

# **Shaker Heights City School District, Shaker Heights, Ohio**

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012

Issued By:  
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Shaker Heights City School District  
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# Dave Yost • Auditor of State

Board of Education  
Shaker Heights City School District  
15600 Parkland Drive  
Shaker Heights, Ohio 44120

We have reviewed the *Independent Auditor's Report* of the Shaker Heights City School District, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

March 1, 2013





## 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





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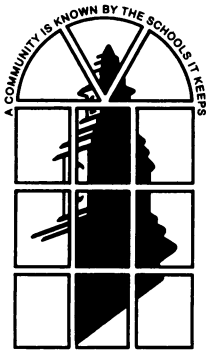
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# SHAKER HEIGHTS CITY SCHOOL DISTRICT

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

Mark Freeman  
Superintendent of Schools

Bryan C. Christman  
Treasurer

December 29, 2012

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, 2012. 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. Rea & Associates, Inc. rendered an opinion on the School District's financial statements as of June 30, 2012, and the Independent Auditors' 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.

### MEMBERS OF THE BOARD:

NORMAN A. BLISS WILLIAM L. CLAWSON II AMY H. FULFORD REUBEN HARRIS, JR. ANNETTE TUCKER SUTHERLAND

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 5,500 students in the Shaker schools.

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 611 school districts in the State of Ohio and one of 31 school districts in Cuyahoga County. The School District is the 56th largest in student enrollment in Ohio, with an enrollment of 5,446 students for the 2011-2012 academic year, and projected enrollment for fiscal year 2013 of 5,450 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 Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. 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), the Lakeshore Northeast Ohio Computer Association (LNOCA), now known as the North Coast Council (NCC), and the Shaker Heights Public Library. NCC 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 28,448 residents in the City of Shaker Heights, and 3,911 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 2010 was \$117,121, compared to the averages of \$64,761 for all Ohio school districts and \$56,240 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 currently in-process redeveloped area known as the "Flats", the Rock & Roll Hall of Fame and Museum, the Great Lakes Science Museum, Quicken Loans Arena (home of the NBA Cleveland Cavaliers), Progressive Field (home of the MLB Cleveland Indians) and Cleveland Browns Stadium (home of the NFL Cleveland Browns).

Another contributor to the School District's economic strength is its proximity to the University Circle area of Cleveland. University Circle is the home to major cultural, educational and medical facilities including Severance Hall, the home of the world-renown Cleveland Orchestra, the recently-rebuilt 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 percent of the increased property taxes resulting from the redevelopment for the 25-year abatement period. Thereafter, the School District will receive 100 percent of the increased property taxes. Additionally, the School District will receive 50 percent of the increased income taxes collected by the City of Cleveland during the 25-year abatement period for the redevelopment area. Although, the 2004 sale to a new local owner reinvigorated the enthusiasm about the Shaker Square potential and long-term prospects for success, the recession has impacted commercial retail operations.

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's historical Strategic Investment Plan has resulted in numerous projects.

- 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. Unfortunately, the recession has since 2007 delayed development beyond Phase 1. During the first quarter of 2012, the City issued a request for proposals for the next phase of development.

The City is continuing to implement redevelopment projects pursuant to its Strategic Investment Plan, including the following:

- Adopting the Intermodal Transit Center Program Plan in June 2010, the goals of which include improving transportation access and circulation in the Warrensville/Van Aken commercial district; supporting and enhancing the City's economic development and smart growth and sustainability goals; and improving RTA's transit infrastructure to attract new ridership. The project is now fully funded at \$18.5 million, and is scheduled to begin right-of-way acquisition in 2012 and construction in late 2013.
- 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.

Additionally, 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
- an aggressive marketing, branding, and business recruitment effort.

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 fosters 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. SLH member companies enjoy over 25,000 square feet of affordable office space, free Wi-Fi, free coffee, access to over 100 free educational and networking events, and many additional resources. SLH member companies are made up of portfolio companies, regional startups, entrepreneurs, creative groups, nonprofits, service providers, investors, and mentors.

Some of the additional business brought into the City through these efforts include: a bakery, a yoga studio, running apparel store, State of Ohio license bureau, new dental offices, new adult day care, wallpaper store, law firm, and an educational software firm.

In addition to commercial and multi-family dwelling property development, the City is also pursuing single-family 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. The impact of the 2008-2009 recession and mortgage crisis and subsequent anemic recovery on these development initiatives is still unknown at this time.

Although the 2006 departure from the City by OfficeMax and its headquarters left a significant hole in the commercial backbone of the City, the void was short-lived. In the fall of 2006, the University Hospitals Corporation announced its purchase of the OfficeMax headquarters building and the relocation of as many as 900 full-time administrative and corporate office employees to such facility. Such relocation (which was completed in 2008) is subject to a temporary income tax sharing arrangement with the City of Cleveland, from which the employees relocated.

The property tax base has continued to grow as a result of appreciation of properties as well as the commercial redevelopment undertaken by the City of Shaker Heights. These local initiatives, combined with Cleveland’s economic growth, provide for a stable and desirable economic condition for our School District. The favorable economic condition has resulted in School District tax levy

success including:

- A 60 percent voter approval of a continuing 9.4 mill operating levy in March 2000;
- A 65 percent voter approval of a continuing 9.6 mill operating levy in May 2003;
- A 68 percent voter approval of a \$23.5 million capital improvement bond issue in November 2004;
- A 60 percent voter approval of a continuing 9.9 mill operating levy in May 2006; and
- A 58 percent voter approval of a continuing 9.9 mill operating levy in May 2010.

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 amended) 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 directly dependent on the funding provided and the effective, efficient management of those funds. It follows that the District's purposes can best be achieved through prudent fiscal management.*

*The District's first obligation is the provision of education to its children. However, the Board of Education recognizes the need to frame educational programs within the District's fiscal plan.*

*As trustees of the community's investment in plant, facilities, and operational funds, the Board has a 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 Superintendent of Schools and Treasurer will keep the Board of Education informed through reports -- both oral and written -- of the fiscal management of the schools.*

*The Shaker Heights Board of Education seeks to achieve the following goals:*

*To engage in thorough planning with staff involvement in order to develop budgets and to guide expenditures to achieve the greatest educational returns and contributions to the educational program in relation to dollars expended.*

*To assure levels of funding that provide high quality education for the District's students.*

*To use the best available techniques for budget development and management.*

*To provide timely and appropriate information to all staff with fiscal management responsibilities; and*

*To assure 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 *LONG-TERM FINANCIAL PLANNING*, reads as follows:

*The Shaker Heights Board of Education believes that annual and long-term financial planning are both essential to support current educational programs and the District's long-term*

*educational needs. Annual financial planning should be an integral part of program planning and should be a year-round process involving broad participation by the Board of Education, administrators, teachers, and other personnel throughout the District.*

*The District should also engage in strategic long-term financial planning and attempt to forecast the need for future educational and capital expenditures and the availability of financial resources to meet those needs. Long-term financial planning should result in the development of a strategy to meet educational needs.*

*An integral part of the long-term planning process will include the periodic preparation of a five-year financial forecast in accordance with State requirements. The Superintendent and Treasurer will work in close cooperation with the Board of Education in developing the significant assumptions utilized in the forecast, and will be responsible for preparing the five-year forecast for the Board's approval.*

Policy DB, titled *ANNUAL BUDGET AND APPROPRIATION MEASURES*, reads as follows:

#### **BUDGET**

*The purpose of the annual operating budget is to identify adequate financial resources for the education program and to provide a basis for accountability in fiscal management. The precursor to the preparation of the operating budget is the tax budget. The purpose of the annual tax budget is to enable the county budget commission to establish tax rates and serve as the basis for certification of revenue to the District.*

*The annual tax budget is regulated and controlled by State law and requirements of the County Budget Commission.*

*The Superintendent and the Treasurer will be responsible for the preparation of both the annual operating and tax budgets and presentation to the Board of Education for adoption.*

#### **APPROPRIATIONS**

*As permitted by law, no later than July 1, the Board of Education will pass a temporary appropriation measure to provide for meeting the ordinary expenses of the District until such time as the Board approves the annual appropriation resolution for the year, which will be no later than October 1. The Board will approve appropriations for the District at the Fund level.*

#### **BUDGET MODIFICATION**

*The Treasurer routinely provides more detailed budget and expenditure information to the Board. 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 transfer of funds permitted by law from major fund to major fund requires Board approval and may require approval from the Court of Common Pleas.*

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 of 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 three years, at a millage level below ten mills.

## **2012 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. Approximately 10 percent of the Class of 2012 earned honors in the National Merit and National Achievement scholarship competitions, compared with 2 percent nationally. 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.

More than one third of eligible students at Shaker Heights High School took one or more Advanced Placement (AP) classes again this year. On the basis of their outstanding performance on Advanced Placement examinations, 144 Shaker students were named AP Scholars in 2012.

Shaker Heights students continue to be sought after by colleges. Members of the Class of 2012 were accepted into more than 236 colleges, including some of the most selective in the nation. Approximately 65% of graduating seniors plan to attend a 4-year college and 26% plan to attend a 2-year college.

