropriated | 89,758 | 89,758 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$ 19,825,579</u> | <u>\$ 20,390,819</u> | <u>\$ 565,240</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Food Service
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|-------------------|-------------------|--|
| Revenues | | | |
| Intergovernmental | \$ 920,000 | \$ 819,027 | \$ (100,973) |
| Investment Income | 5,000 | 8,312 | 3,312 |
| Charges for Services | 1,015,000 | 838,584 | (176,416) |
| Miscellaneous | 60,000 | 54,174 | (5,826) |
| <i>Total Revenues</i> | <u>2,000,000</u> | <u>1,720,097</u> | <u>(279,903)</u> |
| Expenditures | | | |
| Current: | | | |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations | 2,336,979 | 2,124,210 | 212,769 |
| <i>Net Change in Fund Balance</i> | (336,979) | (404,113) | (67,134) |
| <i>Fund Balance Beginning of Year</i> | 196,236 | 196,236 | 0 |
| Prior Year Encumbrances Appropriated | 336,978 | 336,978 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$ 196,235</u> | <u>\$ 129,101</u> | <u>\$ (67,134)</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Local Grants
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|------------------|------------------|--|
| Revenues | | | |
| Investment Income | \$ 7 | \$ 7 | \$ 0 |
| Extracurricular Activities | 3,798 | 3,561 | (237) |
| Contributions and Donations | 66,194 | 62,069 | (4,125) |
| <i>Total Revenues</i> | <u>69,999</u> | <u>65,637</u> | <u>(4,362)</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 17,482 | 12,683 | 4,799 |
| Special | 15,299 | 4,525 | 10,774 |
| Support Services: | | | |
| Instructional Staff | 45,256 | 9,250 | 36,006 |
| Extracurricular Activities | 197 | 147 | 50 |
| <i>Total Expenditures</i> | <u>78,234</u> | <u>26,605</u> | <u>51,629</u> |
| <i>Net Change in Fund Balance</i> | (8,235) | 39,032 | 47,267 |
| <i>Fund Balance Beginning of Year</i> | 16,972 | 16,972 | 0 |
| Prior Year Encumbrances Appropriated | <u>2,976</u> | <u>2,976</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 11,713</u> | <u>\$ 58,980</u> | <u>\$ 47,267</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Athletics
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|------------------|-------------------|--|
| Revenues | | | |
| Extracurricular Activities | \$ 157,335 | \$ 157,335 | \$ 0 |
| Contributions and Donations | 3,020 | 3,020 | 0 |
| Miscellaneous | 29,647 | 361 | (29,286) |
| <i>Total Revenues</i> | <u>190,002</u> | <u>160,716</u> | <u>(29,286)</u> |
| Expenditures | | | |
| Current: | | | |
| Support Services: | | | |
| Business | 106,290 | 0 | 106,290 |
| Operation and Maintenance of Plant | 14,682 | 14,682 | 0 |
| Extracurricular Activities | 439,436 | 439,436 | 0 |
| <i>Total Expenditures</i> | <u>560,408</u> | <u>454,118</u> | <u>106,290</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(370,406)</u> | <u>(293,402)</u> | <u>77,004</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | <u>260,000</u> | <u>260,000</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (110,406) | (33,402) | 77,004 |
| <i>Fund Balance Beginning of Year</i> | 134,279 | 134,279 | 0 |
| Prior Year Encumbrances Appropriated | <u>60,405</u> | <u>60,405</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 84,278</u> | <u>\$ 161,282</u> | <u>\$ 77,004</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Auxiliary Services
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|-------------------|------------------|--|
| Revenues | | | |
| Intergovernmental | \$ 746,579 | \$ 547,565 | \$ (199,014) |
| Investment Income | 3,421 | 2,509 | (912) |
| <i>Total Revenues</i> | <u>750,000</u> | <u>550,074</u> | <u>(199,926)</u> |
| Expenditures | | | |
| Current: | | | |
| Operation of Non-Instructional Services: | | | |
| Community Services | <u>1,090,781</u> | <u>1,000,517</u> | <u>90,264</u> |
| <i>Net Change in Fund Balance</i> | (340,781) | (450,443) | (109,662) |
| <i>Fund Balance Beginning of Year</i> | 153,391 | 153,391 | 0 |
| Prior Year Encumbrances Appropriated | <u>382,389</u> | <u>382,389</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 194,999</u> | <u>\$ 85,337</u> | <u>\$ (109,662)</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Data Communications
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|-----------------|-----------|--|
| Revenues | | | |
| Intergovernmental | \$ 15,000 | \$ 14,400 | \$ (600) |
| Expenditures | | | |
| Current: | | | |
| Support Services: | | | |
| Fiscal | 14,400 | 14,400 | 0 |
| <i>Net Change in Fund Balance</i> | 600 | 0 | (600) |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | \$ 600 | \$ 0 | \$ (600) |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Parent Mentor Grant
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|-----------------|-----------|--|
| Revenues | | | |
| Intergovernmental | \$ 26,000 | \$ 25,000 | \$ (1,000) |
| Expenditures | | | |
| Current: | | | |
| Support Services: | | | |
| Instructional Staff | 25,598 | 25,000 | 598 |
| <i>Net Change in Fund Balance</i> | 402 | 0 | (402) |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | \$ 402 | \$ 0 | \$ (402) |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Title VI-B
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|------------------|------------------|--|
| Revenues | | | |
| Intergovernmental | \$ 1,374,999 | \$ 1,274,307 | \$ (100,692) |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Special | 1,134,931 | 1,074,483 | 60,448 |
| Student Intervention Services | 182,753 | 182,753 | 0 |
| Operation of Non-Instructional Services: | | | |
| Community Services | 16,807 | 7,425 | 9,382 |
| <i>Total Expenditures</i> | <u>1,334,491</u> | <u>1,264,661</u> | <u>69,830</u> |
| <i>Net Change in Fund Balance</i> | 40,508 | 9,646 | (30,862) |
| <i>Fund Balance Beginning of Year</i> | (4,173) | (4,173) | 0 |
| Prior Year Encumbrances Appropriated | <u>2,783</u> | <u>2,783</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 39,118</u> | <u>\$ 8,256</u> | <u>\$ (30,862)</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Limited English Proficiency
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|-----------------|-----------------|--|
| Revenues | | | |
| Intergovernmental | \$ 45,000 | \$ 28,920 | \$ (16,080) |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Special | 39,383 | 29,069 | 10,314 |
| Support Services: | | | |
| Instructional Staff | 300 | 0 | 300 |
| <i>Total Expenditures</i> | <u>39,683</u> | <u>29,069</u> | <u>10,614</u> |
| <i>Net Change in Fund Balance</i> | 5,317 | (149) | (5,466) |
| <i>Fund Balance Beginning of Year</i> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 5,317</u> | <u>\$ (149)</u> | <u>\$ (5,466)</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Title I
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|------------------|-----------------|--|
| Revenues | | | |
| Intergovernmental | \$ 899,999 | \$ 741,713 | \$ (158,286) |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 91,728 | 388,017 | (296,289) |
| Special | 570,007 | 159,386 | 410,621 |
| Support Services: | | | |
| Pupils | 210,557 | 192,014 | 18,543 |
| Instructional Staff | 7,037 | 0 | 7,037 |
| <i>Total Expenditures</i> | <u>879,329</u> | <u>739,417</u> | <u>139,912</u> |
| <i>Net Change in Fund Balance</i> | 20,670 | 2,296 | (18,374) |
| <i>Fund Balance Beginning of Year</i> | (2,877) | (2,877) | 0 |
| Prior Year Encumbrances Appropriated | 186 | 186 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$ 17,979</u> | <u>\$ (395)</u> | <u>\$ (18,374)</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Preschool Disability
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|-----------------|-----------|--|
| Revenues | | | |
| Intergovernmental | \$ 25,000 | \$ 20,816 | \$ (4,184) |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Special | 20,816 | 20,816 | 0 |
| <i>Net Change in Fund Balance</i> | 4,184 | 0 | (4,184) |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | \$ 4,184 | \$ 0 | \$ (4,184) |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Class Size Reduction
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|-----------------|----------------|--|
| Revenues | | | |
| Intergovernmental | \$ 194,999 | \$ 145,567 | \$ (49,432) |
| Expenditures | | | |
| Current: | | | |
| Support Services: | | | |
| Instructional Staff | 164,662 | 138,587 | 26,075 |
| Operation of Non-Instructional Services: | | | |
| Community Services | 19,245 | 3,955 | 15,290 |
| <i>Total Expenditures</i> | <u>183,907</u> | <u>142,542</u> | <u>41,365</u> |
| <i>Net Change in Fund Balance</i> | 11,092 | 3,025 | (8,067) |
| <i>Fund Balance Beginning of Year</i> | (5,468) | (5,468) | 0 |
| Prior Year Encumbrances Appropriated | <u>2,448</u> | <u>2,448</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 8,072</u> | <u>\$ 5</u> | <u>\$ (8,067)</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Miscellaneous Federal Grants
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|-----------------|--------------------|--|
| Revenues | | | |
| Intergovernmental | \$ 25,000 | \$ 0 | \$ (25,000) |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 0 | 10,000 | (10,000) |
| Support Services: | | | |
| Pupils | 16,891 | 0 | 16,891 |
| Operation of Non-Instructional Services: | | | |
| Community Services | 1,984 | 0 | 1,984 |
| <i>Total Expenditures</i> | <u>18,875</u> | <u>10,000</u> | <u>8,875</u> |
| <i>Net Change in Fund Balance</i> | 6,125 | (10,000) | (16,125) |
| <i>Fund Balance Beginning of Year</i> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 6,125</u> | <u>\$ (10,000)</u> | <u>\$ (16,125)</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Permanent Improvement
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|-----------------|-------------------|--|
| Revenues | | | |
| Property and Other Local Taxes | \$ 500,000 | \$ 643,679 | \$ 143,679 |
| Intergovernmental | 1,955 | 9,278 | 7,323 |
| <i>Total Revenues</i> | <u>501,955</u> | <u>652,957</u> | <u>151,002</u> |
| Expenditures | | | |
| Current: | | | |
| Support Services: | | | |
| Instructional Staff | 500,000 | 0 | 500,000 |
| <i>Net Change in Fund Balance</i> | 1,955 | 652,957 | 651,002 |
| <i>Fund Balance Beginning of Year</i> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 1,955</u> | <u>\$ 652,957</u> | <u>\$ 651,002</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Self Insurance
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|---------------------|---------------------|--|
| Operating Revenues | | | |
| Charges for Services | \$ 12,500,000 | \$ 11,335,501 | \$ (1,164,499) |
| Operating Expenses | | | |
| Purchased Services | 1,164,383 | 1,164,383 | 0 |
| Claims | 10,823,874 | 9,389,775 | 1,434,099 |
| Other | 11,743 | 11,743 | 0 |
| <i>Total Operating Expenses</i> | <u>12,000,000</u> | <u>10,565,901</u> | <u>1,434,099</u> |
| <i>Change in Net Position</i> | 500,000 | 769,600 | 269,600 |
| <i>Net Position Beginning of Year</i> | <u>4,384,571</u> | <u>4,384,571</u> | <u>0</u> |
| <i>Net Position End of Year</i> | <u>\$ 4,884,571</u> | <u>\$ 5,154,171</u> | <u>\$ 269,600</u> |

Shaker Heights City School District
Cuyahoga County, Ohio
Schedule of Revenues, Expenses, and Changes in Fund Net Position -
Workers' Compensation Reserve
For the Fiscal Year Ended June 30, 2018

| | Final Budget | Actual | Variance with Final Budget Over (Under) |
|---------------------------------------|-------------------|-------------------|--|
| Operating Revenues | | | |
| Charges for Services | \$ 300,000 | \$ 250,565 | \$ (49,435) |
| Operating Expenses | | | |
| Fringe Benefits | 325,000 | 220,591 | 104,409 |
| <i>Total Operating Expenses</i> | <u>325,000</u> | <u>220,591</u> | <u>104,409</u> |
| <i>Change in Net Position</i> | (25,000) | 29,974 | 54,974 |
| <i>Net Position Beginning of Year</i> | <u>500,000</u> | <u>500,000</u> | <u>0</u> |
| <i>Net Position End of Year</i> | <u>\$ 475,000</u> | <u>\$ 529,974</u> | <u>\$ 54,974</u> |

Supplemental Schedules
Entity-Wide Accrual Statements
Reporting with GASB 68 and GASB 75
and without GASB 68 and GASB 75

Background:

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27*. For fiscal year 2018, the School District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

The following schedules are summarized accrual basis financial statements for the fiscal year ending June 30, 2018, that report the financial statements including the impact of GASB 68 and GASB 75 and excluding the impact of GASB 68 and GASB 75.

Shaker Heights City School District
Cuyahoga County, Ohio
Supplemental Schedule
Schedule of Net Position - Including GASB 68 and GASB 75
June 30, 2018

| | | Governmental Activities |
|--|----|----------------------------|
| Assets | | |
| Equity in Pooled Cash and Investments | \$ | 106,729,529 |
| Restricted Cash and Cash Equivalents | | 353,070 |
| Receivables: | | |
| Accrued Interest | | 61,395 |
| Accounts | | 221,762 |
| Intergovernmental | | 656,992 |
| Property Taxes | | 80,525,587 |
| Prepaid Items | | 232,585 |
| Nondepreciable Capital Assets | | 3,150,208 |
| Depreciable Capital Assets (Net) | | 35,283,914 |
| <i>Total Assets</i> | | 227,215,042 |
| Deferred Outflows of Resources | | |
| Deferred Charges on Refunding | | 503,348 |
| Pension | | 34,692,670 |
| OPEB | | 1,268,819 |
| <i>Total Deferred Outflows of Resources</i> | | 36,464,837 |
| Liabilities | | |
| Accounts Payable | | 541,159 |
| Accrued Wages and Benefits | | 9,220,429 |
| Contracts Payable | | 1,304,453 |
| Intergovernmental Payable | | 1,615,965 |
| Retainage Payable | | 103,230 |
| Matured Compensated Absences Payable | | 276,097 |
| Accrued Interest Payable | | 390,454 |
| Notes Payable | | 9,900,000 |
| Long Term Liabilities: | | |
| Due Within One Year | | 4,938,897 |
| Due In More Than One Year: | | |
| Net Pension Liability | | 116,899,822 |
| Net OPEB Liability | | 28,116,297 |
| Other Amounts Due in More Than One Year | | 47,919,316 |
| <i>Total Liabilities</i> | | 221,226,119 |
| Deferred Inflows of Resources | | |
| Property Taxes Levied for the Next Fiscal Year | | 62,976,242 |
| Pension | | 4,478,011 |
| OPEB | | 3,106,872 |
| Payment in Lieu of Taxes for the Next Year | | 104,000 |
| <i>Total Deferred Inflows of Resources</i> | | 70,665,125 |
| Net Position | | |
| Net Investment in Capital Assets | | 20,562,527 |
| Restricted For: | | |
| Capital Outlay | | 1,067,989 |
| Debt Service | | 6,690,195 |
| Set Asides | | 353,070 |
| Other Purposes | | 690,449 |
| Unrestricted | | (57,575,595) |
| <i>Total Net Position</i> | \$ | (28,211,365) |

Shaker Heights City School District
Cuyahoga County, Ohio
Supplemental Schedule
Schedule of Net Position - Excluding GASB 68 and GASB 75
June 30, 2018

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | \$ 106,729,529 |
| Restricted Cash and Cash Equivalents | 353,070 |
| Receivables: | |
| Accrued Interest | 61,395 |
| Accounts | 221,762 |
| Intergovernmental | 656,992 |
| Property Taxes | 80,525,587 |
| Prepaid Items | 232,585 |
| Nondepreciable Capital Assets | 3,150,208 |
| Depreciable Capital Assets (Net) | 35,283,914 |
| <i>Total Assets</i> | 227,215,042 |
| Deferred Outflows of Resources | |
| Deferred Charges on Refunding | 503,348 |
| Pension | 0 |
| OPEB | 0 |
| <i>Total Deferred Outflows of Resources</i> | 503,348 |
| Liabilities | |
| Accounts Payable | 541,159 |
| Accrued Wages and Benefits | 9,220,429 |
| Contracts Payable | 1,304,453 |
| Intergovernmental Payable | 1,615,965 |
| Retainage Payable | 103,230 |
| Matured Compensated Absences Payable | 276,097 |
| Accrued Interest Payable | 390,454 |
| Notes Payable | 9,900,000 |
| Long Term Liabilities: | |
| Due Within One Year | 4,938,897 |
| Due In More Than One Year: | |
| Net Pension Liability | 0 |
| Net OPEB Liability | 0 |
| Other Amounts Due in More Than One Year | 47,919,316 |
| <i>Total Liabilities</i> | 76,210,000 |
| Deferred Inflows of Resources | |
| Property Taxes Levied for the Next Fiscal Year | 62,976,242 |
| Pension | 0 |
| OPEB | 0 |
| Unused | 104,000 |
| <i>Total Deferred Inflows of Resources</i> | 63,080,242 |
| Net Position | |
| Net Investment in Capital Assets | 20,562,527 |
| Restricted For: | |
| Capital Outlay | 1,067,989 |
| Debt Service | 6,690,195 |
| Innovations Lab | 353,070 |
| Other Purposes | 690,449 |
| Unrestricted | 59,063,918 |
| <i>Total Net Position</i> | \$ 88,428,148 |

Shaker Heights City School District
Cuyahoga County, Ohio
Supplemental Schedule
Schedule of Activities - Including GASB 68 and GASB 75
For the Fiscal Year Ended June 30, 2018

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|--------------------------------------|---|---|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | Governmental Activities |
| Governmental Activities | | | | |
| Instruction: | | | | |
| Regular | \$ 16,102,751 | \$ 1,641,595 | \$ 428,769 | \$ (14,032,387) |
| Special | 9,849,551 | 520,511 | 3,665,687 | (5,663,353) |
| Career Technical Education (fka Vocational) | 158,211 | 9,527 | 55,319 | (93,365) |
| Student Intervention Services | (30,995) | 0 | 180,238 | 211,233 |
| Other | 213,569 | 11,480 | 16,819 | (185,270) |
| Support Services: | | | | |
| Pupils | 3,026,686 | 0 | 186,003 | (2,840,683) |
| Instructional Staff | 3,183,067 | 158,734 | 46,454 | (2,977,879) |
| Board of Education | 30,355 | 0 | 0 | (30,355) |
| Administration | 1,944,189 | 12,245 | 1,053 | (1,930,891) |
| Fiscal | 3,292,233 | 1,198,733 | 14,400 | (2,079,100) |
| Business | 700,381 | 19 | 0 | (700,362) |
| Operation and Maintenance of Plant | 4,750,932 | 0 | 0 | (4,750,932) |
| Pupil Transportation | 4,181,681 | 6,186 | 417,180 | (3,758,315) |
| Central | 1,366,505 | 0 | 0 | (1,366,505) |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 1,932,677 | 892,758 | 929,421 | (110,498) |
| Community Services | 695,161 | 0 | 556,401 | (138,760) |
| Extracurricular Activities | 6,296,056 | 242,211 | 4,646 | (6,049,199) |
| Debt Service: | | | | |
| Interest and Fiscal Charges | 1,142,265 | 0 | 0 | (1,142,265) |
| Total | \$ 58,835,275 | \$ 4,693,999 | \$ 6,502,390 | (47,638,886) |