Helping each student reach his/her academic potential continues to be the paramount goal of the School District. Building on the development of Building Improvement Plans for each school and information from the National School Boards Association's achievement initiatives, academic programs remained the major focus areas of Board of Education meetings. Formal presentations were made at regularly scheduled Board meetings covering the following topics:

- Accountability Report and Fact Book;
- Using Data to Improve Instruction;
- Implementation of the Strategic Plan;
- Response to Intervention
- Updated District Website
- International Baccalaureate

### Technology

Our computer network serves students, teachers, and staff in a wide variety of applications for instruction and business. We have more than 26 servers and approximately 1,500 workstations in 12 buildings, running over a fiber network. Our network also supports a variety of enterprise systems such as our phone system, transportation tracking, time cards, security systems, and other business products. In the 2011-2012 school year, the High School and Middle School wireless network was engineered and installed. This network will provide online access for both district-owned equipment and for student and staff owned equipment to be used in instruction.

We continue to add classroom tools such as interactive white boards, student response systems, and document cameras. Funding for these tools is provided through grant monies, Red & White and PTO funds, as well as district funds. Teachers use these classroom tools to encourage student engagement

by incorporating the use of visual materials, video sources and web information that can be used interactively in daily classroom activities.

Software supports our focus on student achievement, particularly in mathematics with the use of Pearson Successmaker in grades K-8 and Aleks and Cognitive Tutor in the upper grades. We also provide a variety of online database resources for journals, encyclopedias, and other learning resources to support our curricula. All buildings also have access to Discoverystreaming and BrainPop, online video databases which allow teachers to choose small clips to illustrate concepts as they teach. A growing number of teachers are using the Moodle course management system, which allows teachers to develop online courses, using this resource to post class materials, conduct online discussions, provide online activities, and more. We expect teacher use of this resource to continue to grow.

#### Capital Improvements

Repairs and preventative maintenance continued throughout the District with interior and exterior painting; carpet and tile replacement; floor refinishing; some roof restorations; masonry tuck pointing; sidewalk repairs; asphalt repairs and seal coating; preventative maintenance upgrades to electrical, HVAC, mechanical, and plumbing systems. Wireless improvements were started at the High School and Middle School. Exterior lighting upgrades were made throughout the District. An art gallery was created at Onaway. A new International Baccalaureate garden was built in the courtyard at the High School. New stage rigging and curtains were installed in the auditorium at Woodbury School. Repairs were made to seating in the auditorium at the Middle School. New handicapped lifts were installed in the Woodbury and Middle School pools.

#### Current and Future Initiatives

The School District continues to study, plan, and implement instructional initiatives aimed at improving the academic achievement of all students. The activities being implemented can be found in the District's Strategic Plan. Current instructional initiatives include adoption of the International Baccalaureate program from preschool through 12<sup>th</sup> grade; expansion of the Mandarin Chinese program; early intervention; extended day and extended year programming for students; an intensified focus on the core subject areas of instruction; increased efforts to help students prepare for the Ohio Achievement and Graduation Tests; the refinement of team teaching approaches in grades 5-12; efforts to increase parental and community involvement; highly focused professional development activities; and collaboration with the City of Shaker Heights, the Shaker Heights Public Library, the Shaker Heights Youth Center, and other local agencies concerned with the welfare of youth.

#### Building Improvement Plans

The Shaker Heights City School District maintains an ongoing commitment to the philosophy of continuous improvement. All school principals revise their school improvement plans on an ongoing basis in consultation with faculty members, key members of the District administrative team, and the superintendent. Each plan includes educational goals, performance measures, strategies, resource allocation, assignment of responsibility, and timelines for completion. The plans reflect both District and building-level instructional priorities and needs based upon frequent data review.

#### 2011-2013 Strategic Plan

On April 12, 2011, the Board of Education approved a two-year Strategic Plan. The plan is the work of a broad-based committee of Board members, residents, and educators. The document is based on considerable public input and a thorough review of existing data and plans.

The plan is organized around three major focus areas:

#### **Student Experience**

- Build relationships among faculty, staff, students, and their families that foster the belief within students that they can achieve excellence and advocate for their own success.

- Provide a safe learning community that is welcoming, inclusive, respectful, and engaging, which embraces diversity and fosters enriched learning experiences for all.
- Ensure that the District offers academic, enrichment, and co-curricular activities that are diverse, relevant, and accessible to all students.

### **Curriculum, Instruction, and Assessment**

- Provide ongoing support for collegial collaboration and consistent use of best research-based teaching practices.
- Develop a globally competitive curriculum and employ best research-based practices for instruction and assessment that reflect high expectations for all students.
- Employ an integrated set of instructional strategies and learning opportunities to remove race, socioeconomic status, and disability as predictors of achievement.

### **Collaboration, Communication, and Involvement**

- Engage all parents as active partners in student success.
- Engage the Shaker community as partners in student success.
- Build community confidence and pride in our schools through effective communication.

Each of the focus areas has associated performance objectives and detailed work plans. Supporting all of the goals are "integrated themes": technology, organizational efficiency, professional development, and data management. Progress toward goals will be audited annually.

The District's implementation of the Strategic Plan was reviewed and assessed by an external evaluator in August of 2012. The Year One Independent Progress Report included several commendations for the work completed in the first year of the plan and recommendations as the District proceeds with the work planned for year two.

The Strategic Plan and the Year One Progress Report can be found at [www.shaker.org/strategicplanning.aspx](http://www.shaker.org/strategicplanning.aspx).

### International Baccalaureate

After a year of careful study, the District began pursuing adoption of the International Baccalaureate Programme at the elementary, middle, and high school levels during the 2008-2009 school year. Full program implementation will make Shaker the only K-12 International Baccalaureate district in Greater Cleveland. This program is especially in demand among international families who are relocating to Cleveland to work in higher education, health care, and research.

As of August 2012, Boulevard, Lomond, and Mercer elementary schools have been authorized as International Baccalaureate World Schools following an intensive site inspection 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 requirement for student assessment. Fernway and Onaway are also fully immersed in the implementation of the International Baccalaureate program and are planning for site visits this school year.

Woodbury, the Middle School, and the High School (grades 9 and 10) cleared the first hurdle in the authorization process last spring by earning Middle Years Programme Candidate School status. Work

has continued at the middle grades unifying the instructional approaches in grades 5-10 with greater emphasis being placed on 21<sup>st</sup> century skills, 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. School staff members at grades 5-10 are working together to prepare for authorization of the International Baccalaureate Middle Years Programme within the next few years.

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 included the first group to 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 2012 included 25 International Baccalaureate diploma candidates.

### **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, 2011. 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, 2011 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 that the Comprehensive Annual Financial Report for the current year ended June 30, 2012, which will be submitted to ASBO for review, continues to conform to ASBO’s principles and standards.

**Auditor of State Award** – The School District was awarded the *Auditor of State Award with Distinction*, which recognizes excellence in financial reporting for the School District’s Comprehensive Annual Financial Report for the fiscal year ended 2011. The District has received this award, as well as the State’s Excellence in Financial Reporting Award, for numerous years consecutively.

### **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 Section of Rea & Associates' Office for their assistance in preparing and reviewing this financial report.

Respectfully submitted,



Bryan C. Christman  
Treasurer



Mark Freeman  
Superintendent

**Shaker Heights City School District**

**Principal Officials**

**June 30, 2012**

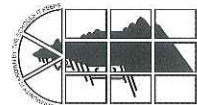
**Board of Education**

Ms. Annette Tucker Sutherland ..... President  
Mrs. Jennifer P. Mearns ..... Vice-President  
Mr. Norman A. Bliss.....Member  
Mr. William L. Clawson II .....Member  
Mr. Reuben Harris, Jr. ....Member

**Administration**

Mark Freeman. ....Superintendent

Bryan C. Christman ..... Treasurer



# SHAKER HEIGHTS CITY SCHOOL DISTRICT

[www.shaker.org](http://www.shaker.org)

- 1** Shaker Heights City Schools  
15600 Parkland Drive  
Shaker Heights, OH 44120  
216 295-1400
- 2** Lomond Elementary K-4  
17917 Lomond Boulevard  
Shaker Heights, OH 44122  
216 295-4050
- 3** Shaker Heights Middle School 7-8  
20600 Shaker Boulevard  
Shaker Heights, OH 44122  
216 295-4100
- 4** Woodbury Elementary 5-6  
15400 South Woodland Road  
Shaker Heights, OH 44120  
216 295-4150
- 5** Onaway Elementary K-4  
17420 Fernway Road  
Shaker Heights, OH 44120  
216 295-4040
- 6** Boulevard Elementary K-4  
14900 Drexmore Road  
Shaker Heights, OH 44120  
216 295-4020
- 7** Mercer Elementary K-4  
23325 Wimbleton Road  
Shaker Heights, OH 44122  
216 295-4070
- 8** Shaker Heights High School 9-12  
15911 Aldersyde Drive  
Shaker Heights, OH 44120  
216 295-4200
- 9** Onaway Elementary K-4  
3115 Woodbury Road  
Shaker Heights, OH 44120  
216 295-4080



# ATTENDANCE ZONES

# Shaker Heights City School District



Street	School	Street	School	Street	School	Street	School	Street	School
Aberdeen	3250-3343	Courtland	2833-3160	Holmwood	26650-22949	N. Moreland	2523-2680	Strandhill	3573-3726
Albion	3000-3097	Courtland O.	2619-2626	Huntington	2869-2939	North Park	18201-20350	Strathavon	3544-3728
Aldersyde	3112-3148	Coventry	2555-2878	Ingleside	2998-3166	Norwood	3270-3365	Sudbury	3690-3741
Almar	1520-16306	Cranlyn	2662-2749	Inverness	3260-3400	Onaway	3450-3680	Sulgrave	2668-2744
Ardmore	16605-17450	Daleford	3255-3397	Kemper	3430-3727	Fernway*	14149-16115	Sussex	19605-20035
Ardoon	3256-3366	Dorchester	3425-3727	Kendall	2679-2767	Lomond	& 3174-3209	Sutherland	3552-3726
Asbby	13415-13808	Douglas	3255-3400	Kenmore	2501-2662	Oxford	18801-19101	Sutton Place	1-30
Ashford	3354-3467	Drexmore	22029-22775	Kenyon	2532-2585	Palmerston	3518-3726	Sutton Road	3275-3400
Ashley	3341	Drummond	13300-14817	Keswick	2532-2585	Pennington	3545-3750	Sydenham	20600-21375
Ashwood	3093-3121	Dryden	2821-2951	Kingsley	3256-3399	Rawnsdale	3611-3726	Tolland	3524-3726
Attleboro	2671-2755	Duffield	2700-2730	Landon	16618-17124	Riedham	3547-3728	Torrington	2946-3051
Avalon	3122-14316	East 127th	2461, 65, 69 only	Lansmere	2991-3082	Rife Court	if any	Townley	3519-3726
Becket	2755-2975	East 135th	3120-3149	Larchmere	3100-3139	Rochester	2952-3051	Traymore	2857
Brighton	3021	East 140th	3156-3228	Latimore	2886-3200	Rocklyn	2664-2742	Traynham	3612-3726
Bryden	3259-3396	Eaton	3202-3246	Laureldale	2680-2767	Rolliston	3608-3728	University	20550-20749
Bryon	3430-3727	Eaton	2670-2796	Lee	3256-3370	Rye	21825-22732	Van Aken	2650
Chalcraft	2966-3097	Eaton	2824-3030	Leighton	12725,	Scottsdale	17302-20330	Wadsworth	2880-2721
Chelton	3116-3166	Eaton	2670-2796	Lindholm	12733-14706	Sebor	15516-16510	Warrensville Center Road	2880-3024
Cheshire	14003-14206	Eaton	2658	Litchfield	3544-3725	Sedgewick	2830-2957	Warrington	2883-2929
Claremont	2661-3230	Eaton	3255-3369	Livingston	3070-3175	Shaker Blvd.	13400-18450	Warwick	2990-3323
Claremont	17426-17720	Eaton	3252-3310	Ludgate	23149-24296	Shelburne	18501-19713	Washington	2520-2593
Claythorne	2938-2960	Eaton	2646-2750	Ludlow	2812-2945	Shelley	2724-2736	Westchester	14504-14505
Colby	3256-3385	Eaton	2670-2796	Lyman Blvd.	3029-3193	Sherrington	37121-18329	West Park	2915-22725
Colwyn	20620-21376	Eaton	2824-3025	Lynfield	23130-24275	Sherrington	3115-3330	W. Belvoir O.	2616-2956
Corby	2841-3008	Fairhill	12700-13800	Lynnton	2-56	Sherbrooke	2711-2781	W. Sulgrave O.	2860-3010
Cormier	2841-3008	Fairmount	3538-20201	Lynton	3434-3725	Sherrington	37121-18329	Weybridge	2831-2953
Courtland	2820-2979	Falmouth	20600-24150	Lynton	18222-18520	Sherrington	3115-3330	Wicklow	2865-2931
Courtland	23201-23451	Farnsleigh	2841-3199	Lynton	3539-3725	Sherrington	37121-18329	Wimbledon	2646-2750
Courtland	20499-22926	Ferway	20770-20975	Lynton	19751-20101	Sherrington	3115-3330	Winchell	23200-24187
Chardon	21925-22700	Ferway	16601-17126	Lynton	2839-3031	Sherrington	3115-3330	Winthrop	2816-2985
Chardon	22303-22905	Ferway	16614-17126	Lynton	19650-20201	Sherrington	3115-3330	Woodbury	2846-2914
Chardon	2885-3035	Ferway	16614-17126	Lynton	3280-3365	Sherrington	3115-3330	Wrenford	3004-3150
Chardon	2796-2990	Ferway	16614-17126	Lynton	21925-22600	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	15706-16106	Ferway	16614-17126	Lynton	3434-3472	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	16112-16114	Ferway	16614-17126	Lynton	3542-3753	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	17302-20013	Ferway	16614-17126	Lynton	3284-3375	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	20825-20875	Ferway	16614-17126	Lynton	3380-3479	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	3255-3396	Ferway	16614-17126	Lynton	2838-3175	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	3517-3742	Ferway	16614-17126	Lynton	2888-3200	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	2531-2590	Ferway	16614-17126	Lynton	18309-18726	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	2680-2791	Ferway	16614-17126	Lynton	16313-16501	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	2896-3024	Ferway	16614-17126	Lynton	3516-3727	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	2683-2765 & 3774	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	20900-21520	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	3315-3400	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	20725-21307	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	3412-3471	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	3338-3397	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	13507-13714	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680
Chardon	13302-13810	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680
Courtland	2627-2799	Ferway	16614-17126	Lynton	12806	Sherrington	3115-3330	Wrenford	2660-2680

\*The District will provide transportation for residents of the area bounded by Kenmore, Parkland, and Van Aken who wish to attend Lomond.

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Emery*

Executive Director

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## **Shaker Heights City School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2011*

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



A handwritten signature in black ink, reading 'Brian L. Mee', positioned above a horizontal line.

Brian L. Mee, SFO, RSBA  
President

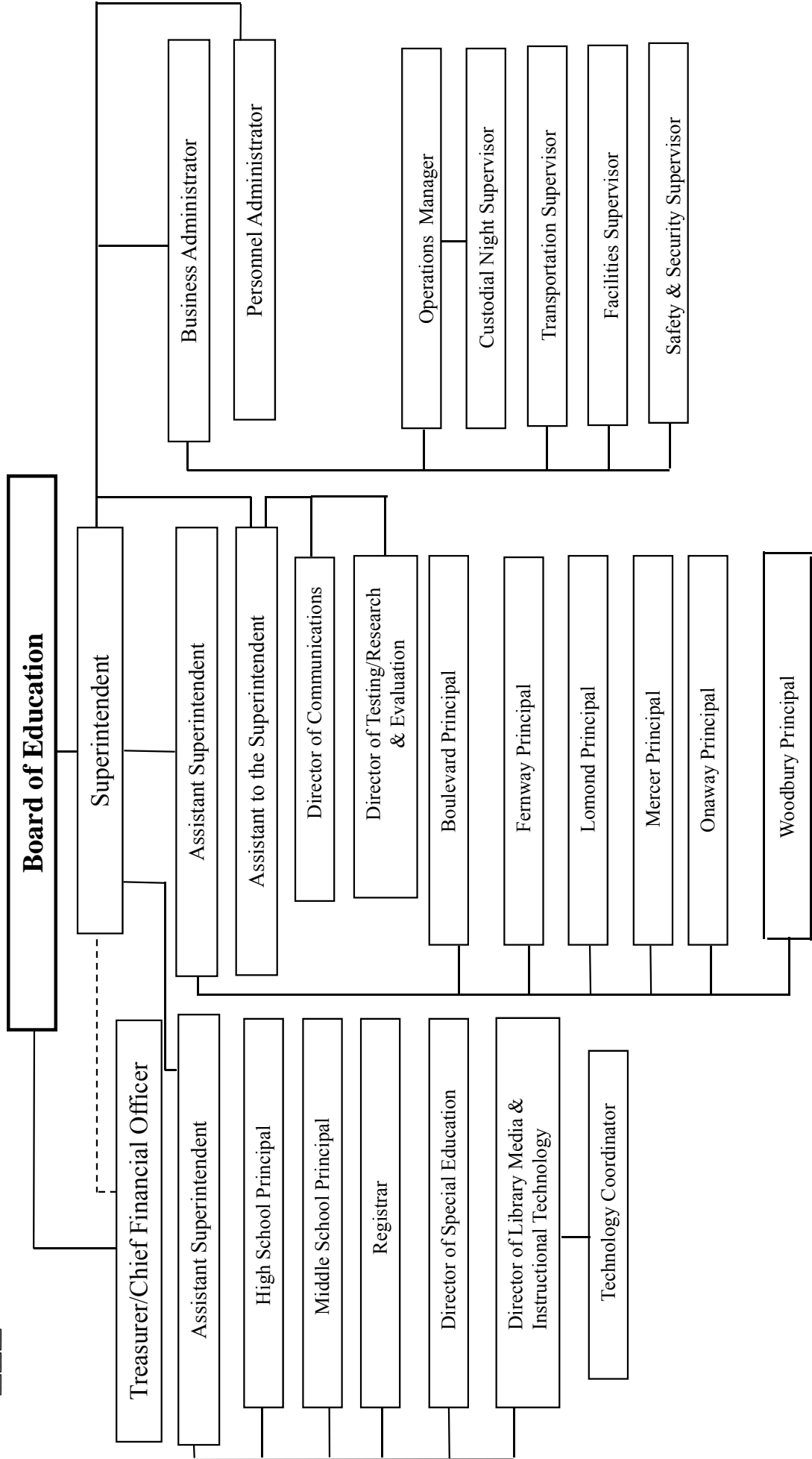
A handwritten signature in black ink, reading 'John D. Musso', positioned above a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



# SHAKER HEIGHTS CITY SCHOOL DISTRICT

## ORGANIZATIONAL CHART







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FINANCIAL SECTION



December 29, 2012

The Board of Education  
Shaker Heights City School District  
Cuyahoga County, Ohio  
15600 Parkland Drive  
Shaker Heights, Ohio 44120

### **INDEPENDENT AUDITOR'S REPORT**

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 "School District"), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2012 on our consideration of the School 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual nonmajor fund statements and other schedules, listed in the table of contents as supplementary information, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying introductory, statistical, and supplemental information sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements by us or other auditors, and accordingly, we do not express an opinion or provide any assurance on it.