General Revenues

| | |
|---|------------------------|
| Property Taxes Levied for: | |
| General Purposes | 69,760,159 |
| Debt Service | 4,079,725 |
| Capital Outlay | 870,324 |
| Grants and Entitlements Not Restricted to Specific Programs | 25,414,022 |
| Payments in Lieu of Taxes | 112,332 |
| Investment Earnings | 795,045 |
| Miscellaneous | 2,162,682 |
| Total General Revenues | 103,194,289 |
| <i>Change in Net Position</i> | 55,555,403 |
| <i>Net Position Beginning of Year</i> | (83,766,768) |
| <i>Net Position End of Year</i> | \$ (28,211,365) |

Shaker Heights City School District
Cuyahoga County, Ohio
Supplemental Schedule
Schedule- Excluding GASB 68 and GASB 75
For the Fiscal Year Ended June 30, 2018

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|-----------------------|--------------------------------------|---|---|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | Governmental Activities |
| Governmental Activities | | | | |
| Instruction: | | | | |
| Regular | \$ 42,611,669 | \$ 1,641,595 | \$ 428,769 | \$ (40,541,305) |
| Special | 15,852,411 | 520,511 | 3,665,687 | (11,666,213) |
| Career Technical Education (fka Vocational) | 158,211 | 9,527 | 55,319 | (93,365) |
| Student Intervention Services | 402,577 | 0 | 180,238 | (222,339) |
| Other | \$ 213,569 | 11,480 | 16,819 | (185,270) |
| Support Services: | | | | |
| Pupils | 7,081,508 | 0 | 186,003 | (6,895,505) |
| Instructional Staff | 4,758,605 | 158,734 | 46,454 | (4,553,417) |
| Board of Education | 30,355 | 0 | 0 | (30,355) |
| Administration | 6,676,872 | 12,245 | 1,053 | (6,663,574) |
| Fiscal | 3,475,449 | 1,198,733 | 14,400 | (2,262,316) |
| Business | 761,453 | 19 | 0 | (761,434) |
| Operation and Maintenance of Plant | 5,667,013 | 0 | 0 | (5,667,013) |
| Pupil Transportation | 4,548,114 | 6,186 | 417,180 | (4,124,748) |
| Central | 1,983,293 | 0 | 0 | (1,983,293) |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 1,932,677 | 892,758 | 929,421 | (110,498) |
| Community Services | 1,128,733 | 0 | 556,401 | (572,332) |
| Extracurricular Activities | 6,821,236 | 242,211 | 4,646 | (6,574,379) |
| Debt Service: | | | | |
| Interest and Fiscal Charges | 1,142,265 | 0 | 0 | (1,142,265) |
| Total | \$ 105,246,010 | \$ 4,693,999 | \$ 6,502,390 | (94,049,621) |

General Revenues

| | |
|---|----------------------|
| Property Taxes Levied for: | |
| General Purposes | 69,760,159 |
| Debt Service | 4,079,725 |
| Capital Outlay | 870,324 |
| Grants and Entitlements Not Restricted to Specific Programs | 25,414,022 |
| Payments in Lieu of Taxes | 112,332 |
| Investment Earnings | 795,045 |
| Miscellaneous | 2,162,682 |
| Total General Revenues | 103,194,289 |
| <i>Change in Net Position</i> | 9,144,668 |
| <i>Net Position Beginning of Year</i> | 79,283,480 |
| <i>Net Position End of Year</i> | \$ 88,428,148 |

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STATISTICAL SECTION

Statistical Section

This part of the Shaker Heights City School District'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 School District'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 School District's financial performance and well-being have changed over time. | S-2 - S-13 |
| Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax. | S-15 - S-26 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future. | S-27 - S-31 |
| Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. | S-32 - S-34 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs. | S-36 - S-49 |

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

NOTE: With the implementation of GASB No. 54 for fiscal year 2011, there were minor reclassifications of funds (example special revenue funds consolidated with the general fund for GAAP purposes). Amounts are not deemed significant to impact the users of this Section. Prior year amounts also have not been adjusted to reflect this change.

With the implementation of GASB No. 68 in fiscal year 2015, the calculation of pension expense has changed, however, government-wide expenses for 2014 and prior fiscal years were not restated to reflect this change.

With the implementation of GASB No. 75 in fiscal year 2018, the calculation of pension expense has changed, however, government-wide expenses for 2017 and prior fiscal years were not restated to reflect this change.

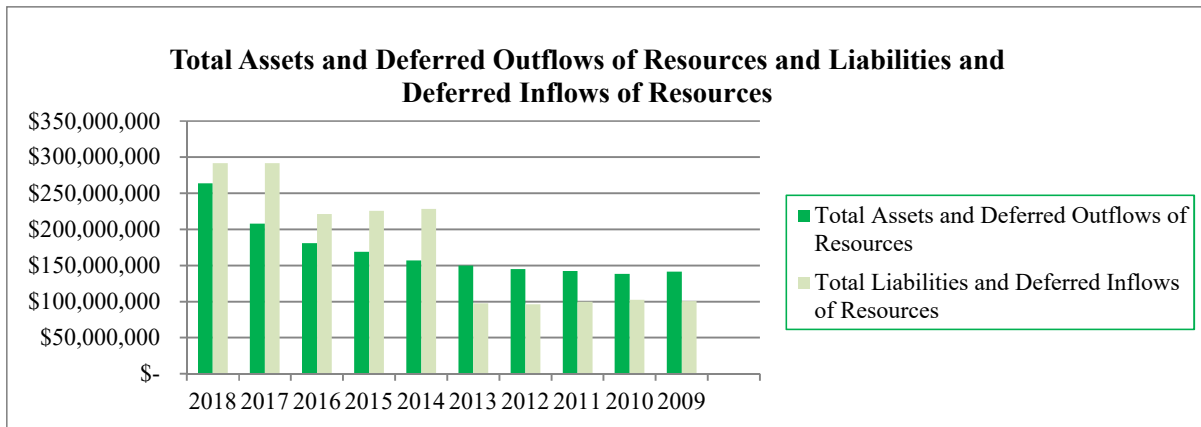
Shaker Heights City School District (Cuyahoga County, Ohio)

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

| | 2018 | Restated 2017 | 2016 | 2015 |
|---|------------------------|------------------------|------------------------|------------------------|
| Governmental Activities: | | | | |
| Net Investment in Capital Assets | \$ 20,562,527 | \$ 20,192,334 | \$ 18,406,114 | \$ 18,703,093 |
| Restricted for: | | | | |
| Capital Outlay | 1,067,989 | 1,366,516 | 1,793,321 | 2,620,380 |
| Debt Service | 6,690,195 | 3,988,776 | 4,027,833 | 3,601,996 |
| Set Asides | 353,070 | 353,070 | 353,070 | 353,070 |
| Other Purposes | 690,449 | 823,296 | 895,547 | 905,278 |
| Unrestricted | <u>(57,575,595)</u> | <u>(110,490,760)</u> | <u>(65,855,623)</u> | <u>(83,122,366)</u> |
| Total Governmental Activities Net Position | <u>\$ (28,211,365)</u> | <u>\$ (83,766,768)</u> | <u>\$ (40,379,738)</u> | <u>\$ (56,938,549)</u> |



Source: School District financial records.

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 15,783,429 | \$ 13,553,310 | \$ 11,315,889 | \$ 11,398,071 | \$ 10,070,839 | \$ 8,401,734 |
| 2,970,535 | 833,627 | 1,439,495 | 1,098,470 | 1,531,066 | 1,525,468 |
| 3,447,258 | 3,258,334 | 2,991,077 | 2,354,956 | 2,359,850 | 2,644,458 |
| 353,070 | 353,070 | 353,070 | 353,070 | 353,070 | 353,070 |
| 719,875 | 887,667 | 766,769 | 871,703 | 830,467 | 792,242 |
| <u>(94,875,293)</u> | <u>33,317,054</u> | <u>31,719,973</u> | <u>26,197,012</u> | <u>20,608,691</u> | <u>27,407,164</u> |
| <u>\$ (71,601,126)</u> | <u>\$ 52,203,062</u> | <u>\$ 48,586,273</u> | <u>\$ 42,273,282</u> | <u>\$ 35,753,983</u> | <u>\$ 41,124,136</u> |

Shaker Heights City School District (Cuyahoga County, Ohio)

Changes in Net Position of Governmental Activities

Last Ten Fiscal Years

(accrual basis of accounting)

| | 2018 | 2017 | 2016 | 2015 |
|--|-------------------|--------------------|-------------------|-------------------|
| Expenses | | | | |
| Instruction: | | | | |
| Regular | \$ 16,102,751 | \$ 43,332,594 | \$ 39,924,216 | \$ 37,934,442 |
| Special | 9,849,551 | 15,712,484 | 13,486,639 | 14,015,953 |
| Career Technical Education (fka Vocational) | 158,211 | 352,363 | 225,278 | 89,183 |
| Student Intervention Services | (30,995) | 382,525 | 388,948 | 279,587 |
| Other | 213,569 | 446,397 | 474,197 | 328,772 |
| Support Services: | | | | |
| Pupils | 3,026,686 | 7,489,537 | 6,605,357 | 6,346,453 |
| Instructional Staff | 3,183,067 | 4,955,704 | 4,642,768 | 3,972,704 |
| Board of Education | 30,355 | 26,022 | 28,377 | 37,703 |
| Administration | 1,944,189 | 6,940,852 | 6,278,130 | 5,641,359 |
| Fiscal | 3,292,233 | 2,618,670 | 2,522,825 | 2,510,802 |
| Business | 700,381 | 757,710 | 783,194 | 858,370 |
| Operation and Maintenance of Plant | 4,750,932 | 12,675,113 | 11,231,757 | 10,537,744 |
| Pupil Transportation | 4,181,681 | 4,900,743 | 4,537,054 | 4,416,402 |
| Central | 1,366,505 | 1,804,959 | 1,550,074 | 1,536,158 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 1,932,677 | 1,788,322 | 1,888,483 | 1,797,004 |
| Community Services | 695,161 | 1,686,053 | 1,761,972 | 1,579,096 |
| Extracurricular Activities | 6,296,056 | 1,688,888 | 1,621,109 | 1,892,552 |
| Interest and Fiscal Charges | 1,142,265 | 549,577 | 667,486 | 783,584 |
| Total Expenses | 58,835,275 | 108,108,513 | 98,617,864 | 94,557,868 |
| Program Revenues | | | | |
| Charges for Services and Sales | | | | |
| Instruction: | | | | |
| Regular | 1,641,595 | 781,493 | 1,319,311 | 1,178,700 |
| Special | 520,511 | 574,237 | 297,890 | 569,851 |
| Career Technical Education (fka Vocational) | 9,527 | 0 | 0 | 0 |
| Other | 11,480 | 0 | 75 | 5,250 |
| Support Services: | | | | |
| Pupils | 0 | 0 | 0 | 0 |
| Instructional Staff | 158,734 | 0 | 0 | 0 |
| Board of Education | 0 | 0 | 0 | 0 |
| Administration | 12,245 | 14,681 | 15,524 | 17,723 |
| Fiscal | 1,198,733 | 322,669 | 115,193 | 41,723 |
| Business | 19 | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 0 | 1,769 | 1,958 | 8,252 |
| Pupil Transportation | 6,186 | 78,698 | 76,253 | 27,968 |
| Central | 0 | 0 | 0 | 0 |
| Operation of Non-Instruction Services: | | | | |
| Community Services | 0 | 0 | 0 | 0 |
| Food Service Operations | 892,758 | 822,854 | 835,367 | 872,826 |
| Extracurricular Activities | 242,211 | 256,310 | 285,452 | 192,984 |
| Operating Grants, Contributions and Interest | | | | |
| Instruction: | | | | |
| Regular | 428,769 | 507,752 | 341,875 | 120,967 |
| Special | 3,665,687 | 3,860,005 | 4,233,399 | 4,107,133 |
| Career Technical Education (fka Vocational) | 55,319 | 46,629 | 41,624 | 43,444 |
| Student Intervention Services | 180,238 | 96,529 | 149,402 | 172,335 |
| Other | 16,819 | 15,600 | 0 | 21,416 |
| Support Services: | | | | |
| Pupils | 186,003 | 216,043 | 148,302 | 115,244 |
| Instructional Staff | 46,454 | 145,440 | 144,980 | 299,430 |
| Board of Education | 0 | 0 | 0 | 0 |
| Administration | 1,053 | 1,721 | 1,153 | 1,746 |

| 2014** | 2013 | 2012 | 2011 | 2010* | 2009 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 34,580,662 | \$ 34,461,051 | \$ 34,798,586 | \$ 35,281,264 | \$ 37,085,280 | \$ 35,379,158 |
| 15,645,258 | 12,397,536 | 12,002,923 | 11,964,327 | 13,428,305 | 11,824,756 |
| 114,533 | 73,704 | 150,353 | 228,758 | 139,800 | 242,656 |
| 187,160 | 94 | 58,630 | 67,198 | 19,489 | 0 |
| 217,011 | 42,270 | 8,693 | 0 | 0 | 0 |
| 5,812,143 | 5,556,492 | 5,594,025 | 5,552,562 | 6,109,276 | 5,442,866 |
| 3,775,660 | 7,540,608 | 7,880,942 | 7,168,686 | 7,847,850 | 6,661,050 |
| 35,491 | 65,876 | 18,470 | 17,368 | 22,044 | 18,690 |
| 5,904,079 | 5,815,470 | 5,911,138 | 6,106,215 | 6,143,839 | 6,002,432 |
| 2,581,225 | 2,443,694 | 2,645,931 | 2,086,303 | 1,815,190 | 2,195,814 |
| 780,306 | 1,085,086 | 1,043,044 | 952,606 | 933,149 | 931,242 |
| 11,269,156 | 13,142,708 | 12,347,748 | 13,466,665 | 14,220,532 | 13,059,730 |
| 5,044,428 | 4,674,160 | 4,456,181 | 4,602,302 | 4,795,694 | 4,169,665 |
| 1,497,140 | 1,683,000 | 1,754,818 | 1,917,495 | 1,990,523 | 1,444,784 |
| 1,800,930 | 1,855,816 | 1,820,200 | 1,945,696 | 1,951,783 | 1,726,334 |
| 1,463,402 | 1,598,259 | 1,428,394 | 1,220,198 | 1,327,646 | 1,207,237 |
| 2,064,830 | 1,331,012 | 1,268,779 | 1,249,690 | 1,296,624 | 1,170,726 |
| 1,027,810 | 1,123,129 | 1,000,513 | 1,106,286 | 1,227,205 | 1,277,952 |
| 93,801,224 | 94,889,965 | 94,189,368 | 94,933,619 | 100,354,229 | 92,755,092 |
| 1,188,561 | 1,222,949 | 1,226,867 | 754,595 | 1,559,258 | 789,813 |
| 637,025 | 626,206 | 414,873 | 171,178 | 187,379 | 202,415 |
| 0 | 0 | 0 | 3,471 | 2,101 | 4,247 |
| 5,175 | 5,700 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 85,442 | 91,479 | 102,981 |
| 0 | 0 | 0 | 88,670 | 91,968 | 80,033 |
| 0 | 0 | 0 | 0 | 336 | 551 |
| 18,201 | 0 | 0 | 0 | 93,031 | 129,968 |
| 38,187 | 15,492 | 0 | 0 | 26,440 | 29,030 |
| 0 | 0 | 0 | 0 | 12,975 | 16,925 |
| 15,359 | 10,493 | 10,708 | 285,446 | 303,580 | 300,135 |
| 18,496 | 14,711 | 17,560 | 67,464 | 66,566 | 78,983 |
| 0 | 0 | 0 | 28,892 | 30,003 | 29,493 |
| 0 | 0 | 0 | 797 | 755 | 98,902 |
| 942,432 | 873,289 | 888,162 | 912,327 | 815,170 | 800,042 |
| 143,509 | 143,031 | 112,812 | 139,488 | 196,635 | 110,980 |
| 180,152 | 68,749 | 1,175,777 | 1,463,608 | 502,626 | 754,782 |
| 3,858,976 | 1,029,673 | 1,094,487 | 805,930 | 1,037,972 | 925,126 |
| 44,456 | 0 | 0 | 0 | 0 | 3,037 |
| 304,165 | 111 | 57,840 | 162,215 | 31,087 | 0 |
| 0 | 23,851 | 0 | 0 | 0 | 0 |
| 58,871 | 0 | 0 | 50,739 | 43,226 | 88,617 |
| 271,907 | 1,449,321 | 1,469,327 | 1,741,042 | 1,774,381 | 1,450,387 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 3,968 | 30,074 | 20,000 | 0 | 0 | 0 |

(continued)

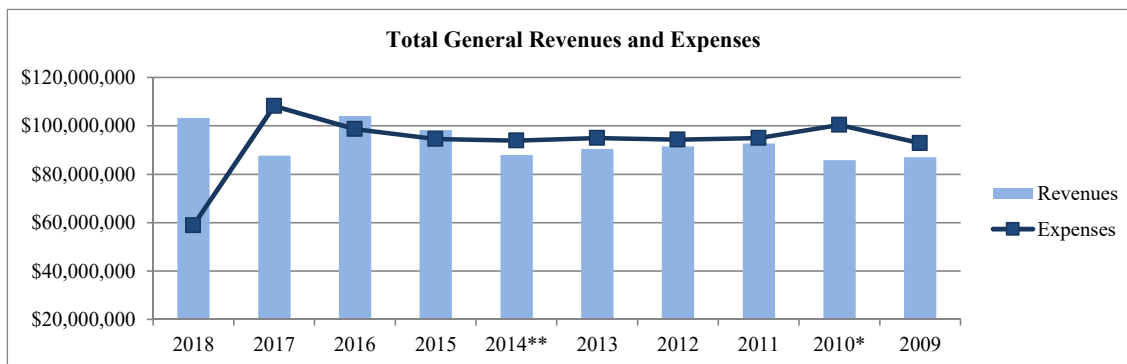
Shaker Heights City School District (Cuyahoga County, Ohio)