*Rea & Associates, Inc.*

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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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, 2012. 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 2012 are as follows:

- Net assets increased \$6,312,991, which represents a 14.9% increase from 2011.
- Capital assets increased \$277,237 during fiscal year 2012.
- During the year, outstanding debt decreased from \$24,741,798 to \$22,465,533 due to principal payments made by the School District

***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 Assets and 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 is by far the most significant fund.

***Reporting the School District as a Whole***

*Statement of Net Assets 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 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities 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.

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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These two statements report the School District's net assets and changes in those assets. This change in net assets 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 Assets* 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 15. 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 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 Assets 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 20.

***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 separate Statements of Fiduciary Net Assets on page 23. 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.

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2012

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2012 compared to 2011:

**Table 1**  
**Net Assets**

	Governmental Activities	
	2012	2011
<b>Assets</b>		
Current and Other Assets	\$ 112,024,971	\$ 109,498,397
Capital Assets	33,023,733	32,746,496
<i>Total Assets</i>	145,048,704	142,244,893
<b>Liabilities</b>		
Other Liabilities	65,588,369	67,283,048
Long-Term Liabilities	30,874,062	32,688,563
<i>Total Liabilities</i>	96,462,431	99,971,611
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	11,315,889	11,398,071
Restricted	5,550,411	4,678,199
Unrestricted	31,719,973	26,197,012
<i>Total Net Assets</i>	\$ 48,586,273	\$ 42,273,282

At year end, capital assets represented 22.8% of total assets. Capital assets include, land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and vehicles. Capital assets, net of related debt were \$11,315,889 at June 30, 2012. 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 assets, \$5,550,411 or 11.4%, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net assets of \$31,719,973 may be used to meet the government's ongoing obligations to students and creditors.

Total current and other assets showed a net increase of \$2,526,574 with a substantial increase in pooled cash and cash equivalents of \$1,752,603, a decrease in intergovernmental receivables of \$566,583 due to the loss of ARRA grant monies, and an increase in taxes receivable of \$1,400,743 due to an increase in delinquent taxes.

The increase in capital assets was attributed to the additions exceeding the depreciation expense in the current year.

Total liabilities decreased \$3,509,180, primarily due to principal payments on debt.

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

Table 2 shows the changes in net assets for fiscal year 2012 and 2011.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities	
	2012	2011
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,670,982	\$ 2,537,770
Operating Grants	6,264,972	6,175,339
Capital Grants	74,937	79,489
<i>Total Program Revenues</i>	<u>9,010,891</u>	<u>8,792,598</u>
<i>General Revenues:</i>		
Property Taxes	67,463,918	66,659,137
Grants and Entitlements Not Restricted	23,319,363	25,301,197
Other	708,187	699,986
<i>Total General Revenues</i>	<u>91,491,468</u>	<u>92,660,320</u>
<i>Total Revenues</i>	<u>100,502,359</u>	<u>101,452,918</u>
<b>Program Expenses</b>		
<i>Instruction:</i>		
Regular	34,798,586	35,281,264
Special	12,002,923	11,964,327
Vocational	150,353	228,758
Student Intervention Services	58,630	67,198
Other	8,693	0
<i>Support Services:</i>		
Pupils	5,594,025	5,552,562
Instructional Staff	7,880,942	7,168,686
Board of Education	18,470	17,368
Administration	5,911,138	6,106,215
Fiscal	2,645,931	2,086,303
Business	1,043,044	952,606
Operation and Maintenance of Plant	12,347,748	13,466,665
Pupil Transportation	4,456,181	4,602,302
Central	1,754,818	1,917,495
<i>Operation of Non-Instructional Services:</i>		
Food Service Operations	1,820,200	1,945,696
Other	1,428,394	1,220,198
Extracurricular Activities	1,268,779	1,249,690
<i>Debt Service:</i>		
Interest and Fiscal Charges	1,000,513	1,106,286
<i>Total Expenses</i>	<u>94,189,368</u>	<u>94,933,619</u>
<i>Increase (Decrease) in Net Assets</i>	6,312,991	6,519,299
<i>Net Assets at Beginning of Year</i>	<u>42,273,282</u>	<u>35,753,983</u>
<i>Net Assets at End of Year</i>	<u>\$ 48,586,273</u>	<u>\$ 42,273,282</u>



**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2012

Overall revenue decreased \$950,559, due to the loss of grant monies for ARRA, and an increase in taxes due to an increase in delinquent taxes. Program expenses decreased from \$94.9 million to \$94.2 million in 2012. This decrease in total program expenses reflects completion of various school building renovation projects that has been ongoing for the last couple of years.

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	
	2012	2011	2012	2011
Instruction:				
Regular	\$ 34,798,586	\$ 35,281,264	\$ 32,395,942	\$ 33,063,061
Special	12,002,923	11,964,327	10,493,563	10,987,219
Vocational	150,353	228,758	150,353	225,287
Student Intervention Services	58,630	67,198	790	(95,017)
Other	8,693	0	8,693	0
Support Services:				
Pupils	5,594,025	5,552,562	5,594,025	5,416,381
Instructional Staff	7,880,942	7,168,686	6,411,615	5,338,974
Board of Education	18,470	17,368	18,470	17,368
Administration	5,911,138	6,106,215	5,891,138	6,106,215
Fiscal	2,645,931	2,086,303	2,631,531	2,086,303
Business	1,043,044	952,606	1,043,006	952,606
Operation and Maintenance of Plant	12,347,748	13,466,665	12,304,068	13,101,730
Pupil Transportation	4,456,181	4,602,302	4,380,750	4,534,766
Central	1,754,818	1,917,495	1,721,818	1,883,603
Operation of Non-Instructional Services:				
Food Service Operations	1,820,200	1,945,696	126	278,929
Other	1,428,394	1,220,198	(17,840)	30,398
Extracurricular Activities	1,268,779	1,249,690	1,149,916	1,106,912
Debt Service:				
Interest and Fiscal Charges	1,000,513	1,106,286	1,000,513	1,106,286
<i>Total Expenses</i>	<b>\$ 94,189,368</b>	<b>\$ 94,933,619</b>	<b>\$ 85,178,477</b>	<b>\$ 86,141,021</b>

The School District's cost of services decreased \$962,544 due to a decrease in expenses related for various school building renovation projects completed in 2012.

The dependence upon general revenues for governmental activities is apparent. Over 90% of governmental activities are supported through taxes and other general revenues; such revenues are 91% of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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***Governmental Funds***

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$99,436,717 and expenditures and other financing uses of \$98,783,559 for fiscal year. The net change in fund balances for the fiscal year was an increase of \$653,158 for all governmental funds with the most significant increase in the general fund.

The general fund's net change in fund balance for fiscal year 2012 was an increase of \$1,687,360. This increase is primarily due to an increase in tax revenue.

The fund balance of the building fund decreased by \$1,631,990. This decrease can be attributed to the completion of various school building renovation projects, resources which were received in the prior year.

***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 2012, the School District did amend its general fund budget a few times. 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 \$4,149,360 lower than the final budget basis revenue of \$92,831,819, due to an over estimation of state funding.

Final expenditure appropriations of \$95,624,432 were \$2,881,341 higher than the actual expenditures of \$92,743,091, as cost savings were recognized for operations and maintenance throughout the year.

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2012, the School District had \$33,023,733 invested in capital assets. Table 4 shows fiscal year 2012 balances compared with 2011.

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

	Governmental Activities	
	2012	2011
Land	\$ 943,600	\$ 943,600
Construction in Progress	824,500	815,775
Land Improvements	1,952,428	2,079,038
Buildings and Improvements	23,852,509	22,812,572
Equipment	4,151,897	4,827,605
Vehicles	1,298,799	1,267,906
<i>Totals</i>	<u>\$ 33,023,733</u>	<u>\$ 32,746,496</u>

The \$277,237 increase in capital assets was attributable to additional purchases exceeding depreciation and disposals current year. See Note 11 for more information about the capital assets of the School District.

**Debt**

At June 30, 2012, the School District had \$22,465,533 in debt outstanding. See Note 18 and 19 for additional details. Table 5 summarizes bonds outstanding.