Changes in Net Position of Governmental Activities

Last Ten Fiscal Years

(accrual basis of accounting)

| | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|-----------------------|----------------------|----------------------|
| Fiscal | 14,400 | 14,400 | 14,400 | 14,400 |
| Business | 0 | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 0 | 0 | 0 | 0 |
| Pupil Transportation | 417,180 | 393,888 | 434,255 | 514,785 |
| Central | 0 | 0 | 0 | 0 |
| Operation of Non-Instruction Services | | | | |
| Food Service Operations | 929,421 | 920,784 | 932,620 | 1,604,904 |
| Community Services | 556,401 | 1,743,019 | 1,650,925 | 970,556 |
| Extracurricular Activities | 4,646 | 4,753 | 7,499 | 2,806 |
| Capital Grants and Contributions | | | | |
| Instruction: | | | | |
| Regular | 0 | 0 | 77,947 | 108,900 |
| Special | 0 | 0 | 1,756 | 0 |
| Support Service: | | | | |
| Instructional Staff | 0 | 0 | 7,034 | 0 |
| Business | 0 | 0 | 1,784 | 15,400 |
| Operation and Maintenance of Plant | 0 | 0 | 789 | 0 |
| Pupil Transportation | 0 | 88,714 | 38,627 | 0 |
| Total Program Revenues | <u>11,196,389</u> | <u>10,907,988</u> | <u>11,175,394</u> | <u>11,028,743</u> |
| Net Expense | <u>(47,638,886)</u> | <u>(97,200,525)</u> | <u>(87,442,470)</u> | <u>(83,529,125)</u> |
| General Revenues | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | 69,760,159 | 59,568,298 | 74,574,871 | 70,813,771 |
| Debt Service | 4,079,725 | 1,990,941 | 2,548,475 | 2,353,929 |
| Capital Outlay | 870,324 | 0 | 0 | 0 |
| Grants and Entitlements not Restricted to Specific Programs | 25,414,022 | 25,402,285 | 25,768,793 | 24,060,541 |
| Payment in Lieu of Taxes | 112,332 | 122,973 | 122,905 | 0 |
| Investment Earnings | 795,045 | 158,736 | 704,297 | 267,160 |
| Unrestricted Contributions and Donations | 0 | 0 | 0 | 0 |
| Gain on Sale of Capital Assets | 0 | 0 | 0 | 0 |
| Miscellaneous | 2,162,682 | 418,602 | 281,940 | 696,301 |
| Total General Revenues | <u>103,194,289</u> | <u>87,661,835</u> | <u>104,001,281</u> | <u>98,191,702</u> |
| Extraordinary Item | | | | |
| Decrease in Delinquent Property Taxes | 0 | 0 | 0 | 0 |
| Total General Revenues and Extraordinary Item | <u>103,194,289</u> | <u>87,661,835</u> | <u>104,001,281</u> | <u>98,191,702</u> |
| Change in Net Position | <u>\$ 55,555,403</u> | <u>\$ (9,538,690)</u> | <u>\$ 16,558,811</u> | <u>\$ 14,662,577</u> |



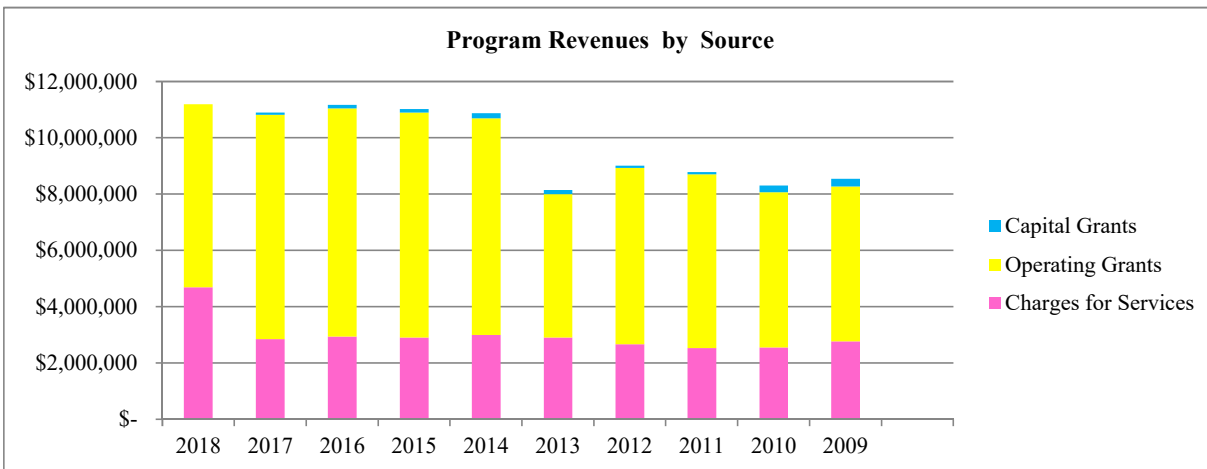
*Includes immaterial amounts reclassified for comparison purposes.

**Certain foundation payments for special education and transportation were reclassified to program revenues from general revenue in fiscal year 2015. For comparability purposes, fiscal year 2015 was updated but no years prior to fiscal 2014 reflect this change.

| 2014** | 2013 | 2012 | 2011 | 2010* | 2009 |
|--------------|--------------|--------------|--------------|----------------|----------------|
| 14,400 | 14,400 | 14,400 | 0 | 16,000 | 24,000 |
| 0 | 0 | 38 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 164,634 |
| 500,586 | 0 | 15,906 | 72 | 45,507 | 56,487 |
| 0 | 19,717 | 33,000 | 5,000 | 11,409 | 22,315 |
| 978,098 | 979,654 | 931,912 | 754,440 | 751,596 | 687,159 |
| 1,471,119 | 1,469,438 | 1,446,234 | 1,189,003 | 1,294,234 | 1,304,659 |
| 2,717 | 2,497 | 6,051 | 3,290 | 3,020 | 19,027 |
| 110,313 | 50,535 | 0 | 0 | 30,040 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 49,911 | 0 |
| 0 | 0 | 0 | 0 | 3,829 | 0 |
| 0 | 0 | 32,972 | 79,489 | 33,878 | 276,391 |
| 75,000 | 102,085 | 41,965 | 0 | 124,521 | 0 |
| 10,881,673 | 8,151,976 | 9,010,891 | 8,792,598 | 9,230,913 | 8,551,119 |
| (82,919,551) | (86,737,989) | (85,178,477) | (86,141,021) | (91,123,316) | (84,203,973) |
| 61,323,747 | 63,408,623 | 64,805,875 | 63,904,018 | 56,751,088 | 56,984,545 |
| 2,253,696 | 2,524,431 | 2,658,043 | 2,755,119 | 2,960,050 | 3,154,120 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 23,882,775 | 23,839,415 | 23,319,363 | 25,301,197 | 25,155,226 | 25,102,989 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 141,545 | 124,229 | 193,986 | 291,878 | 532,965 | 1,303,054 |
| 0 | 0 | 0 | 1,090 | 0 | 0 |
| 0 | 0 | 0 | 18,750 | 21,600 | 0 |
| 343,790 | 458,080 | 514,201 | 388,268 | 332,234 | 423,892 |
| 87,945,553 | 90,354,778 | 91,491,468 | 92,660,320 | 85,753,163 | 86,968,600 |
| 0 | 0 | 0 | 0 | 0 | (4,600,000) |
| 87,945,553 | 90,354,778 | 91,491,468 | 92,660,320 | 85,753,163 | 82,368,600 |
| \$ 5,026,002 | \$ 3,616,789 | \$ 6,312,991 | \$ 6,519,299 | \$ (5,370,153) | \$ (1,835,373) |

Shaker Heights City School District (Cuyahoga County, Ohio)
Program Revenues of Governmental Activities by Function
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | |
| Instruction: | | | | |
| Regular | \$ 2,070,364 | \$ 1,289,245 | \$ 1,739,133 | \$ 1,408,567 |
| Special | 4,186,198 | 4,434,242 | 4,533,045 | 4,676,984 |
| Career Technical Education (fka Vocational) | 64,846 | 46,629 | 41,624 | 43,444 |
| Student Intervention | 180,238 | 96,529 | 149,402 | 172,335 |
| Other | 28,299 | 15,600 | 75 | 26,666 |
| Support Services: | | | | |
| Pupils | 186,003 | 216,043 | 148,302 | 115,244 |
| Instructional Staff | 205,188 | 145,440 | 152,014 | 299,430 |
| Board of Education | 0 | 0 | 16,677 | 0 |
| Administration | 13,298 | 16,402 | 129,593 | 19,469 |
| Fiscal | 1,213,133 | 337,069 | 0 | 56,123 |
| Business | 19 | 0 | 1,784 | 15,400 |
| Operation and Maintenance of Plant | 0 | 1,769 | 2,747 | 8,252 |
| Pupil Transportation | 423,366 | 561,300 | 549,135 | 542,753 |
| Central | 0 | 0 | 0 | 0 |
| Operation of Non-Instructional Services | | | | |
| Food Services | 1,822,179 | 1,743,638 | 1,767,987 | 2,477,730 |
| Community Services | 556,401 | 1,743,019 | 1,650,925 | 970,556 |
| Extracurricular Activities | 246,857 | 261,063 | 292,951 | 195,790 |
| Total Program Revenues | \$ 11,196,389 | \$ 10,907,988 | \$ 11,175,394 | \$ 11,028,743 |



Source: School District financial records.

**Certain foundation payments for special education and transportation were reclassified to program revenues from general revenue in fiscal year 2015. For comparability purposes, fiscal 2015 was updated but no years prior to fiscal 2014 reflect this change.

| 2014* | 2013 | 2012 | 2011 | 2010 | 2009 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 1,479,026 | \$ 1,342,233 | \$ 2,402,644 | \$ 2,218,203 | \$ 1,177,111 | \$ 1,544,595 |
| 4,496,001 | 1,655,879 | 1,509,360 | 977,108 | 1,225,351 | 1,127,541 |
| 0 | 0 | 0 | 3,471 | 2,101 | 7,284 |
| 304,165 | 111 | 57,840 | 162,215 | 31,087 | 0 |
| 49,631 | 29,551 | 0 | 0 | 0 | 0 |
| 58,871 | 0 | 0 | 136,181 | 134,705 | 191,598 |
| 271,907 | 1,449,321 | 1,469,327 | 1,829,712 | 1,916,260 | 1,530,420 |
| 0 | 0 | 0 | 0 | 336 | 551 |
| 22,169 | 30,074 | 20,000 | 0 | 93,031 | 129,968 |
| 52,587 | 29,892 | 14,400 | 0 | 42,440 | 53,030 |
| 0 | 0 | 38 | 0 | 16,804 | 16,925 |
| 15,359 | 10,493 | 43,680 | 364,935 | 337,458 | 741,160 |
| 594,082 | 116,796 | 75,431 | 67,536 | 236,594 | 135,470 |
| 0 | 19,717 | 33,000 | 33,892 | 41,412 | 51,808 |
| 1,920,530 | 1,852,943 | 1,820,074 | 1,666,767 | 1,566,766 | 1,487,201 |
| 1,471,119 | 1,469,438 | 1,446,234 | 1,189,800 | 1,294,989 | 1,403,561 |
| 146,226 | 145,528 | 118,863 | 142,778 | 199,655 | 130,007 |
| <u>\$ 10,881,673</u> | <u>\$ 8,151,976</u> | <u>\$ 9,010,891</u> | <u>\$ 8,792,598</u> | <u>\$ 8,316,100</u> | <u>\$ 8,551,119</u> |

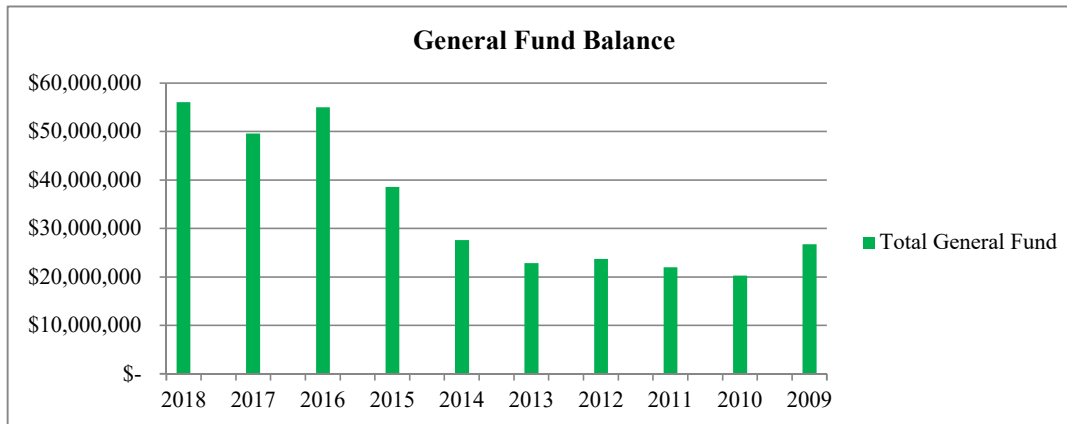
Shaker Heights City School District (Cuyahoga County, Ohio)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

| | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Reserved | N/A | N/A | N/A | N/A |
| Unreserved | N/A | N/A | N/A | N/A |
| Nonspendable | \$ 226,458 | \$ 222,612 | \$ 85,528 | \$ 178,918 |
| Restricted | 353,070 | 353,070 | 353,070 | 353,070 |
| Committed | 0 | 1,173,937 | 435,416 | 0 |
| Assigned | 17,880,399 | 5,251,332 | 5,325,822 | 7,062,924 |
| Unassigned | 37,606,441 | 42,648,411 | 48,865,339 | 31,016,687 |
| Total General Fund | 56,066,368 | 49,649,362 | 55,065,175 | 38,611,599 |
| All Other Governmental Funds | | | | |
| Reserved | N/A | N/A | N/A | N/A |
| Unreserved, Undesignated, Reported in: | | | | |
| Special Revenue Funds | N/A | N/A | N/A | N/A |
| Debt Service Funds | N/A | N/A | N/A | N/A |
| Capital Projects Funds | N/A | N/A | N/A | N/A |
| Nonspendable | 6,127 | 678 | 0 | 0 |
| Restricted | 32,880,637 | 4,810,523 | 6,185,448 | 6,819,790 |
| Unassigned | (209,500) | (136,817) | (69,080) | (94,269) |
| Total All Other Governmental Funds | 32,677,264 | 4,674,384 | 6,116,368 | 6,725,521 |
| Total Governmental Funds | \$ 88,743,632 | \$ 54,323,746 | \$ 61,181,543 | \$ 45,337,120 |



Source: School District financial records.

Note: The School District implemented GASB 54 during 2011, causing restatement of 2010

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| N/A | N/A | N/A | N/A | N/A | \$ 14,483,565 |
| N/A | N/A | N/A | N/A | N/A | 12,263,251 |
| \$ 36,928 | \$ 31,267 | \$ 268,580 | \$ 382,367 | \$ 231,117 | N/A |
| 353,070 | 353,070 | 353,070 | 353,070 | 353,070 | N/A |
| 0 | 0 | 0 | 0 | 0 | N/A |
| 4,248,345 | 7,186,555 | 8,801,392 | 4,455,388 | 3,988,294 | N/A |
| 22,990,573 | 15,305,379 | 14,278,025 | 16,822,882 | 15,721,703 | N/A |
| 27,628,916 | 22,876,271 | 23,701,067 | 22,013,707 | 20,294,184 | 26,746,816 |
| N/A | N/A | N/A | N/A | N/A | 1,967,505 |
| N/A | N/A | N/A | N/A | N/A | 204,836 |
| N/A | N/A | N/A | N/A | N/A | 2,050,073 |
| N/A | N/A | N/A | N/A | N/A | 4,905,551 |
| 0 | 0 | 15,688 | 14,913 | 26,884 | N/A |
| 6,827,709 | 5,256,580 | 4,694,602 | 5,611,699 | 7,407,491 | N/A |
| (75,088) | (185,762) | (177,597) | (59,717) | (12,179) | N/A |
| 6,752,621 | 5,070,818 | 4,532,693 | 5,566,895 | 7,422,196 | 9,127,965 |
| \$ 34,381,537 | \$ 27,947,089 | \$ 28,233,760 | \$ 27,580,602 | \$ 27,716,380 | \$ 35,874,781 |

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

| | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|-----------------------|----------------------|----------------------|
| <u>Revenues:</u> | | | | |
| Property and Other Local Taxes | \$ 75,032,244 | \$ 60,683,178 | \$ 76,996,894 | \$ 72,624,434 |
| Intergovernmental | 31,877,397 | 33,369,707 | 33,845,112 | 32,008,748 |
| Investment Income | 856,980 | 174,520 | 714,497 | 269,281 |
| Tuition and Fees | 1,506,363 | 927,465 | 1,318,415 | 1,467,937 |
| Extracurricular Activities | 371,936 | 347,612 | 359,198 | 289,637 |
| Rentals | 89,293 | 88,781 | 86,023 | 86,023 |
| Charges for Services | 2,495,853 | 1,439,922 | 1,118,740 | 1,009,713 |
| Contributions and Donations | 99,188 | 136,435 | 225,224 | 159,922 |
| Payment in Lieu of Taxes | 112,332 | 122,973 | 122,905 | 0 |
| Miscellaneous | 2,106,016 | 463,978 | 330,216 | 756,480 |
| <i>Total Revenues</i> | <u>114,547,602</u> | <u>97,754,571</u> | <u>115,117,224</u> | <u>108,672,175</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 42,082,366 | 39,815,886 | 38,783,485 | 38,212,432 |
| Special | 15,986,261 | 14,768,608 | 13,489,001 | 14,297,783 |
| Career Technical Education (fka Vocational) | 151,084 | 352,363 | 225,278 | 89,183 |
| Student Intervention | 402,577 | 382,525 | 398,299 | 287,621 |
| Other | 213,950 | 408,342 | 459,335 | 316,600 |
| Support Services: | | | | |
| Pupils | 7,112,993 | 7,022,053 | 6,612,062 | 6,531,094 |
| Instructional Staff | 5,134,657 | 4,387,154 | 4,353,812 | 4,355,570 |
| Board of Education | 30,355 | 26,022 | 28,377 | 37,703 |
| Administration | 6,617,382 | 6,478,177 | 6,388,501 | 6,001,378 |
| Fiscal | 3,455,765 | 2,744,933 | 2,578,829 | 2,548,226 |
| Business | 770,412 | 699,631 | 752,438 | 845,929 |
| Operation and Maintenance of Plant | 10,104,442 | 10,398,177 | 10,351,040 | 10,601,066 |
| Pupil Transportation | 4,509,325 | 4,624,199 | 4,541,336 | 4,081,712 |
| Central | 1,917,734 | 1,715,662 | 1,572,126 | 1,609,192 |
| Extracurricular Activities | 1,615,557 | 1,521,048 | 1,509,295 | 1,362,333 |
| Operation of Non-Instructional Services | | | | |
| Food Service Operations | 1,881,270 | 1,788,322 | 1,814,071 | 1,797,004 |
| Community Services | 1,303,117 | 1,857,393 | 1,628,083 | 1,595,409 |
| Capital Outlay | 3,920,507 | 2,901,476 | 1,006,601 | 447,920 |
| Debt Service: | | | | |
| Principal Retirement | 2,029,999 | 2,185,000 | 1,850,582 | 2,075,000 |
| Interest and Fiscal Charges | 1,072,567 | 537,936 | 930,250 | 686,728 |
| <i>Total Expenditures</i> | <u>110,312,320</u> | <u>104,614,907</u> | <u>99,272,801</u> | <u>97,779,883</u> |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | 4,235,282 | (6,860,336) | 15,844,423 | 10,892,292 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Sale of Capital Assets | 0 | 0 | 0 | 0 |
| Insurance Recoveries | 109,064 | 2,539 | 0 | 0 |
| General Obligation Bonds Issued | 28,495,000 | 0 | 0 | 0 |
| General Obligation Bond Premium | 1,580,540 | 0 | 0 | 0 |
| General Obligation Notes Issued | 0 | 0 | 0 | 0 |
| Refunding Notes Issued | 0 | 0 | 0 | 0 |
| Refunding Bonds Issued | 0 | 0 | 0 | 5,345,000 |
| Premium on Debt Issuance | 0 | 0 | 0 | 716,541 |
| Current Refunding | 0 | 0 | 0 | 0 |
| Payment to Refunded Bond Escrow Agent | 0 | 0 | 0 | (5,998,250) |
| Transfers In | 260,000 | 235,000 | 225,000 | 210,000 |
| Transfers Out | (260,000) | (235,000) | (225,000) | (210,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>30,184,604</u> | <u>2,539</u> | <u>0</u> | <u>63,291</u> |
| <i>Net Change in Fund Balance</i> | <u>\$ 34,419,886</u> | <u>\$ (6,857,797)</u> | <u>\$ 15,844,423</u> | <u>\$ 10,955,583</u> |
| Debt Service as a Percentage of | | | | |
| Noncapital Expenditures | 2.96% | 2.68% | 2.83% | 2.87% |

Source: School District financial records.

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|----|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 68,568,000 | \$ 65,713,209 | \$ 65,451,694 | \$ 64,583,285 | \$ 59,520,754 | \$ 61,957,201 |
| | 31,842,442 | 28,700,726 | 30,069,477 | 31,223,034 | 31,186,078 | 30,598,762 |
| | 142,123 | 127,601 | 201,222 | 292,491 | 533,281 | 1,308,766 |
| | 1,575,618 | 1,546,677 | 1,463,358 | 1,280,795 | 1,309,955 | 1,531,239 |
| | 230,233 | 240,541 | 208,345 | 187,388 | 180,539 | 169,428 |
| | 82,619 | 49,338 | 44,805 | 93,813 | 152,526 | 165,751 |
| | 1,066,505 | 1,068,914 | 954,513 | 975,774 | 919,843 | 908,080 |
| | 204,250 | 231,664 | 149,103 | 144,487 | 258,879 | 293,449 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 391,056 | 447,119 | 424,503 | 388,268 | 332,234 | 423,892 |
| | <u>104,102,846</u> | <u>98,125,789</u> | <u>98,967,020</u> | <u>99,169,335</u> | <u>94,394,089</u> | <u>97,356,568</u> |

| | | | | | | |
|--|-------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | 36,387,066 | 35,880,612 | 35,959,722 | 35,974,858 | 36,986,263 | 34,473,074 |
| | 15,649,050 | 12,717,540 | 12,300,518 | 12,238,846 | 13,431,681 | 11,725,813 |
| | 114,533 | 73,704 | 150,353 | 256,888 | 148,774 | 238,210 |
| | 187,160 | 94 | 58,630 | 135,860 | 27,498 | 0 |
| | 205,434 | 33,577 | 0 | 0 | 0 | 0 |
| | 5,834,027 | 5,755,271 | 5,819,423 | 5,662,710 | 6,022,897 | 5,467,430 |
| | 3,793,805 | 8,451,594 | 7,934,389 | 7,425,293 | 7,658,963 | 6,606,883 |
| | 35,491 | 65,876 | 18,470 | 17,368 | 22,044 | 18,690 |
| | 5,887,217 | 5,911,936 | 5,931,338 | 6,095,570 | 6,176,169 | 5,920,108 |
| | 2,597,966 | 2,425,772 | 2,636,142 | 2,076,537 | 1,798,079 | 2,181,027 |
| | 771,414 | 1,060,924 | 1,015,279 | 892,163 | 866,581 | 903,256 |
| | 11,069,951 | 12,308,686 | 12,190,201 | 12,653,515 | 13,334,421 | 12,124,552 |
| | 5,375,679 | 4,780,780 | 4,553,453 | 4,366,501 | 4,405,761 | 4,191,598 |
| | 1,512,182 | 1,684,587 | 1,738,851 | 1,909,388 | 1,975,604 | 1,357,533 |
| | 1,266,029 | 1,333,436 | 1,284,671 | 1,263,758 | 1,294,898 | 1,156,763 |
| | 1,800,930 | 1,855,816 | 1,821,836 | 1,970,089 | 1,952,226 | 1,725,336 |
| | 1,698,692 | 1,553,250 | 1,309,863 | 1,274,679 | 1,422,655 | 1,090,029 |
| | 519,015 | 4,094,660 | 1,023,865 | 1,329,425 | 1,455,100 | 3,463,331 |
| | 2,200,000 | 1,780,000 | 1,639,999 | 2,484,995 | 2,979,017 | 7,185,976 |
| | 765,120 | 981,471 | 1,016,556 | 1,276,670 | 1,215,459 | 1,389,006 |
| | <u>97,670,761</u> | <u>102,749,586</u> | <u>98,403,559</u> | <u>99,305,113</u> | <u>103,174,090</u> | <u>101,218,615</u> |

| | | | | | | |
|----|--------------------|---------------------|-------------------|---------------------|-----------------------|---------------------|
| | 6,432,085 | (4,623,797) | 563,461 | (135,778) | (8,780,001) | (3,862,047) |
| | 0 | 0 | 0 | 0 | 21,600 | 0 |
| | 2,363 | 9,343 | 89,697 | 0 | 0 | 0 |
| | 0 | 4,170,000 | 0 | 0 | 0 | 4,999,999 |
| | 0 | 0 | 0 | 0 | 0 | 107,967 |
| | 0 | 0 | 0 | 0 | 600,000 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 500,000 |
| | 0 | 4,994,310 | 0 | 0 | 0 | 0 |
| | 0 | 666,714 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | (500,000) |
| | 0 | (5,503,241) | 0 | 0 | 0 | 0 |
| | 2,672,528 | 3,420,000 | 380,000 | 400,000 | 475,000 | 475,000 |
| | <u>(2,672,528)</u> | <u>(3,420,000)</u> | <u>(380,000)</u> | <u>(400,000)</u> | <u>(475,000)</u> | <u>(475,000)</u> |
| | 2,363 | 4,337,126 | 89,697 | 0 | 621,600 | 5,107,966 |
| \$ | <u>6,434,448</u> | <u>\$ (286,671)</u> | <u>\$ 653,158</u> | <u>\$ (135,778)</u> | <u>\$ (8,158,401)</u> | <u>\$ 1,245,919</u> |

3.15%

2.86%

2.77%

3.87%

4.15%

8.81%

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Shaker Heights City School District (Cuyahoga County, Ohio)
History of School Operating Levies
For the Years 1933 - 2018

| Date | Number of Mills | Number of Years | Votes | | Percentage For | Total Votes Cast | Difference |
|--------|-----------------|-----------------|--------|---------|----------------|------------------|------------|
| | | | For | Against | | | |
| 11/33 | 3.0 | 1934 | 2,975 | 2,176 | 57.76% | 5,151 | 799 |
| 11/34 | 5.0 | 1935 | 3,358 | 3,633 | 48.03% | 6,991 | (275) |
| 03/35 | 3.0 | 1935 | 1,791 | 1,042 | 63.22% | 2,833 | 749 |
| 11/35 | 4.0 | 1936 | 4,616 | 1,852 | 71.37% | 6,468 | 2,764 |
| 11/36 | 5.0 | 1937-39 | 5,479 | 5,323 | 50.72% | 10,802 | 156 |
| 11/38 | 5.0 | 1940-43 | 5,459 | 2,303 | 70.33% | 7,762 | 3,156 |
| 11/42 | 5.0 | 1944-47 | 5,763 | 2,309 | 71.39% | 8,072 | 3,454 |
| 11/44 | 0.05 | 1945 | 11,668 | 3,350 | 77.69% | 15,018 | 8,318 |
| 11/45 | 1.0 | 1946-47 | 4,736 | 1,196 | 79.84% | 5,932 | 3,540 |
| 11/46 | 6.0 Renewal | 1948-51 | 11,445 | 2,000 | 85.12% | 13,445 | 9,445 |
| 11/47 | 3.0 | 1948-51 | 7,739 | 2,076 | 78.85% | 9,815 | 5,663 |
| 11/50 | 10.0 Renewal | 1952-55 | 12,633 | 3,589 | 77.88% | 16,222 | 9,044 |
| 11/52 | 2.0 | 1953-55 | 15,874 | 4,145 | 79.29% | 20,019 | 11,729 |
| 11/54 | 12.0 | 1956-59 | 8,659 | 7,365 | 54.04% | 16,024 | 1,294 |
| | 9.8 Renewal | | | | | | |
| | 2.2 Additional | | | | | | |
| 11/57 | 5.3 | 1958-59 | 8,365 | 4,480 | 65.12% | 12,845 | 3,885 |
| 11/58 | 17.2 Renewal | 1960-64 | 13,802 | 4,346 | 76.05% | 18,148 | 9,456 |
| 11/59 | 3.0 | 1960-64 | 7,996 | 6,040 | 56.97% | 14,036 | 1,956 |
| 11/62 | 3.43 | 1963-64 | 12,845 | 5,616 | 69.58% | 18,461 | 7,229 |
| 05/64 | 23.63 Renewal | 1965-69 | 9,692 | 1,872 | 83.81% | 11,564 | 7,820 |
| 05/65 | 3.8 Renewal | 1966-69 | 7,970 | 2,293 | 77.66% | 10,263 | 5,677 |
| 05/67 | 3.9 Additional | 1968-69 | 7,740 | 2,552 | 75.20% | 10,292 | 5,188 |
| 05/69 | 39.23 | Continuing | 3,831 | 2,366 | 61.82% | 6,197 | 1,465 |
| | 31.33 Renewal | | | | | | |
| | 7.9 Additional | | | | | | |
| 05/71 | 8.9 Additional | Continuing | 6,016 | 4,270 | 58.49% | 10,286 | 1,746 |
| 05/74 | 4.9 Additional | Continuing | 5,814 | 2,524 | 69.73% | 8,338 | 3,290 |
| 06/76 | 5.5 Additional | Continuing | 6,230 | 3,266 | 65.61% | 9,496 | 2,964 |
| 06/77 | 12.0 Additional | Continuing | 4,644 | 2,683 | 63.38% | 7,327 | 1,961 |
| 06/79 | 6.0 Additional | Continuing | 3,433 | 1,795 | 65.67% | 5,228 | 1,638 |
| 06/81 | 6.5 Additional | Continuing | 3,805 | 2,398 | 61.34% | 6,203 | 1,407 |
| 06/82 | 6.0 Additional | Continuing | 7,190 | 5,127 | 58.37% | 12,317 | 2,063 |
| 06/83 | 8.8 Additional | Continuing | 4,301 | 4,572 | 48.47% | 8,873 | (271) |
| 08/83 | 8.8 Additional | Continuing | 5,373 | 4,546 | 54.17% | 9,919 | 827 |
| 11/86 | 7.5 Additional | Continuing | 6,950 | 6,908 | 50.15% | 13,858 | 42 |
| 05/89 | 9.8 Additional | Continuing | 3,613 | 3,145 | 53.46% | 6,758 | 468 |
| 05/92 | 9.8 Additional | Continuing | 6,554 | 5,106 | 56.21% | 11,660 | 1,448 |
| 11/94 | 8.7 Additional | Continuing | 6,733 | 7,160 | 48.46% | 13,893 | (427) |
| 02/95 | 8.7 Additional | Continuing | 5,464 | 2,641 | 67.42% | 8,105 | 2,823 |
| 03/00 | 9.4 Additional | Continuing | 6,280 | 4,216 | 59.83% | 10,496 | 2,064 |
| 05/03 | 9.6 Additional | Continuing | 5,657 | 2,987 | 65.44% | 8,644 | 2,670 |
| 05/06 | 9.9 Additional | Continuing | 5,579 | 3,697 | 60.14% | 9,276 | 1,882 |
| 05/10 | 9.9 Additional | Continuing | 5,244 | 3,749 | 58.31% | 8,993 | 1,495 |
| 05/14 | 6.9 Additional | Continuing | 4,621 | 2,913 | 61.34% | 7,534 | 1,708 |
| 05/17* | 1.25 Perm. Imp. | Continuing | 2,782 | 1,335 | 67.57% | 4,117 | 1,447 |

* Single ballot issue included permanent improvement levy and bond issue

Source: Shaker Heights City School District Records.

Shaker Heights City School District (Cuyahoga County, Ohio)

Assessed and Estimated Actual Value of Taxable Property

Last Ten Collection Years

| Collection Year | Real Property | | | Tangible Personal Property | |
|-----------------|------------------------------|------------------------------|------------------------------|----------------------------|------------------------------|
| | Residential/ Agricultural | Commercial/ Industrial/PU | Estimated Actual Value | Assessed Value | Estimated Actual Value |
| 2018 | \$ 723,905,650 | \$ 71,385,660 | \$ 2,272,260,886 | \$ 0 | \$ 0 |
| 2017 | 729,004,600 | 72,479,180 | 2,289,953,657 | 0 | 0 |
| 2016 | 730,582,810 | 72,725,130 | 2,295,165,543 | 0 | 0 |
| 2015 | 696,083,470 | 72,451,880 | 2,195,815,286 | 0 | 0 |
| 2014 | 701,293,730 | 77,608,500 | 2,225,434,943 | 0 | 0 |
| 2013 | 702,161,380 | 78,177,030 | 2,229,538,314 | 0 | 0 |
| 2012 | 765,520,980 | 80,615,370 | 2,417,532,429 | 0 | 0 |
| 2011 | 775,613,180 | 81,686,000 | 2,449,426,229 | 756,680 | 12,106,880 |
| 2010 | 776,507,350 | 85,280,280 | 2,462,250,371 | 1,533,160 | 24,530,560 |
| 2009 | 837,960,590 | 87,981,190 | 2,645,547,943 | 2,081,828 | 33,309,248 |

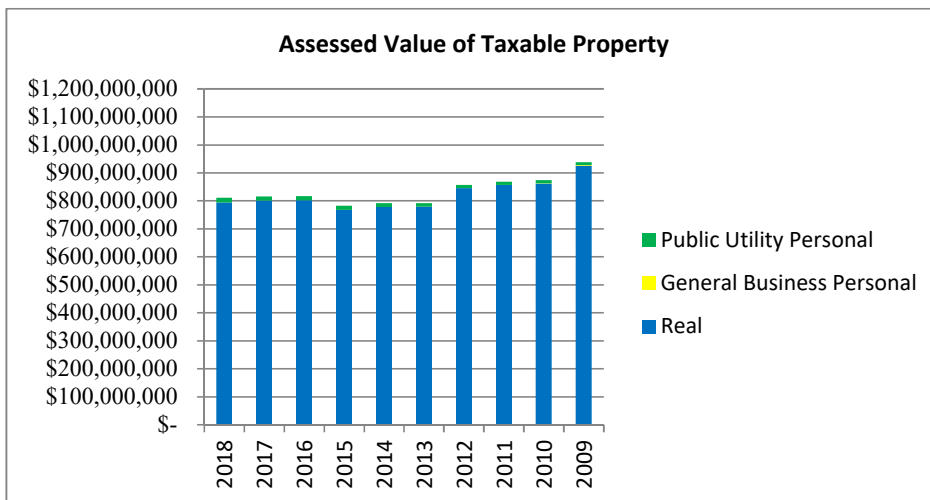
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35% of estimated true value. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25% for machinery and equipment and 23% for inventories. General business tangible personal property tax was phased out beginning in 2006. The listing percentages are 12.5% for 2007, 6.25% 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, generate 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% and 2 1/2% State rollbacks and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Office of the Fiscal Officer, Cuyahoga County, Ohio.

| Tangible Personal Property | | Total | | | |
|----------------------------|------------------------|----------------|------------------------|---|---------------------------|
| Public Utility | | | | | |
| Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Full Tax Rate Per \$1,000 of Assessed Value | Weighted Average Tax Rate |
| \$ 16,650,160 | \$ 18,920,636 | \$ 811,941,470 | \$ 2,291,181,522 | \$ 190.48 | 103.85 |
| 15,510,410 | 17,625,466 | 816,994,190 | 2,307,579,123 | 186.73 | 99.42 |
| 14,677,340 | 16,678,795 | 817,985,280 | 2,311,844,338 | 186.73 | 99.18 |
| 14,404,410 | 16,368,648 | 782,939,760 | 2,212,183,933 | 186.83 | 103.27 |
| 13,746,470 | 15,620,989 | 792,648,700 | 2,241,055,931 | 179.93 | 95.74 |
| 12,585,450 | 14,301,648 | 792,923,860 | 2,243,839,962 | 179.93 | 95.61 |
| 11,663,830 | 13,254,352 | 857,800,180 | 2,430,786,781 | 179.93 | 95.74 |
| 11,271,270 | 12,808,261 | 869,327,130 | 2,474,341,370 | 180.13 | 89.61 |
| 11,018,560 | 12,521,091 | 874,339,350 | 2,499,302,022 | 170.60 | 79.86 |
| 10,337,780 | 11,747,477 | 938,361,388 | 2,690,604,668 | 170.60 | 74.92 |



Shaker Heights City School District (Cuyahoga County, Ohio)

Property Tax Rates - Direct and Overlapping Governments

(per \$1,000 of assessed value)

Last Ten Years

| | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|
| Unvoted Millage | | | | |
| Operating | \$ 4.100000 | \$ 4.100000 | \$ 4.100000 | \$ 4.100000 |
| Voted Millage - by levy | | | | |
| All Prior to 1977 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 10.978121 | 10.905017 | 10.884766 | 11.435650 |
| Commercial/Industrial | 24.336130 | 24.153692 | 24.133558 | 23.820013 |
| Tangible/Public Utility Personal | 58.530000 | 58.530000 | 58.530000 | 58.530000 |
| 1977 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 2.864724 | 2.845644 | 2.840352 | 2.984100 |
| Commercial/Industrial | 5.376132 | 5.335824 | 5.331384 | 5.262120 |
| Tangible/Public Utility Personal | 12.000000 | 12.000000 | 12.000000 | 12.000000 |
| 1979 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 1.432362 | 1.422822 | 1.420176 | 1.492050 |
| Commercial/Industrial | 2.688066 | 2.667912 | 2.665692 | 2.631060 |
| Tangible/Public Utility Personal | 6.000000 | 6.000000 | 6.000000 | 6.000000 |
| 1981 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 2.372409 | 2.356614 | 2.352233 | 2.471281 |
| Commercial/Industrial | 3.456369 | 3.430453 | 3.427600 | 3.383075 |
| Tangible/Public Utility Personal | 6.500000 | 6.500000 | 6.500000 | 6.500000 |
| 1982 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 2.193498 | 2.178894 | 2.174844 | 2.284920 |
| Commercial/Industrial | 3.190590 | 3.166668 | 3.164034 | 3.122928 |
| Tangible/Public Utility Personal | 6.000000 | 6.000000 | 6.000000 | 6.000000 |
| 1983 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 3.662023 | 3.637638 | 3.630880 | 3.814642 |
| Commercial/Industrial | 5.385494 | 5.345120 | 5.340676 | 5.271297 |
| Tangible/Public Utility Personal | 8.800000 | 8.800000 | 8.800000 | 8.800000 |
| 1986 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 3.316080 | 3.294000 | 3.287880 | 3.454290 |
| Commercial/Industrial | 5.086335 | 5.048205 | 5.044005 | 4.978478 |
| Tangible/Public Utility Personal | 7.500000 | 7.500000 | 7.500000 | 7.500000 |
| 1989 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 5.478337 | 5.441862 | 5.431758 | 5.706667 |
| Commercial/Industrial | 8.082883 | 8.022290 | 8.015616 | 7.911491 |
| Tangible/Public Utility Personal | 9.800000 | 9.800000 | 9.800000 | 9.800000 |
| 1990 School Improvement Bonds (\$10,000,000) | 0.000000 | 0.000000 | 0.000000 | 0.000000 |