**(Table 5)**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2012	2011
School Improvement Bonds - 2005	\$ 6,450,566	\$ 6,912,669
School Improvement Refunding Bonds - 2005	372,335	540,496
School Improvement Bonds - 2007	6,349,763	6,669,514
School Improvement Refunding Bonds - 2007	3,081,355	3,399,547
School Improvement Refunding Bonds - 2007	1,745,151	1,924,968
School Improvement Bonds - 2008	4,466,363	4,694,604
Bus Acquisition Bond Anticipation Note - Short Term	0	600,000
<i>Total</i>	<u>\$ 22,465,533</u>	<u>\$ 24,741,798</u>

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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***School District Outlook***

The School District has continued to maintain the highest standards of service to its students, parents and community. The School District is continually presented with challenges and opportunities. The School District is impacted by national and State factors, including economic, political, and educational issues. Despite reductions over the last several fiscal years in the State's various funding programs, the School District was able to maintain its educational program uninterrupted by the financial shock inflicted as a result of the State's budget crisis. Because the School District relies heavily upon its local taxpayer base, the impact of the State's budget crisis does not play as significant a role in the funding picture for the School District as it does for many of the neighboring districts. The School District specifically monitors such matters in order to anticipate, with the objective of minimizing, any negative fallout from these 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. Overall, the School District continues to perform at one of the highest levels determined by the State of Ohio, which is measured by a defined set of proficiency criteria. Our most recent State report card for fiscal year 2012 shows the School District students achieving 22 out of 26 indicators for an "effective" rating in accordance with the State-established criteria.

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 2010, wherein a 9.9 mill levy was passed with a 58.3% margin in the wake of a national, State and local economic recession. Additionally, the community approved a \$23.5 million bond issue for purposes of School District capital needs with a 67.7% margin in November 2004. 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.

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 School District's 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.

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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***State School Funding***

*The DeRolph Case and The Governor's Blue Ribbon Task Force*

In December 1991, the Ohio Coalition for Equity and Adequacy of School Funding, representing over 550 Ohio school districts filed a lawsuit, *DeRolph vs. Ohio* that became synonymous with the State-wide attempt to accomplish public school funding reform in Ohio. The plaintiffs were successful in winning both at the local Perry County Common Pleas level in 1994, and in the subsequent appeals process which led to an unprecedented four Ohio Supreme Court rulings that upheld the lower court ruling that the Ohio system of funding was unconstitutional in that it was neither “adequate” nor “equitable.” 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 the *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 recommendations 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 years 2006 and 2007.

*Tax Reform-House Bill No. 66*

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 2005 State Formula Aid amount) below which school districts' funding would not fall during that biennium. Absent the continuation of that 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 tax collection year 2009.

At the same time the tangible personal property tax phase-out occurred, the phase-in 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.

**Shaker Heights City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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*The Fiscal 2008 and 2009 Biennial State Budget*

The tax reform provisions of House Bill No. 66 were continued in the 2008-2009 State biennial budget which was passed in June 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 Ohio school district funding, but left the primary school districts State Foundation Funding untouched.

*The Fiscal 2010 and 2011 Biennial State Budget and the OEBM*

After conducting a series of public forums in 2008 first to 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 Evidence-Based Model Education Program (OEBM), most of which was incorporated into the fiscal 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 one percent reduction during each of the two fiscal years of the biennium.

*The Fiscal 2012 and 2013 Biennial State Budget*

In November 2010, Governor Strickland lost his bid for re-election. Facing an \$8 billion budget deficit for the fiscal 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 will lose revenue totaling \$21 million over the next seven years, including \$8 million over the 2012 and 2013 biennium.

The long-term impact of the outcome of these and other issues 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, and 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**

*Statement of Net Assets*

*June 30, 2012*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 35,577,886
Inventory Held For Resale	10,737
Materials and Supplies Inventory	214,136
Receivables:	
Accrued Interest	30,542
Accounts	140,407
Intergovernmental	892,895
Property Taxes	74,780,910
Prepaid Items	59,395
Deferred Charges	318,063
Nondepreciable Capital Assets	1,768,100
Depreciable Capital Assets (Net)	31,255,633
	<hr/>
<i>Total Assets</i>	145,048,704
	<hr/>
<b>Liabilities</b>	
Accounts Payable	567,669
Accrued Wages and Benefits	8,117,116
Contracts Payable	281,651
Intergovernmental Payable	2,436,599
Matured Compensated Absences Payable	579,192
Accrued Interest Payable	36,679
Deferred Revenue	53,569,463
Long Term Liabilities:	
Due Within One Year	2,844,753
Due In More Than One Year	28,029,309
	<hr/>
<i>Total Liabilities</i>	96,462,431
	<hr/>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	11,315,889
Restricted For:	
Capital Outlay	1,439,495
Debt Service	2,991,077
Set Asides	353,070
Other Purposes	766,769
Unrestricted	31,719,973
	<hr/>
<i>Total Net Assets</i>	\$ 48,586,273
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See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Assets
			Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 34,798,586	\$ 1,226,867	\$ 1,175,777	\$ 0
Special	12,002,923	414,873	1,094,487	0
Vocational	150,353	0	0	0
Student Intervention Services	58,630	0	57,840	0
Other	8,693	0	0	0
Support Services:				
Pupils	5,594,025	0	0	0
Instructional Staff	7,880,942	0	1,469,327	0
Board of Education	18,470	0	0	0
Administration	5,911,138	0	20,000	0
Fiscal	2,645,931	0	14,400	0
Business	1,043,044	0	38	0
Operation and Maintenance of Plant	12,347,748	10,708	0	32,972
Pupil Transportation	4,456,181	17,560	15,906	41,965
Central	1,754,818	0	33,000	0
Operation of Non-Instructional Services:				
Food Service Operations	1,820,200	888,162	931,912	0
Other	1,428,394	0	1,446,234	0
Extracurricular Activities	1,268,779	112,812	6,051	0
Debt Service:				
Interest and Fiscal Charges	1,000,513	0	0	0
<b>Total</b>	<b>\$ 94,189,368</b>	<b>\$ 2,670,982</b>	<b>\$ 6,264,972</b>	<b>\$ 74,937</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	64,805,875
Debt Service	2,658,043
Grants and Entitlements Not Restricted to Specific Programs	23,319,363
Investment Earnings	193,986
Miscellaneous	514,201

*Total General Revenues* 91,491,468

*Change in Net Assets* 6,312,991

*Net Assets Beginning of Year* 42,273,282

*Net Assets End of Year* \$ 48,586,273

See accompanying notes to the basic financial statements.



**Shaker Heights City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2012*

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 24,669,884	\$ 1,604,316	\$ 3,108,616	\$ 29,382,816
Restricted Cash and Investments	353,070	0	0	353,070
Inventory Held For Resale	0	0	10,737	10,737
Materials and Supplies Inventory	209,185	0	4,951	214,136
Receivables:				
Accrued Interest	30,542	0	0	30,542
Accounts	140,407	0	0	140,407
Interfund	178,064	0	0	178,064
Intergovernmental	161,897	0	730,998	892,895
Property Taxes	71,813,597	0	2,967,313	74,780,910
Prepaid Items	59,395	0	0	59,395
<i>Total Assets</i>	<u>\$ 97,616,041</u>	<u>\$ 1,604,316</u>	<u>\$ 6,822,615</u>	<u>\$ 106,042,972</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 234,526	\$ 17,490	\$ 225,953	\$ 477,969
Accrued Wages and Benefits	7,748,731	0	368,385	8,117,116
Contracts Payable	134,320	147,331	0	281,651
Intergovernmental Payable	2,284,395	0	152,204	2,436,599
Matured Compensated Absences Payable	579,192	0	0	579,192
Interfund Payable	0	0	178,064	178,064
Deferred Revenue	62,933,810	0	2,804,811	65,738,621
<i>Total Liabilities</i>	<u>73,914,974</u>	<u>164,821</u>	<u>3,729,417</u>	<u>77,809,212</u>
<b>Fund Balances</b>				
Nonspendable	268,580	0	15,688	284,268
Restricted	353,070	1,439,495	3,255,107	5,047,672
Assigned	8,801,392	0	0	8,801,392
Unassigned	14,278,025	0	(177,597)	14,100,428
<i>Total Fund Balances</i>	<u>23,701,067</u>	<u>1,439,495</u>	<u>3,093,198</u>	<u>28,233,760</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 97,616,041</u>	<u>\$ 1,604,316</u>	<u>\$ 6,822,615</u>	<u>\$ 106,042,972</u>

See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2012*

<b>Total Governmental Fund Balances</b>		\$ 28,233,760
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		33,023,733
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 11,843,606	
Intergovernmental	325,552	
Total	12,169,158	12,169,158
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 assets.		3,998,800
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		318,063
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(36,679)
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	(21,870,000)	
Capital Appreciation Bonds	(170,581)	
Bond Premium	(413,290)	
Refunding Loss	159,015	
Accretion of Interest - Capital Appreciation Bonds	(170,677)	
Compensated Absences	(6,655,029)	
Total	(29,120,562)	(29,120,562)
 <i>Net Assets of Governmental Activities</i>		 \$ 48,586,273