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|----|-----------|-------------|-------------|-------------|-------------|-------------|
| \$ | 4.100000 | \$ 4.100000 | \$ 4.100000 | \$ 4.100000 | \$ 4.100000 | \$ 4.100000 |
| | 11.356927 | 11.334686 | 10.405171 | 10.296773 | 10.281400 | 9.510423 |
| | 22.956754 | 22.637648 | 22.029873 | 21.735116 | 20.939300 | 20.472975 |
| | 58.530000 | 58.530000 | 58.530000 | 58.530000 | 58.530000 | 58.530000 |
| | 2.963556 | 2.957748 | 2.715192 | 2.686908 | 2.682900 | 2.481732 |
| | 5.071416 | 5.000916 | 4.866648 | 4.801536 | 4.625700 | 4.522704 |
| | 12.000000 | 12.000000 | 12.000000 | 12.000000 | 12.000000 | 12.000000 |
| | 1.481778 | 1.478874 | 1.357596 | 1.343454 | 1.341500 | 1.240866 |
| | 2.535708 | 2.500458 | 2.433324 | 2.400768 | 2.312900 | 2.261352 |
| | 6.000000 | 6.000000 | 6.000000 | 6.000000 | 6.000000 | 6.000000 |
| | 2.454270 | 2.449467 | 2.248591 | 2.225165 | 2.221800 | 2.055242 |
| | 3.259822 | 3.215147 | 3.128827 | 3.086967 | 2.973900 | 2.907710 |
| | 6.500000 | 6.500000 | 6.500000 | 6.500000 | 6.500000 | 6.500000 |
| | 2.269194 | 2.264754 | 2.079030 | 2.057370 | 2.054300 | 1.900260 |
| | 3.009750 | 2.967912 | 2.888226 | 2.849580 | 2.745300 | 2.684106 |
| | 6.000000 | 6.000000 | 6.000000 | 6.000000 | 6.000000 | 6.000000 |
| | 3.788382 | 3.780964 | 3.470896 | 3.434737 | 3.429600 | 3.172453 |
| | 5.080266 | 5.009646 | 4.875147 | 4.809922 | 4.633800 | 4.530610 |
| | 8.800000 | 8.800000 | 8.800000 | 8.800000 | 8.800000 | 8.800000 |
| | 3.430515 | 3.423803 | 3.143025 | 3.110280 | 3.105600 | 2.872770 |
| | 4.798058 | 4.731360 | 4.604333 | 4.542728 | 4.376400 | 4.278938 |
| | 7.500000 | 7.500000 | 7.500000 | 7.500000 | 7.500000 | 7.500000 |
| | 5.667389 | 5.656295 | 5.192442 | 5.138346 | 5.130700 | 4.745973 |
| | 7.624782 | 7.518795 | 7.316935 | 7.219043 | 6.954700 | 6.799838 |
| | 9.800000 | 9.800000 | 9.800000 | 9.800000 | 9.800000 | 9.800000 |
| | 0.000000 | 0.269789 | 0.246694 | 0.253336 | 0.855177 | 0.713425 |

(continued)

Shaker Heights City School District (Cuyahoga County, Ohio)

Property Tax Rates - Direct and Overlapping Governments

(per \$1,000 of assessed value)

Last Ten Years

| | 2018 | 2017 | 2016 | 2015 |
|--|----------|----------|----------|----------|
| 1992 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 6.842546 | 6.796986 | 6.784364 | 7.127736 |
| Commercial/Industrial | 9.082081 | 9.013991 | 9.006494 | 8.889492 |
| Tangible/Public Utility Personal | 9.800000 | 9.800000 | 9.800000 | 9.800000 |
| 1995 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 6.610199 | 6.566186 | 6.553988 | 6.885702 |
| Commercial/Industrial | 8.700000 | 8.642432 | 8.635246 | 8.523068 |
| Tangible/Public Utility Personal | 8.700000 | 8.700000 | 8.700000 | 8.700000 |
| 1996 School Improvement Bonds (\$12,700,000) | 1.047008 | 1.030306 | 1.027469 | 1.046836 |
| 2000 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 7.675025 | 7.623926 | 7.609770 | 7.994916 |
| Commercial/Industrial | 9.400000 | 9.400000 | 9.400000 | 9.400000 |
| Tangible/Public Utility Personal | 9.400000 | 9.400000 | 9.400000 | 9.400000 |
| 2003 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 8.852669 | 8.793725 | 8.777395 | 9.221645 |
| Commercial/Industrial | 9.600000 | 9.600000 | 9.600000 | 9.600000 |
| Tangible/Public Utility Personal | 9.600000 | 9.600000 | 9.600000 | 9.600000 |
| 2004 School Improvement Bonds (\$23,500,000) | 2.252992 | 2.269694 | 2.272531 | 2.353164 |
| 2006 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 9.503881 | 9.440600 | 9.423068 | 9.900000 |
| Commercial/Industrial | 9.900000 | 9.900000 | 9.900000 | 9.900000 |
| Tangible/Public Utility Personal | 9.900000 | 9.900000 | 9.900000 | 9.900000 |
| 2010 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 9.503881 | 9.440600 | 9.423068 | 9.900000 |
| Commercial/Industrial | 9.900000 | 9.900000 | 9.900000 | 9.900000 |
| Tangible/Public Utility Personal | 9.900000 | 9.900000 | 9.900000 | 9.900000 |
| 2014 Operating - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 6.623917 | 6.579812 | 6.567593 | 6.900000 |
| Commercial/Industrial | 6.900000 | 6.900000 | 6.900000 | 6.900000 |
| Tangible/Public Utility Personal | 6.900000 | 6.900000 | 6.900000 | 6.900000 |
| 2017 School Improvement Bonds (\$30,000,000) | 2.500000 | 0.000000 | 0.000000 | 0.000000 |
| 2017 Permanent Improvement - continuing | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 1.250000 | 0.000000 | 0.000000 | 0.000000 |
| Commercial/Industrial | 1.250000 | 0.000000 | 0.000000 | 0.000000 |
| Tangible/Public Utility Personal | 1.250000 | 0.000000 | 0.000000 | 0.000000 |

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|----------|----------|----------|----------|----------|----------|
| 7.078677 | 7.064830 | 6.485464 | 6.417902 | 6.408300 | 5.927824 |
| 8.567336 | 8.448247 | 8.221426 | 8.111431 | 7.814500 | 7.640403 |
| 9.800000 | 9.800000 | 9.800000 | 9.800000 | 9.800000 | 9.800000 |
| 6.838304 | 6.824924 | 6.265235 | 6.199968 | 6.190700 | 5.726531 |
| 8.214192 | 8.100013 | 7.882548 | 7.777087 | 7.492400 | 7.325478 |
| 8.700000 | 8.700000 | 8.700000 | 8.700000 | 8.700000 | 8.700000 |
| 1.036074 | 1.011067 | 0.988696 | 0.982822 | 0.913267 | 0.777312 |
| 7.939889 | 7.924350 | 7.274500 | 7.198717 | 7.188000 | 6.649015 |
| 9.103731 | 8.977188 | 8.736172 | 8.619292 | 8.303700 | 8.118780 |
| 9.400000 | 9.400000 | 9.400000 | 9.400000 | 9.400000 | 9.400000 |
| 9.158170 | 9.140246 | 8.390688 | 8.303280 | 8.290900 | 7.669229 |
| 9.600000 | 9.600000 | 9.600000 | 9.600000 | 9.599300 | 9.385517 |
| 9.600000 | 9.600000 | 9.600000 | 9.600000 | 9.600000 | 9.600000 |
| 2.363926 | 2.319144 | 2.364610 | 2.363842 | 2.201556 | 2.479263 |
| 9.900000 | 9.900000 | 9.825780 | 9.723424 | 9.708900 | 8.980934 |
| 9.900000 | 9.900000 | 9.900000 | 9.900000 | 9.899300 | 9.678814 |
| 9.900000 | 9.900000 | 9.900000 | 9.900000 | 9.900000 | 9.900000 |
| 9.900000 | 9.900000 | 9.900000 | 9.900000 | 0.000000 | 0.000000 |
| 9.900000 | 9.900000 | 9.900000 | 9.900000 | 0.000000 | 0.000000 |
| 9.900000 | 9.900000 | 9.900000 | 9.900000 | 0.000000 | 0.000000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |

(continued)

Shaker Heights City School District (Cuyahoga County, Ohio)

Property Tax Rates - Direct and Overlapping Governments

(per \$1,000 of assessed value)

Last Ten Years

| | 2018 | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|-------------------|
| Total Voted Millage by type of property | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 94.959672 | 90.624326 | 90.462135 | 94.973599 |
| Commercial/Industrial | 128.134080 | 123.826587 | 123.764305 | 122.893022 |
| Tangible/Public Utility Personal | <u>186.380000</u> | <u>182.630000</u> | <u>182.630000</u> | <u>182.730000</u> |
| Total Millage by type of property | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 99.059672 | 94.724326 | 94.562135 | 99.073599 |
| Commercial/Industrial | 132.234080 | 127.926587 | 127.864305 | 126.993022 |
| Tangible/Public Utility Personal | <u>190.480000</u> | <u>186.730000</u> | <u>186.730000</u> | <u>186.830000</u> |
| Total Weighted Average Tax Rate | <u>99.416548</u> | <u>99.416548</u> | <u>99.176746</u> | <u>103.271743</u> |
| Overlapping Rates by Taxing District | | | | |
| City of Shaker Heights Charter & Inside Millage | 9.900000 | 9.900000 | 9.900000 | 9.900000 |
| City of Cleveland Charter & Inside Millage | 12.700000 | 12.700000 | 12.700000 | 12.700000 |
| Shaker Heights Public Library Voted Millage | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 3.839954 | 3.814384 | 4.000000 | 4.000000 |
| Commercial/Industrial | 4.000000 | 4.000000 | 4.000000 | 4.000000 |
| Tangible/Public Utility Personal | 4.000000 | 4.000000 | 4.000000 | 4.000000 |
| Cuyahoga County Voted Millage | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 18.484027 | 17.939065 | 17.925244 | 18.164311 |
| Commercial/Industrial | 18.609236 | 18.117612 | 18.167551 | 18.122743 |
| Tangible/Public Utility Personal | 18.180000 | 18.180000 | 18.180000 | 18.180000 |
| Cleveland Metro Parks | | | | |
| Effective Millage Rates | | | | |
| Residential/Agricultural | 2.718302 | 2.711249 | 2.711903 | 2.750000 |
| Commercial/Industrial | 2.740355 | 2.741624 | 2.750000 | 2.736822 |
| Tangible/Public Utility Personal | 2.750000 | 2.750000 | 2.750000 | 2.750000 |

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented on S - 16 and S - 17 generated the property tax revenue received in that year.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes.

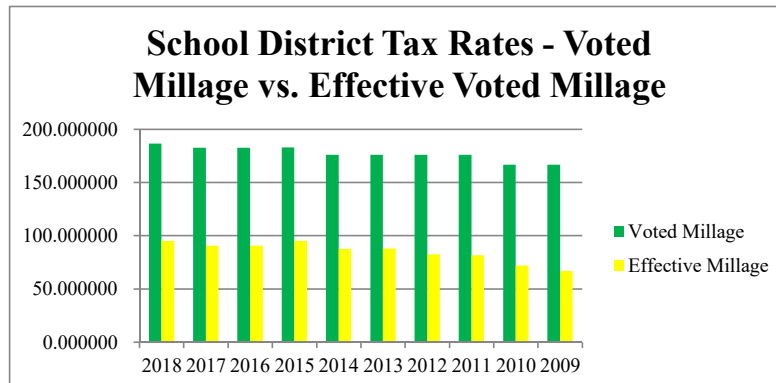
The City School District's basic property tax may be increased only by a majority vote of the City School District's residents.

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

Source: Ohio Department of Taxation.

Note: Emergency and Debt Service levies are designed to raise a fixed amount of revenue each year. A rate is set each year so that when it is applied to the total assessed value, that fixed amount is generated.

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 87.627051 | 87.700941 | 82.353610 | 81.636324 | 72.004600 | 66.903252 |
| 113.021815 | 112.107330 | 109.983459 | 108.953470 | 96.641200 | 94.577225 |
| <u>175.830000</u> | <u>176.030000</u> | <u>176.030000</u> | <u>176.030000</u> | <u>166.500000</u> | <u>166.500000</u> |
| 91.727051 | 91.800941 | 86.453610 | 85.736324 | 76.104600 | 71.003252 |
| 117.121815 | 116.207330 | 114.083459 | 113.053470 | 100.741200 | 98.677225 |
| <u>179.930000</u> | <u>180.130000</u> | <u>180.130000</u> | <u>180.130000</u> | <u>170.600000</u> | <u>170.600000</u> |
| <u>95.743116</u> | <u>95.609226</u> | <u>90.323994</u> | <u>89.609195</u> | <u>79.864120</u> | <u>74.920000</u> |
| 9.900000 | 9.900000 | 9.900000 | 9.900000 | 9.900000 | 9.900000 |
| 12.700000 | 12.700000 | 12.700000 | 12.700000 | 12.700000 | 12.700000 |
| 4.000000 | 4.000000 | 4.000000 | 4.000000 | 4.000000 | 4.000000 |
| 4.000000 | 4.000000 | 4.000000 | 4.000000 | 4.000000 | 4.000000 |
| 4.000000 | 4.000000 | 4.000000 | 4.000000 | 4.000000 | 4.000000 |
| 17.263900 | 16.433492 | 16.303602 | 16.363076 | 15.878600 | 16.150600 |
| 17.129160 | 16.167194 | 15.913978 | 15.962230 | 15.533900 | 15.489300 |
| 17.280000 | 16.450000 | 16.450000 | 16.550000 | 16.250000 | 16.250000 |
| 2.750000 | 1.850000 | 1.818768 | 1.810600 | 1.806800 | 1.669800 |
| 2.704560 | 1.791705 | 1.735404 | 1.724300 | 1.724900 | 1.717100 |
| 2.750000 | 1.850000 | 1.850000 | 1.850000 | 1.850000 | 1.850000 |



Shaker Heights City School District (Cuyahoga County, Ohio)
 Property Tax Levies and Collections
 Last Ten Collection Years

| Collection Year (1) | Current Tax Levy | Current Tax Collections | Percent of Current Tax Collections to Current Tax Levy | Delinquent Tax Collections | Total Tax Collection | Percent of Total Tax Collections to Current Tax Levy (2) | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Current Tax Levy |
|---------------------|------------------|-------------------------|--|----------------------------|----------------------|--|------------------------------|---|
| 2018 | \$ 84,277,522 | \$ 80,746,645 | 95.81% | \$ 3,516,707 | \$ 84,263,352 | 99.98% | \$ 8,173,655 | 9.70% |
| 2017 | 81,237,659 | 77,260,906 | 95.10% | 2,487,459 | 79,748,365 | 98.17% | 8,495,691 | 10.46% |
| 2016 | 81,398,279 | 77,885,956 | 95.69% | 2,401,869 | 80,287,825 | 98.64% | 7,742,613 | 9.51% |
| 2015 | 80,969,200 | 77,078,636 | 95.20% | 2,926,304 | 80,004,940 | 98.81% | 7,616,161 | 9.41% |
| 2014 | 75,793,048 | 71,269,220 | 94.03% | 3,227,679 | 74,496,899 | 98.29% | 7,072,895 | 9.33% |
| 2013 | 76,227,182 | 71,419,872 | 93.69% | 2,890,214 | 74,310,086 | 97.49% | 10,798,880 | 14.17% |
| 2012 | 77,587,212 | 72,488,048 | 93.43% | 3,203,044 | 75,691,092 | 97.56% | 9,675,933 | 12.47% |
| 2011 | 77,995,834 | 72,449,988 | 92.89% | 2,838,906 | 75,288,894 | 96.53% | 9,500,248 | 12.18% |
| 2010 | 70,060,762 | 65,437,178 | 93.40% | 3,141,184 | 68,578,362 | 97.88% | 9,976,749 | 14.24% |
| 2009 | 70,182,682 | 65,751,724 | 93.69% | 3,168,086 | 68,919,810 | 98.20% | 8,703,272 | 12.40% |

Source: Office of the Fiscal Officer, Cuyahoga County - Data is presented on a calendar year basis because that is the manner in which the information is provided

(1)Represents collection year.

(2)The County information does not provide the applicable year when a delinquency is collected. Thus the "total collections" represent the total collections for the year instead of total collections of a particular year. As a result "total collections" as a percent of a total levy can exceed 100% in any particular year.

Shaker Heights City School District (Cuyahoga County, Ohio)
Principal Taxpayers - Real Property Taxes
 2018 and 2009 (1)

| Name of Taxpayer | 2018 | |
|--------------------------------------|-------------------------------|---|
| | Assessed Valuation | Percent of Real Assessed Value |
| Shaker MZL LLC | \$ 4,106,080 | 0.52% |
| Oliver Family Limited | 2,301,320 | 0.29% |
| Kirt Montlack, LTD | 1,956,810 | 0.25% |
| Coral Shaker Square LLC | 1,921,010 | 0.24% |
| E2G Properties LLC | 1,914,130 | 0.24% |
| The Residences at Avalon Station | 1,493,680 | 0.19% |
| Van Aken Shopping Center, LTD. | 1,349,120 | 0.17% |
| Shaker Plaza LTD | 1,343,760 | 0.17% |
| 16500 Chagrin Boulevard Holdings LLC | 1,332,080 | 0.17% |
| Shaker Heights Country Club | 1,163,760 | 0.15% |
| Total | \$ 18,881,750 | 2.39% |
| <i>Total Assessed Valuation</i> | <i>\$ 795,291,310</i> | |

| Name of Taxpayer | 2009 | |
|----------------------------------|-------------------------------|---|
| | Assessed Valuation | Percent of Real Assessed Value |
| University Hospitals | \$ 5,522,510 | 0.60% |
| Tower East Operating Association | 4,416,510 | 0.48% |
| Shaker Towne Center LLC | 3,683,850 | 0.40% |
| Deborah Salzberg | 2,959,460 | 0.32% |
| Coral Shaker Square LLC | 2,525,730 | 0.27% |
| Oliver Family Limited | 2,296,110 | 0.25% |
| Kirt Montlack, LTD | 2,120,820 | 0.23% |
| Shaker Plaza LTD | 1,504,760 | 0.16% |
| Cleveland Skating Club | 1,383,630 | 0.15% |
| Gator Shaker Heights, LLC | 1,299,940 | 0.14% |
| Total | \$ 27,713,320 | 3.00% |
| <i>Total Assessed Valuation</i> | <i>\$ 925,941,780</i> | |

Source: Office of the Fiscal Officer, Cuyahoga County, Ohio.

(1) The amounts presented represent the assessed values upon which 2018 and 2009 collections were based.

Shaker Heights City School District (Cuyahoga County, Ohio)

Principal Taxpayers - Public Utilities Tax

2018 and 2009 (1)

| Name of Taxpayer | 2018 | |
|---|---------------------------|---------------------------------------|
| | Assessed Valuation | Percent of Real Assessed Value |
| Cleveland Electric Illuminating Company | \$ 11,380,850 | 68.36% |
| American Transmission Systems, Inc. | 3,002,680 | 18.03% |
| East Ohio Gas Company | 2,266,630 | 13.61% |
| Total | <u>\$ 16,650,160</u> | <u>100.00%</u> |
| <i>Total Assessed Valuation</i> | <u>\$ 16,650,160</u> | |
| Name of Taxpayer | 2009 | |
| | Assessed Valuation | Percent of Real Assessed Value |
| Cleveland Electric Illuminating Company | \$ 8,057,560 | 77.94% |
| East Ohio Gas Company | 1,559,630 | 15.09% |
| American Transmission Systems, Inc. | 720,590 | 6.97% |
| Total | <u>\$ 10,337,780</u> | <u>100.00%</u> |
| <i>Total Assessed Valuation</i> | <u>\$ 10,337,780</u> | |

Source: Office of the Fiscal Officer, Cuyahoga County, Ohio.

(1) The amounts presented represent the assessed values upon which 2018 and 2009 collections were based.

Shaker Height City School District (Cuyahoga County, Ohio)
Ratio of Net Bonded Debt to Personal Income and Debt per Capita
Last Ten Fiscal Years

| Collection Year | Population (1) | Estimated Actual Value | Net General Bonded Debt | | | Notes | Total Debt | Personal Income (1) | Total Debt Per Capita |
|-----------------|----------------|------------------------|-------------------------|--|----------------------------|--------------|---------------|---------------------|-----------------------|
| | | | Net General Bonded Debt | Ratio of Net General Bonded Debt to Estimated Actual Value | Net Bonded Debt Per Capita | | | | |
| 2018 | 27,440 | \$ 2,291,181,522 | \$ 44,962,853 | 1.96% | \$ 1,639 | \$ 9,900,000 | \$ 54,862,853 | \$ 1,438,981,040 | \$ 1,999 |
| 2017 | 27,448 | 2,307,579,123 | 17,230,364 | 0.75% | 628 | 0 | 17,230,364 | 1,413,132,832 | 628 |
| 2016 | 27,646 | 2,311,844,338 | 19,547,786 | 0.85% | 707 | 0 | 19,547,786 | 1,372,623,900 | 707 |
| 2015 | 27,790 | 2,212,183,933 | 21,741,217 | 0.98% | 782 | 0 | 21,741,217 | 1,358,041,720 | 782 |
| 2014 | 27,935 | 2,241,055,931 | 23,397,172 | 1.04% | 838 | 0 | 23,397,172 | 1,374,821,025 | 838 |
| 2013 | 28,039 | 2,243,839,962 | 25,604,657 | 1.14% | 913 | 0 | 25,604,657 | 1,359,359,232 | 913 |
| 2012 | 28,366 | 2,430,786,781 | 22,465,533 | 0.92% | 792 | 0 | 22,465,533 | 1,359,359,232 | 792 |
| 2011 | 28,448 | 2,474,341,370 | 23,680,580 | 0.96% | 832 | 600,000 | 24,280,580 | 1,359,359,232 | 854 |
| 2010 | 29,405 | 2,499,302,022 | 25,565,575 | 1.02% | 869 | 600,000 | 26,165,575 | 1,216,014,370 | 890 |
| 2009 | 29,405 | 2,690,604,668 | 28,044,592 | 1.04% | 954 | 500,000 | 28,544,592 | 1,216,014,370 | 971 |

Source:

(1) Population and Personal income can be found on S - 35.

Shaker Heights City School District (Cuyahoga County, Ohio)
Computation of Legal Debt Margin
Last Ten Fiscal Years

| | 2018 | 2017 | 2016 |
|---|-----------------------|-----------------------|-----------------------|
| Total Assessed Valuation (3) | \$ 795,291,310 | \$ 801,483,780 | \$ 803,307,940 |
| Less Railroad and Telephone Property Valuation | 0 | 0 | 0 |
| Less General Business Tangible Personal Valuation | 0 | 0 | 0 |
| Total Assessed Valuation used to Calculate Legal Debt Margin (1) | <u>\$ 795,291,310</u> | <u>\$ 801,483,780</u> | <u>\$ 803,307,940</u> |
| Debt Limit - 9% of Assessed Value (2) | <u>\$ 71,576,218</u> | <u>\$ 72,133,540</u> | <u>\$ 72,297,715</u> |
| Amount of Debt Outstanding | | | |
| General Obligation Bonds | 44,962,853 | 17,320,364 | 19,547,786 |
| Note Payable | 9,900,000 | 0 | 0 |
| Bus Acquisition Bond Anticipation Note | 0 | 0 | 0 |
| Less: Amount Available in Debt Service | (6,690,195) | (3,988,776) | (3,802,098) |
| Total | <u>48,172,658</u> | <u>13,331,588</u> | <u>15,745,688</u> |
| Exemptions: | | | |
| Note Payable | (9,900,000) | 0 | 0 |
| Bond Anticipation Note | 0 | 0 | 0 |
| Bus Acquisition Bond Anticipation Note | 0 | 0 | 0 |
| Amount of Debt Subject to Limit | <u>38,272,658</u> | <u>13,331,588</u> | <u>15,745,688</u> |
| Overall Debt Margin | <u>\$ 33,303,560</u> | <u>\$ 58,801,952</u> | <u>\$ 56,552,027</u> |
| Legal Debt Margin as a Percentage of Debt Limit | 46.53% | 81.52% | 78.22% |
| Unvoted Legal Debt Limit - .10% of Assessed Value (1) | \$ 795,291 | \$ 801,484 | \$ 803,308 |
| Amount of Debt Subject to Limit | 0 | 0 | 0 |
| Unvoted Debt Margin | <u>\$ 795,291</u> | <u>\$ 801,484</u> | <u>\$ 803,308</u> |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 100.00% | 100.00% | 100.00% |
| Additional Limit for Unvoted Energy Conservation Improvement Bonds: | | | |
| Debt Limit - 1% of Assessed Valuation | \$ 7,952,913 | \$ 8,014,838 | \$ 8,033,079 |
| Energy Conservation Improvement Bonds | (9,900,000) | 0 | 0 |
| Additional Unvoted Debt Margin | <u>\$ (1,947,087)</u> | <u>\$ 8,014,838</u> | <u>\$ 8,033,079</u> |

Source: Cuyahoga County Fiscal Officer and School District Financial Records

- (1) The definition of tax valuation for the purpose of calculating the debt margin was modified by HB530, effective 3/30/06, to exclude tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.
- (2) Ohio Bond Law sets a limit of 9 percent for overall debt and 1/10 of 1 percent for unvoted debt.
- (3) Effective fiscal year 2012, the change due to HB 530 was implemented using assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 768,535,350 | \$ 778,902,230 | \$ 780,338,410 | \$ 846,136,350 | \$ 869,327,130 | \$ 874,339,350 | \$ 938,361,388 |
| 0 | 0 | 0 | 0 | 0 | 0 | (2,390,110) |
| 0 | 0 | 0 | 0 | (756,680) | (1,533,160) | (2,081,828) |
| <u>\$ 768,535,350</u> | <u>\$ 778,902,230</u> | <u>\$ 780,338,410</u> | <u>\$ 846,136,350</u> | <u>\$ 868,570,450</u> | <u>\$ 872,806,190</u> | <u>\$ 933,889,450</u> |
| \$ 69,168,182 | \$ 70,101,201 | \$ 70,230,457 | \$ 76,152,272 | \$ 78,171,341 | \$ 78,552,557 | \$ 84,050,051 |
| 21,741,217 | 23,397,172 | 25,604,657 | 22,465,533 | 23,680,580 | 25,565,575 | 28,044,592 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 600,000 | 600,000 | 500,000 |
| (3,387,989) | (3,193,608) | (2,807,618) | (2,554,012) | (2,269,806) | (2,309,367) | (2,604,889) |
| <u>18,353,228</u> | <u>20,203,564</u> | <u>22,797,039</u> | <u>19,911,521</u> | <u>22,010,774</u> | <u>23,856,208</u> | <u>25,939,703</u> |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | (600,000) | (600,000) | (500,000) |
| <u>18,353,228</u> | <u>20,203,564</u> | <u>22,797,039</u> | <u>19,911,521</u> | <u>21,410,774</u> | <u>23,256,208</u> | <u>25,439,703</u> |
| <u>\$ 50,814,954</u> | <u>\$ 49,897,637</u> | <u>\$ 47,433,418</u> | <u>\$ 56,240,751</u> | <u>\$ 56,760,567</u> | <u>\$ 55,296,349</u> | <u>\$ 58,610,348</u> |
| 73.47% | 71.18% | 67.54% | 73.85% | 72.61% | 70.39% | 69.73% |
| \$ 768,535 | \$ 778,902 | \$ 780,338 | \$ 846,136 | \$ 868,570 | \$ 872,806 | \$ 933,889 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 768,535</u> | <u>\$ 778,902</u> | <u>\$ 780,338</u> | <u>\$ 846,136</u> | <u>\$ 868,570</u> | <u>\$ 872,806</u> | <u>\$ 933,889</u> |
| 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| \$ 7,685,354 | \$ 7,789,022 | \$ 7,803,384 | \$ 8,461,364 | \$ 8,693,271 | \$ 8,743,394 | \$ 9,383,614 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 7,685,354</u> | <u>\$ 7,789,022</u> | <u>\$ 7,803,384</u> | <u>\$ 8,461,364</u> | <u>\$ 8,693,271</u> | <u>\$ 8,743,394</u> | <u>\$ 9,383,614</u> |

Shaker Heights City School District (Cuyahoga County, Ohio)
Computation of Direct & Overlapping General Obligation Bonded Debt
June 30, 2017

| | <u>Debt Outstanding</u> | <u>Percent Overlapping (1)</u> | <u>Amount Applicable to Shaker Heights City School District</u> |
|-------------------------------------|-----------------------------|------------------------------------|---|
| Direct: | | | |
| Shaker Heights City School District | \$ 54,862,853 | 100.00% | \$ 54,862,853 |
| Overlapping: | | | |
| City of Shaker Heights | 19,332,900 | 100.00% | 19,332,900 |
| City of Cleveland | 192,255,000 | 0.84% | 1,614,942 |
| Regional Transit Authority | 126,876,963 | 2.91% | 3,692,120 |
| Cuyahoga County | 154,070,000 | 2.91% | 4,483,437 |
| Total Overlapping | <u>492,534,863</u> | | <u>29,123,399</u> |
| Total Direct and Overlapping | <u>\$ 547,397,716</u> | | <u>\$ 83,986,252</u> |

Source: Ohio Municipal Advisory Council

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision.

Shaker Heights City School District (Cuyahoga County, Ohio)

*History of Bond Issues
For the Years 1912 - 2018*

| Purpose of Issue | Election Date | Issue Date | Amount of Issue |
|---|------------------|--------------------|-----------------|
| Erecting and furnishing school house | July 2, 1912 | August 12, 1912 | \$ 60,000 |
| Purchasing site and erecting and furnishing school house thereon | N/A | May 17, 1917 | 100,000 |
| Purchasing site and erecting and furnishing school house thereon and purchased real estate for playground | N/A | November 16, 1917 | 250,000 |
| Completing building and purchasing site and erecting building | January 21, 1920 | November 3, 1920 | 250,000 |
| Erecting two schools | November 8, 1921 | March 1, 1922 | 600,000 |
| Moreland School and Shaker Boulevard addition | November 4, 1924 | January 1, 1925 | 650,000 |
| Fernway, Ludlow and High School addition | November 3, 1925 | July 1, 1926 | 1,165,587 |
| High School Site and Addition to Malvern | November 2, 1926 | January 1, 1927 | 550,000 |
| Lomond Boulevard and Furniture | November 8, 1927 | April 1, 1929 | 500,000 |
| Land for Lomond Junior High | November 6, 1928 | January 1, 1929 | 78,375 |
| Land and Furniture | November 6, 1928 | July 15, 1929 | 75,183 |
| High School Building | November 6, 1928 | November 1, 1930 | 1,040,500 |
| Furnishings High School | Unvoted | May 1, 1931 | 50,000 |
| First Library Issue | November 6, 1945 | April 1, 1950 | 150,000 |
| Sussex Addition | November 5, 1946 | January 1, 1947 | 200,000 |
| Complete Sussex and Other Improvements | November 2, 1948 | December 1, 1948 | 300,000 |
| Second Library Issue | November 2, 1948 | February 1, 1951 | 200,000 |
| School Furnishings | November 2, 1948 | February 1, 1951 | 25,000 |
| Mercer, Senior High Music Wings, etc. | November 6, 1951 | March 1, 1951 | 1,750,000 |
| New Junior High, Additions to Lomond and Senior High | November 3, 1953 | October 1, 1954 | 4,100,000 |
| Byron Auditorium and Woodbury Gym | November 3, 1953 | October 1, 1958 | 2,100,000 |
| School Improvement | November 3, 1960 | October 1, 1964 | 1,775,000 |
| School Improvement | May 7, 1968 | March 1, 1972 | 4,500,000 |
| School Improvement | June 7, 1977 | September 1, 1977 | 4,650,000 |
| School Improvement | May 8, 1990 | August 29, 1990 | 5,000,000 |
| School Improvement | May 8, 1990 | April 1, 1993 | 5,000,000 |
| School Improvement | November 5, 1996 | March 11, 1999 | 9,500,000 |
| School Improvement | November 5, 1996 | September 28, 2000 | 3,199,993 |
| School Improvement | November 2, 2004 | April 5, 2005 | 9,999,995 |
| School Improvement | November 2, 2004 | April 18, 2007 | 8,498,960 |
| School Improvement | November 2, 2004 | November 25, 2008 | 4,999,999 |
| Stadium Improvements | Unvoted | October 30, 2012 | 830,000 |
| Buses | Unvoted | October 30, 2012 | 1,000,000 |
| Energy Conservation | Unvoted | October 30, 2012 | 2,340,000 |
| School Improvement-refunding bonds issued April 25, 2018 | 5/2/2017 * | December 28, 2017 | 9,900,000 |
| School Improvement | 5/2/2017 * | April 11, 2018 | 20,100,000 |

Source: Shaker Heights City School District.

N/A - Not Available

Note: Excludes refunding bonds issued.

* Single ballot issue included permanent improvement levy and bond issue

Shaker Heights City School District (Cuyahoga County, Ohio)
*Property Value, Financial Institution Deposits,
and Value of Building Permits Issued
Last Ten Years*

| Year | Property Value (1) (Real Estate Only) | Financial Institution Deposits (000's) Banks (2) | Value of Building Permits Issued (3) |
|------|--|---|--------------------------------------|
| 2018 | \$ 795,291,310 | \$ 53,968,926 | \$ 22,143,675 |
| 2017 | 801,483,780 | 52,132,210 | 79,123,687 |
| 2016 | 803,307,940 | 49,466,393 | 23,589,838 |
| 2015 | 768,535,350 | 49,174,840 | 17,053,130 |
| 2014 | 778,902,230 | 81,141,520 | 23,356,174 |
| 2013 | 780,338,410 | 78,170,736 | 18,209,737 |
| 2012 | 846,136,350 | 74,277,632 | 17,546,910 |
| 2011 | 857,299,180 | 57,887,646 | 18,513,543 |
| 2010 | 861,787,630 | 65,192,480 | 12,832,253 |
| 2009 | 925,941,780 | 168,829,043 | 13,570,377 |

Source: Ohio Bureau of Employment Service and Federal Reserve Bank of Cleveland.

- (1) Represents assessed value.
- (2) 2015 - 2018 data is from the Federal Deposit Insurance Corporation (FDIC). Previous years' data was from the Federal Reserve Bank of Cleveland.
- (3) 2017 amount includes permits issued for the Van Aken District Project and the Townhomes of Van Aken.

Shaker Heights City School District (Cuyhoga County, Ohio)

Principal Employers

2017 and 2008

| 2017 | | | |
|---|--------------------------------|-----------------|-----------------|
| Employer | Nature of Business or Activity | Number of FTE's | Number of W-2's |
| Shaker Heights City School District | Government entity | 841 | 1,440 |
| University Hospitals | Hospital administration | 800 | 1,410 |
| City of Shaker Heights | Government entity | 329 | 574 |
| Hathaway Brown School | School | 190 | 459 |
| Laurel School | School | 176 | 340 |
| Protem Home Care Inc | Medical Entity | 150 | 331 |
| Center for Dialysis Care | Health care | 105 | 201 |
| University School (Shaker campus) | School | 101 | 194 |
| Equity Engineering Group | Engineering | 90 | 99 |
| Heinens | Supermarket | 97 | 229 |
| Total | | 2,879 | 5,277 |
| Total Employment within the School District | | <u>n/a</u> | <u>n/a</u> |

| 2008 | | | |
|---|--------------------------------|-----------------|-----------------|
| Employer | Nature of Business or Activity | Number of FTE's | Number of W-2's |
| University Hospitals | Hospital administration | 950 | n/a |
| Shaker Heights City School District | Government entity | 786 | n/a |
| City of Shaker Heights | Government entity | 395 | n/a |
| Hathaway Brown School | School | 210 | n/a |
| Laurel School | School | 154 | n/a |
| Heinens | Supermarket | 115 | n/a |
| University School (Shaker campus) | School | 100 | n/a |
| Total | | 2,710 | n/a |
| Total Employment within the School District | | <u>n/a</u> | <u>n/a</u> |

Source: Employer survey

(n/a) Information not available.