See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2012*

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 62,854,483	\$ 0	\$ 2,597,211	\$ 65,451,694
Intergovernmental	23,376,356	0	6,693,121	30,069,477
Investment Income	194,026	1,131	6,065	201,222
Tuition and Fees	1,463,358	0	0	1,463,358
Extracurricular Activities	84,825	0	123,520	208,345
Rentals	44,805	0	0	44,805
Charges for Services	66,351	0	888,162	954,513
Contributions and Donations	22,797	73,806	52,500	149,103
Miscellaneous	342,574	43,125	38,804	424,503
<i>Total Revenues</i>	<u>88,449,575</u>	<u>118,062</u>	<u>10,399,383</u>	<u>98,967,020</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	34,646,960	108,975	1,203,787	35,959,722
Special	11,657,551	0	642,967	12,300,518
Vocational	150,353	0	0	150,353
Student Intervention Services	792	0	57,838	58,630
Support Services:				
Pupils	5,798,818	0	20,605	5,819,423
Instructional Staff	5,668,541	150,000	2,115,848	7,934,389
Board of Education	18,470	0	0	18,470
Administration	5,910,874	0	20,464	5,931,338
Fiscal	2,568,420	0	67,722	2,636,142
Business	967,837	47,442	0	1,015,279
Operation and Maintenance of Plant	11,928,804	249,521	11,876	12,190,201
Pupil Transportation	4,220,679	316,868	15,906	4,553,453
Central	1,705,672	0	33,179	1,738,851
Extracurricular Activities	1,024,365	0	260,306	1,284,671
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,821,836	1,821,836
Other	47,477	8,197	1,254,189	1,309,863
Capital Outlay	141,602	882,263	0	1,023,865
Debt Service:				
Principal Retirement	0	0	1,639,999	1,639,999
Interest and Fiscal Charges	0	1,483	1,015,073	1,016,556
<i>Total Expenditures</i>	<u>86,457,215</u>	<u>1,764,749</u>	<u>10,181,595</u>	<u>98,403,559</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,992,360</u>	<u>(1,646,687)</u>	<u>217,788</u>	<u>563,461</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Recoveries	75,000	14,697	0	89,697
Transfers In	0	0	380,000	380,000
Transfers Out	(380,000)	0	0	(380,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(305,000)</u>	<u>14,697</u>	<u>380,000</u>	<u>89,697</u>
<i>Net Change in Fund Balance</i>	1,687,360	(1,631,990)	597,788	653,158
<i>Fund Balances Beginning of Year</i>	<u>22,013,707</u>	<u>3,071,485</u>	<u>2,495,410</u>	<u>27,580,602</u>
<i>Fund Balances End of Year</i>	<u>\$ 23,701,067</u>	<u>\$ 1,439,495</u>	<u>\$ 3,093,198</u>	<u>\$ 28,233,760</u>

See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*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, 2012*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	653,158
 <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. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 2,533,940	
Current Year Depreciation	<u>(2,129,742)</u>	404,198
 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.		
		(126,961)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	2,012,224	
Intergovernmental	<u>(460,906)</u>	1,551,318
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
General Obligation Bonds	1,639,999	
Accreted Capital Appreciation bonds	<u>80,001</u>	1,720,000
 Issuance costs are reported as an expenditure when paid in the governmental funds, but are deferred on the statement of net assets.		
		(23,769)
 In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	3,546	
Amortization of Premium on Bonds	36,107	
Amortization of Refunding Loss	<u>(20,153)</u>	19,500
 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.		
		2,178,800
 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		(3,564)
 Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		
		<u>(59,689)</u>
 <i>Change in Net Assets of Governmental Activities</i>	 \$	 <u><u>6,312,991</u></u>

See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 63,968,623	\$ 63,968,623	\$ 63,447,792	\$ (520,831)
Intergovernmental	26,863,810	26,863,810	23,395,480	(3,468,330)
Investment Income	381,742	381,742	223,346	(158,396)
Tuition and Fees	1,310,601	1,310,601	1,345,176	34,575
Rentals	50,368	50,368	44,805	(5,563)
Charges for Services	87,000	87,000	66,313	(20,687)
Contributions and Donations	1,000	1,000	0	(1,000)
Miscellaneous	168,675	168,675	159,547	(9,128)
<i>Total Revenues</i>	<u>92,831,819</u>	<u>92,831,819</u>	<u>88,682,459</u>	<u>(4,149,360)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	36,494,791	35,540,546	34,873,790	666,756
Special	12,953,665	13,148,031	13,148,031	0
Vocational	268,229	431,780	431,780	0
Student Intervention Services	0	792	792	0
Support Services:				
Pupils	5,475,415	5,845,239	5,845,239	0
Instructional Staff	6,083,901	6,293,663	6,293,663	0
Board of Education	18,719	18,559	18,559	0
Administration	5,866,555	6,192,682	6,192,682	0
Fiscal	2,917,388	2,607,576	2,591,490	16,086
Business	902,810	1,155,077	1,155,077	0
Operation and Maintenance of Plant	15,798,985	15,203,322	13,234,192	1,969,130
Pupil Transportation	4,521,498	4,809,060	4,625,586	183,474
Central	1,921,590	1,964,667	1,964,667	0
Extracurricular Activities	988,427	1,047,884	1,047,884	0
Operation of Non-Instructional Services:				
Other	39,395	47,477	47,477	0
Capital Outlay	1,373,055	1,318,077	1,272,182	45,895
<i>Total Expenditures</i>	<u>95,624,423</u>	<u>95,624,432</u>	<u>92,743,091</u>	<u>2,881,341</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,792,604)</u>	<u>(2,792,613)</u>	<u>(4,060,632)</u>	<u>(1,268,019)</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Recoveries	13,000	13,000	0	(13,000)
Transfers Out	(350,000)	(350,000)	(385,000)	(35,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(337,000)</u>	<u>(337,000)</u>	<u>(385,000)</u>	<u>(48,000)</u>
<i>Net Change in Fund Balance</i>	<u>(3,129,604)</u>	<u>(3,129,613)</u>	<u>(4,445,632)</u>	<u>(1,316,019)</u>
<i>Fund Balance Beginning of Year, Restated (See Note 23)</i>	17,220,359	17,220,359	17,220,359	0
Prior Year Encumbrances Appropriated	4,581,296	4,581,296	4,581,296	0
<i>Fund Balance End of Year</i>	<u>\$ 18,672,051</u>	<u>\$ 18,672,042</u>	<u>\$ 17,356,023</u>	<u>\$ (1,316,019)</u>

See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*June 30, 2012*

	<i>Governmental Activities- Internal Service Fund</i>
<b>Assets</b>	
<i>Current Assets</i>	
Equity in Pooled Cash and Investments	\$ 5,842,000
<b>Liabilities</b>	
<i>Current Liabilities</i>	
Accounts Payable	89,700
Claims Payable	1,540,941
	1,630,641
<i>Total Current Liabilities</i>	
<i>Long-Term Liabilities</i>	
Claims Payable - net of Current Portion	212,559
	212,559
<i>Total Long-Term Liabilities</i>	
<i>Total Liabilities</i>	1,843,200
<b>Net Assets</b>	
Unrestricted	3,998,800
	3,998,800
<i>Total Net Assets</i>	\$ 3,998,800

See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*Statement of Revenues, Expenses, and Changes in Fund Net Assets*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2012

	<i>Governmental Activities- Internal Service Fund</i>
<b>Operating Revenue</b>	
Charges for Services	\$ 11,630,181
<b>Operating Expenses</b>	
Purchased Services	1,702,947
Claims	7,748,434
<i>Total Operating Expenses</i>	9,451,381
<i>Change in Net Assets</i>	2,178,800
<i>Net Assets Beginning of Year</i>	1,820,000
<i>Net Assets End of Year</i>	\$ 3,998,800

See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2012

	<i>Governmental Activities- Internal Service Fund</i>
<b>Cash Flows From Operating Activities</b>	
Cash Received from Interfund Services Provided	\$ 11,630,181
Cash Paid for Goods and Services	(1,726,947)
Cash Paid for Claims	(7,890,234)
<i>Net Increase (Decrease) in Cash and Investments</i>	2,013,000
<i>Cash and Investments Beginning of Year</i>	3,829,000
<i>Cash and Investments End of Year</i>	\$ 5,842,000
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>	
Operating Income (Loss)	\$ 2,178,800
Adjustments:	
Increase (Decrease) in Liabilities:	
Accounts Payable	(24,000)
Claims Payable	(141,800)
<i>Total Adjustments</i>	(165,800)
<i>Net Cash Provided By (Used For) Operating Activities</i>	\$ 2,013,000

See accompanying notes to the basic financial statements.



**Shaker Heights City School District**  
*Statement of Fiduciary Net Assets*  
*Agency Funds*  
*June 30, 2012*

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<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 328,444
<b>Liabilities</b>	
Accounts Payable	\$ 420
Undistributed Monies	196,377
Due to Students	131,645
<i>Total Liabilities</i>	<u>\$ 328,442</u>

See accompanying notes to the basic financial statements.

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

**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, Saint 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 legislation provides 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. This activity is reflected in a special revenue fund and as a governmental activity of the School District.

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; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provides financial support to, the organization; 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.

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 the Lakeshore Northeast Ohio Computer Association. These organizations are presented in Notes 20 and 21 to the basic financial statements.

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

**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 School District also applies Financial Accounting standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service funds unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

***Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets 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 assets 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 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**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

***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 liabilities 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.

***Building*** 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 asset, 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 assets and changes in net assets. 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 and college entrance exam testing and student activities.

***Measurement Focus***

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

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

***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 current liabilities 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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. 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 revenue, 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.

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.

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

***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.

***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 are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash investments".

During fiscal year 2012, investments were limited to STAR Ohio (the State Treasury Asset Reserve of Ohio), commercial paper, federal farm credit bank notes and federal home loan mortgage notes and U.S. Treasury notes.

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
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STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2012.

Investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$194,026, which includes \$98,995 assigned from other School District funds.

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. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as "investments."

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2012, 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.

***Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated and purchased food and materials and supplies held for consumption.

***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 assets but are not reported in the fund financial statements.

**Shaker Heights City School District**  
*Notes to the Basic 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 fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. 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 - 40 Years
Buildings and Improvements	40 - 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 assets.

***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.



**Shaker Heights City School District**  
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***Bond Issuance Costs***

On government-wide statements, bond issuance costs are deferred and amortized over the term of the applicable bonds using the effective interest method. Within the governmental fund statements, bond issuance costs are expended when incurred.

As permitted by State Statute, the School District paid bond issuance costs from the bond proceeds and therefore does not consider that portion of debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

***Bond Premium***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the effective interest 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.

***Gain/Loss on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (the funds required to refund the old debt) and the net carrying amount of the old debt, the deferred amount on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter.

***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 the internal service funds are reported on the internal service fund financial statements.

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

***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net assets restricted for other purposes include resources restricted for local grants received from private foundations and individuals, school site sales revenue and expenditures for field trips, assemblies, and other activity costs, the operation of the Shaker Heights merchandise account and extracurricular activities.

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

***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.

**Shaker Heights City School District**  
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*For the Fiscal Year Ended June 30, 2012*

***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 Revenue and Expenses***

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 2012.

***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.

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**Note 3 - 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	Building Fund	Other Governmental Funds	Total
Nonspendable for:				
Inventory	\$ 209,185	\$ 0	\$ 15,688	\$ 224,873
Prepays	59,395	0	0	59,395
Total Nonspendable	<u>268,580</u>	<u>0</u>	<u>15,688</u>	<u>284,268</u>
Restricted for:				
Food Service	\$ 0	\$ 0	\$ 208,537	\$ 208,537
Athletics and Music	0	0	50,027	50,027
Non-Public Schools	0	0	339,635	339,635
Student Intervention	0	0	11,385	11,385
Math Enrichment	0	0	70,553	70,553
Special Instruction	0	0	20,958	20,958
Debt Service Payments	0	0	2,554,012	2,554,012
Capital Improvements	0	1,439,495	0	1,439,495
Budget Stabilization-BWC Refund	353,070	0	0	353,070
Total Restricted	<u>353,070</u>	<u>1,439,495</u>	<u>3,255,107</u>	<u>5,047,672</u>
Assigned for:				
Uniform School Supplies	759	0	0	759
Public School Support	112,114	0	0	112,114
Shaker Merchandise	3,674	0	0	3,674
Subsequent Year Appropriations	2,749,238	0	0	2,749,238
Encumbrances:				
Instruction	2,013,751	0	0	2,013,751
Student Support	2,628,934	0	0	2,628,934
Extracurricular	28,022	0	0	28,022
Capital Outlay	1,264,900	0	0	1,264,900
Total Assigned	<u>8,801,392</u>	<u>0</u>	<u>0</u>	<u>8,801,392</u>
Unassigned (Deficit)	<u>14,278,025</u>	<u>0</u>	<u>(177,597)</u>	<u>14,100,428</u>
Total Fund Balance (Deficit)	<u>\$ 23,701,067</u>	<u>\$ 1,439,495</u>	<u>\$ 3,093,198</u>	<u>\$ 28,233,760</u>

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

**Note 4 – Fund Deficits**

Fund balances at June 30, 2012, included the following individual fund deficits:

	<u>Fund Balance</u>
Nonmajor Governmental Funds:	
Goals 2000 Pacesetter	\$ 561
Title VI-B	173,333
Limited English Proficiency	2,095
Preschool Disability	1,608

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.

**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 a reservation of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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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**

	General Fund
GAAP Basis	\$ 1,687,360
Net Adjustment for Revenue Accruals	504,588
Net Adjustment for Expenditure Accruals	(657,989)
Funds Budgeted Elsewhere **	170,947
Adjustment for Encumbrances	(6,150,538)
Budget Basis	\$ (4,445,632)

\*\* 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 and uniform supplies fund.

**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 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, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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;

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
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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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed 25% 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.

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105% of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Shaker Heights City School District**  
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Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. 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.

**Cash on Hand:** At year end, the School District had \$500 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and investments".

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$13,868,731 and the bank balance was \$14,952,353. Of the bank balance:

1. \$14,925,815 of the bank balance was covered by depository insurance; and
2. \$26,538 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments:** Investments are reported at fair value. As of June 30, 2012, the School District had the following investments:

Standard & Poors Rating	Investment	Fair Value	Maturity (in years)		% Total Investments
			0 - 1	2 - 3	
AAA	STAR Ohio	\$ 16,416	\$ 16,416	\$ 0	0.08%
AA+	US Treasury Notes	1,005,660	0	1,005,660	4.56%
AAA	Commercial Paper	3,988,373	3,988,373	0	18.10%
AAA	Federal Home Loan Mortgage	8,023,670	5,023,820	2,999,850	36.41%
AAA	Federal Farm Credit Bank	9,002,980	5,003,900	3,999,080	40.85%
	Totals	\$22,037,099	\$14,032,509	\$ 8,004,590	100.00%

**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.

STAROhio 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 STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012, is 53 days and carries a rating of AAAM by Standard and Poor's.

**Credit Risk:** The School District's investments at June 30, 2012 are rated as shown above by Standard & Poor's. Federal money markets are exempt from ratings since 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.



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**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 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at 35% 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 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Cuyahoga County. The County Auditor 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, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and 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 revenue.

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The amount available as an advance at June 30, 2012 was \$8,977,756 in the general fund and \$390,085 in the bond retirement debt service fund. The amount available as an advance at June 30, 2011, was \$9,571,065 in the general fund and \$419,496 in the bond retirement debt service fund.

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 857,299,180	98.61%	\$846,136,350	98.64%
Public Utility	11,271,270	1.30%	11,663,830	1.36%
Tangible Personal Property	756,680	0.09%	0	0.00%
	<u>\$ 869,327,130</u>	<u>100.00%</u>	<u>\$ 857,800,180</u>	<u>100.00%</u>
 Tax rate per \$1,000 assessed valuation	 \$ 180.13		 \$ 212.33	

**Note 8 – Receivables**

Receivables at June 30, 2012, consisted of taxes, interfund, accounts (rent and student fees), 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.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	\$ 161,897
Non-Major Governmental Funds:	
Food Service	105,039
Auxiliary Services	6,024
Alternative Schools	1,018
Education Jobs	74,798
Race to the Top	140,432
Title VI-B	80,922
Title II-D	198
Title I	2,043
Limited English Proficiency	6,802
Title I	257,959
Preschool Disability Grants	3,688
Class Size Reduction	52,075
	<u>\$ 892,895</u>

**Shaker Heights City School District**  
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**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, 2012, 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.

	Capital Improvement	Budget Stabilization
Set Aside Restricted Balance June 30, 2011	\$ 0	\$ 353,070
Current Year Set-Aside Requirement	929,777	0
Current Year Qualifying Expenditures	(694,245)	0
Prior Year Offset from Bond Proceeds	(235,532)	0
Total	\$ 0	\$ 353,070
Balance Carried Forward to Fiscal Year 2013	\$ 0	\$ 353,070
Set Aside Balance June 30, 2012	\$ 0	\$ 353,070

Although the School District had qualifying disbursements and offsets 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.

**Note 10 – Contingencies**

***Review of Statewide Attendance Data***

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

***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, 2012. This also encompasses the Auditor of State's ongoing review of student attendance data.

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***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.