2017 most recent information available

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Shaker Heights City School District (Cuyahoga County, Ohio)

Demographic Statistics

Last Ten Years

| Year | Cuyahoga County Population (1) | Shaker Heights City Population (1) | Personal Income | Per Capita Personal Income (1) | School Enrollment | Cuyahoga County Unemployment Rate (2) |
|------|--------------------------------|------------------------------------|------------------|--------------------------------|-------------------|---------------------------------------|
| 2018 | 1,248,514 | 27,440 | \$ 1,438,981,040 | \$ 52,441 | 4,955 | 5.1% |
| 2017 | 1,249,352 | 27,448 | 1,413,132,832 | 51,484 | 5,111 | 5.4% |
| 2016 | 1,255,921 | 27,646 | 1,372,623,900 | 49,650 | 5,260 | 5.0% |
| 2015 | 1,259,828 | 27,790 | 1,358,041,720 | 48,868 | 5,377 | 6.7% |
| 2014 | 1,263,154 | 27,935 | 1,374,821,025 | 49,215 | 5,343 | 7.9% |
| 2013 | 1,280,122 | 28,039 | 1,359,359,232 | 47,784 | 5,423 | 8.0% |
| 2012 | 1,280,122 | 28,366 | 1,359,359,232 | 47,784 | 5,446 | 8.0% |
| 2011 | 1,280,122 | 28,448 | 1,359,359,232 | 47,784 | 5,490 | 8.6% |
| 2010 | 1,363,888 | 29,405 | 1,216,014,370 | 41,354 | 5,484 | 9.7% |
| 2009 | 1,363,888 | 29,405 | 1,216,014,370 | 41,354 | 5,542 | 10.2% |

Sources:

(1) Years 2009 - 2010 from the 2000 Federal Census, years 2011 - 2018 from the 2010 Federal Census as, updated annually by the U. S. Census Bureau

(2) From the U. S. Department of Labor

Shaker Heights City School District (Cuyahoga County, Ohio)

Building Statistics by Function/Program

Last Ten Fiscal Years

| | 2018 | 2017 | 2016 | 2015 |
|------------------------------------|---------|---------|---------|---------|
| Boulevard Elementary School | | | | |
| Constructed in 1914 | | | | |
| Total Building Square Footage | 48,000 | 48,000 | 48,000 | 48,000 |
| Enrollment Grades K - 4 | 353 | 357 | 348 | 351 |
| Student Capacity | 544 | 544 | 544 | 544 |
| Regular Instruction Classrooms | 22 | 22 | 22 | 22 |
| Special Instruction Classrooms | 2 | 2 | 2 | 2 |
| Fernway Elementary School | | | | |
| Constructed in 1927 | | | | |
| Total Building Square Footage | 29,925 | 29,925 | 29,925 | 29,925 |
| Enrollment Grades K - 4 | 323 | 336 | 329 | 352 |
| Student Capacity | 366 | 366 | 366 | 366 |
| Regular Instruction Classrooms | 15 | 15 | 15 | 15 |
| Special Instruction Classrooms | 2 | 2 | 2 | 2 |
| Lomond Elementary School | | | | |
| Constructed in 1928 | | | | |
| Total Building Square Footage | 65,075 | 65,075 | 65,075 | 65,075 |
| Enrollment Grades K - 4 | 392 | 410 | 437 | 428 |
| Student Capacity | 620 | 620 | 620 | 620 |
| Regular Instruction Classrooms | 25 | 25 | 25 | 25 |
| Special Instruction Classrooms | 3 | 3 | 3 | 3 |
| Mercer Elementary School | | | | |
| Constructed in 1952 | | | | |
| Total Building Square Footage | 70,640 | 70,640 | 70,640 | 70,640 |
| Enrollment Grades K - 4 | 341 | 345 | 342 | 355 |
| Student Capacity | 590 | 590 | 590 | 590 |
| Regular Instruction Classrooms | 24 | 24 | 24 | 24 |
| Special Instruction Classrooms | 4 | 4 | 4 | 4 |
| Onaway Elementary School | | | | |
| Constructed in 1923 | | | | |
| Total Building Square Footage | 63,700 | 63,700 | 63,700 | 63,700 |
| Enrollment Grades K - 4 | 397 | 392 | 392 | 409 |
| Student Capacity | 606 | 606 | 606 | 606 |
| Regular Instruction Classrooms | 24 | 23 | 23 | 23 |
| Special Instruction Classrooms | 4 | 5 | 5 | 5 |
| Woodbury Elementary School | | | | |
| Constructed in 1918 | | | | |
| Total Building Square Footage | 138,350 | 138,350 | 138,350 | 138,350 |
| Enrollment Grades 5 - 6 | 722 | 744 | 782 | 838 |
| Student Capacity | 900 | 900 | 900 | 900 |
| Regular Instruction Classrooms | 41 | 41 | 41 | 41 |
| Special Instruction Classrooms | 8 | 8 | 8 | 8 |

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------|---------|---------|---------|---------|---------|
| 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| 355 | 360 | 360 | 358 | 352 | 339 |
| 544 | 544 | 544 | 544 | 544 | 544 |
| 22 | 22 | 22 | 22 | 22 | 22 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 29,925 | 29,925 | 29,925 | 29,925 | 29,925 | 29,925 |
| 339 | 344 | 356 | 357 | 357 | 342 |
| 366 | 366 | 366 | 366 | 366 | 366 |
| 15 | 15 | 15 | 15 | 15 | 15 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 65,075 | 65,075 | 65,075 | 65,075 | 65,075 | 65,075 |
| 449 | 457 | 490 | 473 | 502 | 497 |
| 620 | 620 | 620 | 620 | 620 | 620 |
| 25 | 25 | 25 | 26 | 26 | 26 |
| 3 | 3 | 3 | 2 | 2 | 2 |
| 70,640 | 70,640 | 70,640 | 70,640 | 70,640 | 70,640 |
| 341 | 381 | 362 | 411 | 424 | 425 |
| 590 | 590 | 590 | 590 | 590 | 590 |
| 24 | 24 | 24 | 24 | 24 | 24 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 63,700 | 63,700 | 63,700 | 63,700 | 63,700 | 63,700 |
| 423 | 412 | 433 | 411 | 427 | 424 |
| 606 | 606 | 606 | 606 | 606 | 606 |
| 23 | 23 | 23 | 23 | 23 | 23 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 138,350 | 138,350 | 138,350 | 138,350 | 138,350 | 138,350 |
| 821 | 823 | 850 | 855 | 827 | 843 |
| 900 | 900 | 900 | 900 | 900 | 900 |
| 41 | 41 | 41 | 41 | 41 | 42 |
| 8 | 8 | 8 | 8 | 8 | 7 |

(continued)

Shaker Heights City School District (Cuyahoga County, Ohio)

Building Statistics by Function/Program

Last Ten Fiscal Years

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|
| Shaker Heights Middle School | | | | |
| Constructed in 1957 | | | | |
| Total Building Square Footage | 133,400 | 133,400 | 133,400 | 133,400 |
| Enrollment - Grades 7 - 8 | 774 | 802 | 830 | 848 |
| Student Capacity | 1,000 | 1,000 | 1,000 | 1,000 |
| Regular Instruction Classrooms | 26 | 26 | 26 | 26 |
| Special Instruction Classrooms | 7 | 7 | 7 | 7 |
| Shaker Heights High School | | | | |
| Constructed in 1930 | | | | |
| Total Building Square Footage | 314,400 | 314,400 | 314,400 | 314,400 |
| Enrollment - Grades 9 - 12 | 1653 | 1,725 | 1,800 | 1,796 |
| Student Capacity | 2,000 | 2,000 | 2,000 | 2,000 |
| Regular Instruction Classrooms | 49 | 49 | 49 | 49 |
| Special Instruction Classrooms | 11 | 11 | 11 | 11 |

Source: School District Records.

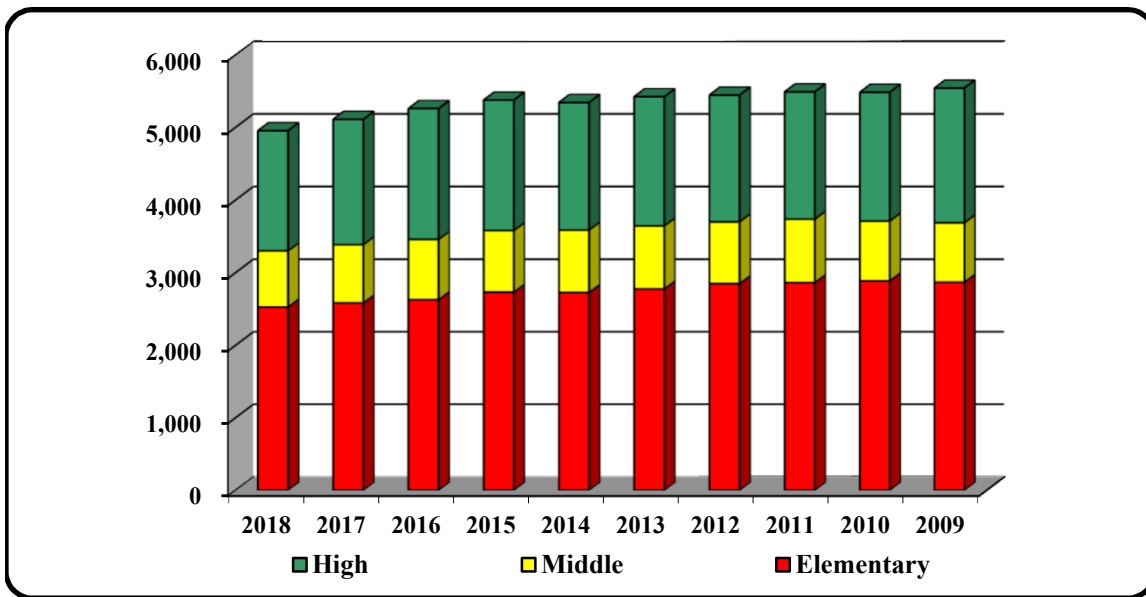
| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------|---------|---------|---------|---------|---------|
| 133,400 | 133,400 | 133,400 | 133,400 | 133,400 | 133,400 |
| 860 | 868 | 850 | 873 | 823 | 818 |
| 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 26 | 26 | 26 | 26 | 26 | 27 |
| 7 | 7 | 7 | 7 | 7 | 6 |
| 314,400 | 314,400 | 314,400 | 314,400 | 314,400 | 314,400 |
| 1,755 | 1,778 | 1,745 | 1,752 | 1,772 | 1,854 |
| 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 49 | 51 | 50 | 52 | 52 | 52 |
| 11 | 9 | 10 | 8 | 8 | 8 |

Shaker Heights City School District (Cuyahoga County, Ohio)

Enrollment Statistics

Last Ten Fiscal Years

| Fiscal Year | Elementary Schools | Middle School | High School | Total |
|-------------|--------------------|---------------|-------------|-------|
| 2018 | 2,528 | 774 | 1,653 | 4,955 |
| 2017 | 2,584 | 803 | 1,724 | 5,111 |
| 2016 | 2,630 | 830 | 1,800 | 5,260 |
| 2015 | 2,733 | 848 | 1,796 | 5,377 |
| 2014 | 2,728 | 860 | 1,755 | 5,343 |
| 2013 | 2,777 | 868 | 1,778 | 5,423 |
| 2012 | 2,851 | 850 | 1,745 | 5,446 |
| 2011 | 2,865 | 873 | 1,752 | 5,490 |
| 2010 | 2,889 | 823 | 1,772 | 5,484 |
| 2009 | 2,870 | 818 | 1,854 | 5,542 |



Source: School District Records.

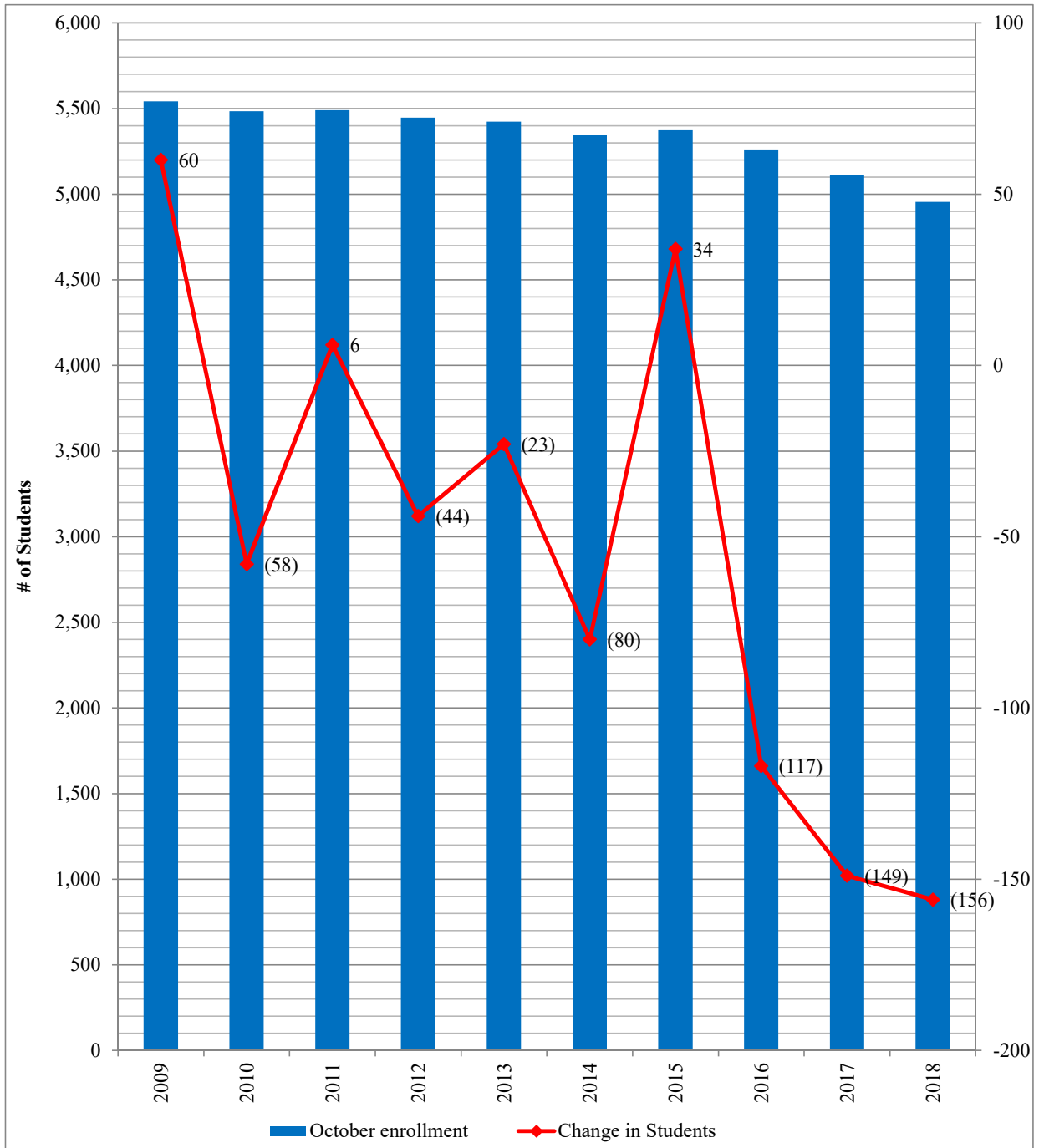
Shaker Heights City School District (Cuyahoga County, Ohio)

Enrollment Summary

Last Ten Fiscal Years

October Enrollment

Change in Students



Shaker Heights City School District (Cuyahoga County, Ohio)
Public, Community School, Private and Total School Enrollment by School Year
Fiscal Years 1979 to 2018

| Fiscal Year | Total Public Enrollment (1) | Total Community School Enrollment (2) | Total Private Enrollment (3) | Total Enrollment | Private and Community School as a Percent of Total |
|----------------|-----------------------------------|--|------------------------------------|---------------------|---|
| 2018 | 4,955 | 63 | 934 | 5,952 | 16.8% |
| 2017 | 5,111 | 75 | 938 | 6,124 | 16.5% |
| 2016 | 5,260 | 82 | 1,004 | 6,346 | 17.1% |
| 2015 | 5,377 | 88 | 968 | 6,433 | 16.4% |
| 2014 | 5,343 | 103 | 951 | 6,397 | 16.5% |
| 2013 | 5,423 | 94 | 997 | 6,514 | 16.7% |
| 2012 | 5,446 | 102 | 992 | 6,540 | 16.7% |
| 2011 | 5,490 | 78 | 989 | 6,557 | 16.3% |
| 2010 | 5,484 | 60 | 1,100 | 6,644 | 17.5% |
| 2009 | 5,542 | 41 | 1,159 | 6,742 | 17.8% |
| 2008 | 5,482 | 46 | 1,180 | 6,708 | 18.3% |
| 2007 | 5,577 | 56 | 1,174 | 6,807 | 18.1% |
| 2006 | 5,628 | 55 | 1,130 | 6,813 | 17.4% |
| 2005 | 5,734 | 76 | 1,123 | 6,933 | 17.3% |
| 2004 | 5,623 | 46 | 956 | 6,625 | 15.1% |
| 2003 | 5,608 | 21 | 897 | 6,526 | 14.1% |
| 2002 | 5,619 | 9 | 1,104 | 6,732 | 16.5% |
| 2001 | 5,625 | n/a | 1,088 | 6,713 | 16.2% |
| 2000 | 5,714 | n/a | 1,079 | 6,793 | 15.9% |
| 1999 | 5,640 | n/a | 1,017 | 6,657 | 15.3% |
| 1998 | 5,592 | n/a | 983 | 6,575 | 15.0% |
| 1997 | 5,634 | n/a | 1,071 | 6,705 | 16.0% |
| 1996 | 5,485 | n/a | 1,065 | 6,550 | 16.3% |
| 1995 | 5,371 | n/a | 964 | 6,335 | 15.2% |
| 1994 | 5,081 | n/a | 911 | 5,992 | 15.2% |
| 1993 | 4,959 | n/a | 869 | 5,828 | 14.9% |
| 1992 | 4,933 | n/a | 873 | 5,806 | 15.0% |
| 1991 | 4,874 | n/a | 846 | 5,720 | 14.8% |
| 1990 | 4,887 | n/a | 916 | 5,803 | 15.8% |
| 1989 | 4,830 | n/a | 964 | 5,794 | 16.6% |
| 1988 | 4,869 | n/a | 1,009 | 5,878 | 17.2% |
| 1987 | 5,013 | n/a | 996 | 6,009 | 16.6% |
| 1986 | 5,125 | n/a | 1,047 | 6,172 | 17.0% |
| 1985 | 5,187 | n/a | 1,160 | 6,347 | 18.3% |
| 1984 | 5,294 | n/a | 1,200 | 6,494 | 18.5% |
| 1983 | 5,490 | n/a | 1,216 | 6,706 | 18.1% |
| 1982 | 5,759 | n/a | 1,249 | 7,008 | 17.8% |
| 1981 | 5,951 | n/a | 1,236 | 7,187 | 17.2% |
| 1980 | 6,049 | n/a | 1,355 | 7,404 | 18.3% |
| 1979 | 6,156 | n/a | 1,375 | 7,531 | 18.3% |

Source: Shaker Heights City School District Records

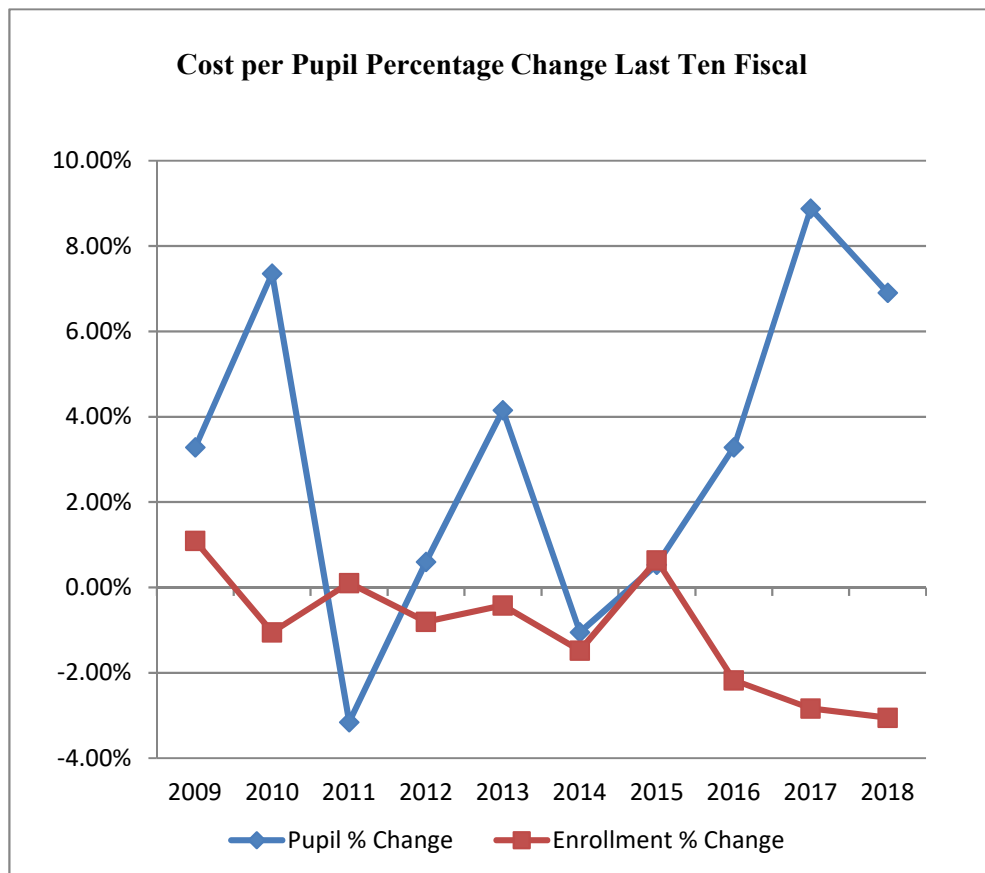
- (1) Figures for fiscal year 1979 through 1982 are based on Shaker Heights City School District Racial Ethnic Reports. Figures for 1983 through 2018 are based on first full week of Shaker Heights City School District October enrollment report.
- (2) FTE pupils attending Community Schools from State of Ohio Community School Deduction Summary report for respective year, with 2002 as the first year of record.
- (3) Estimated from State of Ohio District Enrollment by Nonpublic Schools Report and/or telephone and mail survey of private and parochial schools.

n/a - Information not available

Shaker Heights City School District

*Per Pupil Cost
Last Ten Fiscal Years*

| Year | General Fund Expenditures | Average Daily Student Enrollment | Per Pupil Cost |
|------|---------------------------|----------------------------------|----------------|
| 2018 | \$ 97,975,783 | 4,955 | \$ 19,773 |
| 2017 | 94,535,435 | 5,111 | 18,496 |
| 2016 | 89,358,843 | 5,260 | 16,988 |
| 2015 | 88,440,272 | 5,377 | 16,448 |
| 2014 | 87,416,531 | 5,343 | 16,361 |
| 2013 | 89,667,713 | 5,423 | 16,535 |
| 2012 | 86,457,215 | 5,446 | 15,875 |
| 2011 | 86,633,665 | 5,490 | 15,780 |
| 2010 | 89,355,922 | 5,484 | 16,294 |
| 2009 | 84,112,470 | 5,542 | 15,177 |



Source: School District Records.

Shaker Heights City School District (Cuyahoga County, Ohio)
School District Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|
| Regular Instruction | | | | |
| Elementary Classroom Teachers | 168.742 | 165.700 | 167.058 | 156.756 |
| Middle School Classroom Teachers | 59.425 | 58.925 | 59.325 | 60.125 |
| High School Classroom Teachers | 109.625 | 110.925 | 111.625 | 109.825 |
| | <u>337.792</u> | <u>335.550</u> | <u>338.008</u> | <u>326.706</u> |
| Special Instruction | | | | |
| Preschool Teachers | 5.000 | 5.000 | 3.000 | 3.000 |
| Elementary Classroom Teachers | 24.000 | 23.000 | 23.500 | 22.500 |
| Gifted/Enrichment Teachers | 8.000 | 8.000 | 8.000 | 8.000 |
| Middle School Classroom Teachers | 11.000 | 10.000 | 9.000 | 8.200 |
| High School Classroom Teachers | 14.600 | 14.200 | 14.200 | 13.200 |
| Special Ed Teachers-Stimulus | 0.000 | 0.000 | 0.000 | 0.000 |
| | <u>62.600</u> | <u>60.200</u> | <u>57.700</u> | <u>54.900</u> |
| Vocational Instruction | | | | |
| High School Classroom Teachers | 0.000 | 0.000 | 0.000 | 0.000 |
| | <u>0.000</u> | <u>0.000</u> | <u>0.000</u> | <u>0.000</u> |
| Pupil Support Services | | | | |
| Teacher Aides | 108.575 | 105.675 | 104.620 | 105.140 |
| Tutors | 36.930 | 36.850 | 33.397 | 35.880 |
| Tutors-Stimulus | 0.000 | 0.000 | 0.000 | 0.000 |
| Guidance Counselors | 12.000 | 12.000 | 12.000 | 12.000 |
| Librarians and Library Technicians | 8.000 | 8.000 | 8.000 | 8.000 |
| Psychologists | 10.900 | 9.780 | 8.778 | 8.896 |
| Psychologists-Stimulus | 0.000 | 0.000 | 0.000 | 0.000 |
| Speech & Lang.Pathologists | 6.000 | 5.600 | 5.600 | 5.600 |
| Speech & Lang.Pathologists-Stimulus | 0.000 | 0.000 | 0.000 | 0.000 |
| Nurse | 8.860 | 8.860 | 8.930 | 8.630 |
| Other Professional | 2.000 | 1.000 | 1.000 | 1.000 |
| | <u>193.265</u> | <u>187.765</u> | <u>182.325</u> | <u>185.146</u> |
| Administrators | | | | |
| Elementary | 9.000 | 9.000 | 9.000 | 9.000 |
| Middle School | 3.000 | 3.000 | 3.000 | 3.000 |
| High School | 5.000 | 5.000 | 5.000 | 5.000 |
| Districtwide (Certificated & Classified) | 18.000 | 18.000 | 17.500 | 16.200 |
| | <u>35.000</u> | <u>35.000</u> | <u>34.500</u> | <u>33.200</u> |
| Operation of Plant | | | | |
| Custodians | 56.000 | 57.000 | 57.000 | 55.000 |
| Maintenance and Groundskeeping | 14.000 | 14.000 | 14.000 | 14.000 |
| | <u>70.000</u> | <u>71.000</u> | <u>71.000</u> | <u>69.000</u> |
| Pupil Transportation | | | | |
| Bus Drivers | 30.875 | 30.875 | 30.625 | 28.500 |
| Mechanics | 3.000 | 3.000 | 3.000 | 3.000 |
| | <u>33.875</u> | <u>33.875</u> | <u>33.625</u> | <u>31.500</u> |
| Food Service Program (a) | | | | |
| Elementary Cooks | 0.000 | 0.000 | 0.000 | 0.000 |
| Middle School Cooks | 0.000 | 0.000 | 0.000 | 0.000 |
| High School Cooks | 0.000 | 0.000 | 0.000 | 0.000 |
| | <u>0.000</u> | <u>0.000</u> | <u>0.000</u> | <u>0.000</u> |
| Other | | | | |
| Supervisor/Administrator | 41.649 | 41.859 | 35.850 | 36.750 |
| OAPSE | 53.800 | 53.800 | 53.533 | 53.000 |
| Security | 21.500 | 21.500 | 22.125 | 21.750 |
| Data Processing (b) | 0.000 | 0.000 | 4.000 | 4.000 |
| | <u>116.949</u> | <u>117.159</u> | <u>115.508</u> | <u>115.500</u> |
| Total Employees | <u>849.481</u> | <u>840.549</u> | <u>832.666</u> | <u>815.952</u> |

Method: Based on % of full time equivalency for respective staff position.

(a) Effective July 1, 2010, the School District outsourced their Food Service Department.

(b) Effective July 1, 2017, the Data Processing positions were reclassified to the Supervisor/Administrator category.

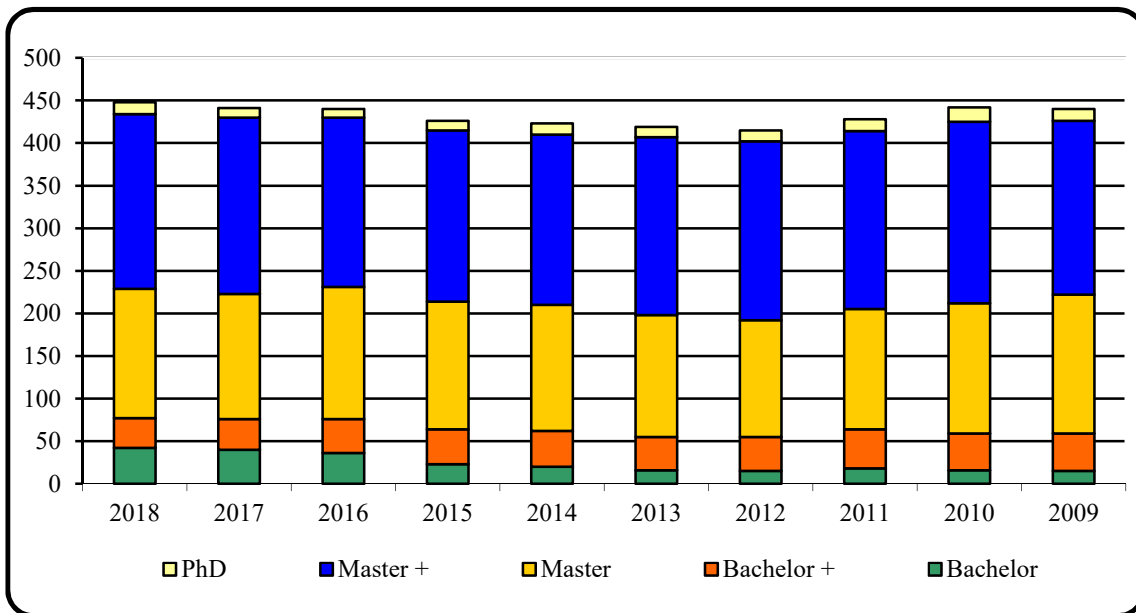
Source: School District Records.

| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 148.671 | 148.031 | 151.231 | 158.151 | 158.411 | 158.411 |
| 58.725 | 61.460 | 60.460 | 60.460 | 61.385 | 61.385 |
| 115.425 | 113.150 | 110.820 | 114.550 | 124.325 | 124.325 |
| <u>322.821</u> | <u>322.641</u> | <u>322.511</u> | <u>333.161</u> | <u>344.121</u> | <u>344.121</u> |
| 3.000 | 3.000 | 3.000 | 3.000 | 3.000 | 3.000 |
| 21.500 | 23.500 | 22.750 | 21.250 | 21.500 | 21.500 |
| 8.000 | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 |
| 7.600 | 7.550 | 6.925 | 6.725 | 6.600 | 6.600 |
| 16.600 | 11.250 | 9.825 | 9.825 | 9.400 | 9.400 |
| 0.000 | 0.000 | 0.000 | 1.700 | 1.700 | 1.700 |
| <u>56.700</u> | <u>53.300</u> | <u>50.500</u> | <u>50.500</u> | <u>50.200</u> | <u>50.200</u> |
| 0.000 | 0.000 | 0.000 | 0.000 | 1.000 | 1.000 |
| <u>0.000</u> | <u>0.000</u> | <u>0.000</u> | <u>0.000</u> | <u>1.000</u> | <u>1.000</u> |
| 100.815 | 94.090 | 86.805 | 83.805 | 86.900 | 86.900 |
| 33.160 | 31.711 | 32.981 | 25.861 | 30.500 | 30.500 |
| 0.000 | 0.000 | 0.000 | 6.900 | 6.100 | 6.100 |
| 11.000 | 11.400 | 10.800 | 10.800 | 10.500 | 10.500 |
| 8.000 | 8.000 | 7.600 | 8.000 | 9.400 | 9.400 |
| 9.422 | 9.372 | 9.365 | 8.765 | 8.800 | 8.800 |
| 0.000 | 0.000 | 0.000 | 1.000 | 1.000 | 1.000 |
| 5.600 | 5.600 | 5.600 | 5.000 | 6.000 | 6.000 |
| 0.000 | 0.000 | 0.000 | 0.600 | 0.600 | 0.600 |
| 8.360 | 8.260 | 8.200 | 8.400 | 8.400 | 8.400 |
| 0.800 | 0.800 | 0.800 | 1.800 | 1.800 | 1.800 |
| <u>177.157</u> | <u>169.233</u> | <u>162.151</u> | <u>160.931</u> | <u>170.000</u> | <u>170.000</u> |
| 9.000 | 9.000 | 9.000 | 9.000 | 9.000 | 9.000 |
| 3.000 | 3.000 | 3.000 | 3.000 | 3.000 | 3.000 |
| 5.000 | 5.000 | 5.000 | 5.000 | 5.000 | 5.000 |
| 15.000 | 16.000 | 16.000 | 15.000 | 15.000 | 15.000 |
| <u>32.000</u> | <u>33.000</u> | <u>33.000</u> | <u>32.000</u> | <u>32.000</u> | <u>32.000</u> |
| 55.000 | 57.000 | 58.000 | 58.000 | 59.000 | 59.000 |
| 14.000 | 15.000 | 14.000 | 14.000 | 15.000 | 15.000 |
| <u>69.000</u> | <u>72.000</u> | <u>72.000</u> | <u>72.000</u> | <u>74.000</u> | <u>74.000</u> |
| 29.750 | 29.750 | 28.250 | 28.250 | 28.900 | 28.900 |
| 3.000 | 3.000 | 3.000 | 3.000 | 3.000 | 3.000 |
| <u>32.750</u> | <u>32.750</u> | <u>31.250</u> | <u>31.250</u> | <u>31.900</u> | <u>31.900</u> |
| 0.000 | 0.000 | 0.000 | 0.000 | 12.300 | 12.300 |
| 0.000 | 0.000 | 0.000 | 0.000 | 4.900 | 4.900 |
| 0.000 | 0.000 | 0.000 | 0.000 | 6.700 | 6.700 |
| <u>0.000</u> | <u>0.000</u> | <u>0.000</u> | <u>0.000</u> | <u>23.900</u> | <u>23.900</u> |
| 33.550 | 33.750 | 31.020 | 32.020 | 33.000 | 33.000 |
| 54.000 | 54.000 | 53.800 | 53.800 | 53.100 | 53.100 |
| 19.750 | 20.380 | 20.375 | 20.375 | 19.600 | 19.600 |
| 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 |
| <u>111.300</u> | <u>112.130</u> | <u>109.195</u> | <u>110.195</u> | <u>109.700</u> | <u>109.700</u> |
| <u>801.728</u> | <u>795.054</u> | <u>780.607</u> | <u>790.037</u> | <u>836.821</u> | <u>836.821</u> |

Shaker Heights City School District (Cuyahoga County, Ohio)
Full-Time Equivalent Certified School District Employees by Education
Last Ten Fiscal Years

| Degree | 2018 | 2017 | 2016 | 2015 |
|--------------|------------|------------|------------|------------|
| Bachelor | 42 | 40 | 36 | 23 |
| Bachelor +15 | 35 | 36 | 40 | 41 |
| Master | 152 | 147 | 155 | 150 |
| Master +15 | 93 | 99 | 97 | 95 |
| Master +30 | 57 | 51 | 47 | 46 |
| Master +45 | 55 | 57 | 55 | 60 |
| PhD | 14 | 11 | 10 | 11 |
| Total | 448 | 441 | 440 | 426 |

| Years of Experience | 2018 | 2017 | 2016 | 2015 |
|---------------------|------------|------------|------------|------------|
| 0 - 5 | 90 | 100 | 106 | 74 |
| 6 - 10 | 98 | 88 | 88 | 84 |
| 11 and Over | 260 | 253 | 246 | 268 |
| Total | 448 | 441 | 440 | 426 |



Source: School District Records.

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------|------------|------------|------------|------------|------------|
| 20 | 16 | 15 | 18 | 16 | 15 |
| 42 | 39 | 40 | 46 | 43 | 44 |
| 148 | 143 | 137 | 141 | 153 | 163 |
| 96 | 99 | 99 | 98 | 95 | 89 |
| 36 | 41 | 36 | 36 | 40 | 43 |
| 68 | 69 | 75 | 75 | 78 | 72 |
| 13 | 12 | 13 | 14 | 17 | 14 |
| <u>423</u> | <u>419</u> | <u>415</u> | <u>428</u> | <u>442</u> | <u>440</u> |
| 63 | 55 | 53 | 54 | 100 | 90 |
| 68 | 72 | 72 | 75 | 94 | 92 |
| 292 | 292 | 290 | 299 | 248 | 258 |
| <u>423</u> | <u>419</u> | <u>415</u> | <u>428</u> | <u>442</u> | <u>440</u> |

Shaker Heights City School (Cuyahoga County, Ohio)

College Admissions for All Students

Last Ten School Years

| <u>Class</u> | <u>Percent of Four - Year</u> | <u>Percent of Two - Year</u> | <u>Total Percent</u> |
|--------------|-----------------------------------|----------------------------------|--------------------------|
| 2018 | 71 | 13 | 84 |
| 2017 | 68 | 15 | 83 |
| 2016 | 68 | 15 | 83 |
| 2015 | 70 | 16 | 86 |
| 2014 | 68 | 11 | 79 |
| 2013 | 65 | 15 | 80 |
| 2012 | 65 | 26 | 91 |
| 2011 | 78 | 14 | 92 |
| 2010 | 65 | 15 | 80 |
| 2009 | 73 | 14 | 87 |

Source: School District Records

Shaker Heights City School (Cuyahoga County, Ohio)

National Merit and National Achievement Recognition

Last Ten School Years

| <u>Class</u> | <u>National Merit (all students)</u> | <u>National Achievement (African-American students only) (1)</u> | <u>National Hispanic Scholars</u> | <u>Percent of Shaker Seniors Honored</u> | <u>Percent of United States Seniors Honored</u> |
|--------------|--|--|---------------------------------------|--|---|
| 2018 | 21 | 0 | 0 | 5 % | 1 % |
| 2017 | 21 | 0 | 0 | 5 % | 1 % |
| 2016 | 27 | 0 | 0 | 7 % | 1 % |
| 2015 | 32 | 3 | 0 | 9 % | 1 % |
| 2014 | 26 | 4 | 2 | 8 % | 1 % |
| 2013 | 31 | 2 | 3 | 8 % | 1 % |
| 2012 | 36 | 3 | 3 | 10 % | 1 % |
| 2011 | 24 | 4 | 2 | 8 % | 2 % |
| 2010 | 36 | 6 | 0 | 11 % | 2 % |
| 2009 | 33 | 6 | 2 | 11 % | 2 % |

Source: School District Records

(1) National Achievement program was discontinued after 2015.

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OHIO AUDITOR OF STATE
KEITH FABER



SHAKER HEIGHTS CITY SCHOOL DISTRICT

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
FEBRUARY 26, 2019**