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/11	Additions	Reductions	Balance 6/30/12
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 943,600	\$ 0	\$ 0	\$ 943,600
Construction in progress	815,775	1,114,005	(1,105,280)	824,500
	<u>1,759,375</u>	<u>1,114,005</u>	<u>(1,105,280)</u>	<u>1,768,100</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	3,708,728	0	0	3,708,728
Buildings and Improvements	34,986,372	1,737,056	0	36,723,428
Equipment	16,603,143	423,847	(530,655)	16,496,335
Vehicles	3,877,927	364,312	0	4,242,239
	<u>59,176,170</u>	<u>2,525,215</u>	<u>(530,655)</u>	<u>61,170,730</u>
Total Capital Assets, being depreciated				
Less Accumulated Depreciation:				
Land Improvements	(1,629,690)	(126,610)	0	(1,756,300)
Buildings and Improvements	(12,173,800)	(697,119)	0	(12,870,919)
Equipment	(11,775,538)	(972,594)	403,694	(12,344,438)
Vehicles	(2,610,021)	(333,419)	0	(2,943,440)
	<u>(28,189,049)</u>	<u>(2,129,742)</u>	<u>403,694</u>	<u>(29,915,097)</u>
Total Accumulated Depreciation				
Total Capital Assets being depreciated, net	<u>30,987,121</u>	<u>395,473</u>	<u>(126,961)</u>	<u>31,255,633</u>
<b>Governmental Activities Capital Assets, Net</b>				
	<u>\$ 32,746,496</u>	<u>\$ 1,509,478</u>	<u>\$(1,232,241)</u>	<u>\$ 33,023,733</u>

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 323,809
Special	6,516
Other Instruction	8,693
Support Services:	
Pupil	739
Instructional Staff	135,734
Administration	14,563
Fiscal	7,055
Business	70,688
Operation and Maintenance of Plant	1,144,402
Pupil Transportation	276,761
Central Services	5,342
Food Service Operations	18,238
Non-instructional	113,798
Extracurricular Activities	3,404
Total Depreciation	\$ 2,129,742

**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 2012, the School District contracted with Indiana Insurance Company for property and inland marine insurance. General liability coverage is provided by Indiana Insurance Company with a \$1,000,000 single occurrence limit, a \$2,000,000 aggregate and no deductible. Vehicles, including school buses, are covered by Indiana Insurance Company with a \$250 deductible for comprehensive, and a \$500 deductible for collision. There is a \$1,000,000 per accident combined single limit of liability. The School District also has a \$10,000,000 umbrella policy with Indiana Insurance Company that covers both general liability and vehicle policies, and foreign travel coverage with the AIG World Source. Settled claims have not exceeded this 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 Workers' Compensation retrospective rating and payment system. Once the School District receives notice of the 2012 claims paid by the Bureau of Workers' Compensation, the School District will reimburse the State for claims paid on the School District's behalf. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees. The balance of claims payable at June 30, 2012, represents an estimate of the liability for unpaid claims costs provided by Workers' Compensation. The claims liability reported in the internal service funds for the Workers' Compensation retrospective rating and payment system at June 30, 2012, was \$700,000. Changes in claims activity for fiscal years 2011 and 2012 are as follows:

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	<u>Balance at Beginning</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2011	\$ 600,000	\$ 175,000	\$ 165,763	\$ 600,000
2012	\$ 600,000	\$ 313,646	\$ 213,646	\$ 700,000

***Employee Health Benefits***

The School District is self-insured for prescription drug, medical and dental insurance. Express Scripts, the third party administrator of the program, processes the claims for the School District's prescription drug program. Monthly funding rates for prescription drug insurance are \$298.10 for family coverage and \$112.27 for single coverage. The program utilizes a \$7 prescription deductible for generic drugs and a \$25 deductible for non-generic 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 \$1,153.53 for family coverage and \$438.60 for single coverage. Monthly funding rates for dental insurance are \$103.86 for family coverage and \$36.19 for single coverage. The School District has stop loss coverage that begins at \$150,000 per family per year and a calculated aggregate maximum stop loss coverage for the 2012 plan year (January through December) that begins at \$7,068,366.

The claims liability of \$1,053,500 reported in the self insurance fund at June 30, 2012 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 2012 and 2011 are as follows:

	<u>Balance at Beginning</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2011	\$ 1,239,100	\$8,339,030	\$8,282,830	\$ 1,295,300
2012	\$ 1,295,300	\$7,434,788	\$7,676,588	\$ 1,053,500

**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 first 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 unrestricted.

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***Health Care Benefits***

The School District's primary health insurance carrier is Anthem Blue Cross/Blue Shield. In addition, medical health insurance is also offered to employees through Kaiser Permanente. The plan has a \$20 office visit co-pay. Kaiser health individual coverage is \$512.84 per month while family coverage for a family of two is \$1,025.68 and for a family of three or more is \$1,538.52.

***Life Insurance***

Life insurance is offered to employees through Anthem Life Insurance Company. The Treasurer and Superintendent receive \$150,000 coverage for \$21 per month; administrators, supervisors and certified employees receive \$50,000 coverage for \$7 per month, custodial and clerical employees receive \$40,000 for \$5.60 per month, and other non-bargaining employees receive \$30,000 for \$4.20 per month.

**Note 14 - Pension Plans**

***A. School Employees Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65% and .05% of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,961,761, \$1,791,274 and \$1,835,592, respectively; 46% has been contributed for fiscal year 2012 and 100% for the fiscal years 2011 and 2010. \$1,177,570 represents the unpaid contribution for fiscal year 2012, and is recorded as a liability within the respective funds.

***B. State Teachers Retirement System***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. 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. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2012, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$4,696,142, \$4,878,369 and \$5,129,640, respectively; 82% has been contributed for fiscal year 2012 and 100% for the fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$257,461 made by the School District and \$183,900 made by the plan members. \$904,797 represents the unpaid contribution for fiscal year 2012, and is recorded as a liability within the respective funds.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, certain members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.



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**Note 15 - Postemployment Benefits**

***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, .55% of covered payroll was allocated 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 according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$301,258, \$217,631, and \$186,308, respectively; 46% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010. The liability for the unpaid contribution has been recorded within the respective funds.

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The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was 0.75% of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$116,310, \$115,664, and \$116,061, respectively; 46% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010. The liability for the unpaid contribution has been recorded within the respective funds.

***B. State Teachers Retirement System***

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$361,242, \$396,679, and \$394,588, respectively; 82% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010. The liability for the unpaid contribution has been recorded within the respective funds.

**Note 16 – Contractual Commitments and significant encumbrances**

***A. Contractual Commitments***

As a result of project that was in progress at June 30, 2012, the School District had the following outstanding contractual commitments at fiscal year-end:

	Contract Amount	Expenditures as of June 30, 2012	Amount Remaining on Contract
Middle School Roofing Project	\$ 408,900	\$ 134,320	\$ 274,580
Stadium and Athletic Fields	1,610,000	613,392	996,608

***B. Encumbrance Commitments***

Outstanding cash basis encumbrances for governmental funds include \$5,935,607 for general fund and \$3,494 in nonmajor governmental funds.

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**Note 17 – Interfund Transfers and Balances**

*Transfers*

The general fund made transfers of \$380,000 to nonmajor other governmental funds. The transfers were made to support the activities of the funds.

*Interfund Balances*

Interfund balances at June 30, 2012, consist of an interfund receivable/payable between the general fund and the nonmajor governmental funds in the amount of \$178,064. These loans were made to support programs and projects funds pending the receipt of grant money that will be used to repay the loan. These loans are expected to be repaid in fiscal year 2013.

**Note 18 – Fund Obligations**

The School District’s note activity, including amounts outstanding and interest rates, is as follows:

	Outstanding June 30, 2011	Additions	Deletions	Outstanding June 30, 2012
1.00% 2011 Bus Acquisition Note Maturing October 4, 2011	\$ 600,000	\$ 0	\$ 600,000	\$ 0

On October 5, 2010, the School District issued a bus acquisition bond anticipation note for \$600,000 for the purpose of acquiring school buses. The note matured on October 4, 2011.

**Note 19 – 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	Transfer Interest Rate	Original Issue Amount	Fiscal Year of Maturity
<i>General Obligation Bonds:</i>			
School Improvement - 2005	3.00 - 4.50%	9,999,995	2026
School Improvement Refunding - 2005	3.00 - 4.50%	1,324,999	2014
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	2025

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Changes in long-term obligations of the School District during fiscal year 2012 were as follows:

	Outstanding 6/30/11	Additions	Reductions	Outstanding 6/30/12	Amounts Due in One Year
<b>Governmental Activities:</b>					
<i>General Obligation Bonds:</i>					
School Improvement Bonds - 2005					
Serial Bonds	\$ 6,815,000	\$ 0	\$ 455,000	\$ 6,360,000	\$ 455,000
Unamortized Premium	97,669	0	7,103	90,566	0
Total School Improvement Bonds - 2005	<u>6,912,669</u>	<u>0</u>	<u>462,103</u>	<u>6,450,566</u>	<u>455,000</u>
School Improvement Refunding Bonds - 2005					
Serial Bonds	360,000	0	0	360,000	170,000
Capital Appreciation Bonds	94,999	0	94,999	0	0
Accretion on Capital Appreciation Bonds	72,195	7,806	80,001	0	0
Unamortized Premium	33,910	0	2,466	31,444	0
Unamortized Accounting Loss	(20,608)	0	(1,499)	(19,109)	0
Total School Improvement Refunding Bonds - 2005	<u>540,496</u>	<u>7,806</u>	<u>175,967</u>	<u>372,335</u>	<u>170,000</u>
School Improvement Bonds - 2007					
Serial Bonds	6,515,000	0	330,000	6,185,000	360,000
Capital Appreciation Bonds	23,960	0	0	23,960	0
Accretion on Capital Appreciation Bonds	39,152	16,552	0	55,704	0
Unamortized Premium	91,402	0	6,303	85,099	0
Total School Improvement Bonds - 2007	<u>6,669,514</u>	<u>16,552</u>	<u>336,303</u>	<u>6,349,763</u>	<u>360,000</u>
School Improvement Refunding Bonds - 2007					
Serial Bonds	3,415,000	0	330,000	3,085,000	345,000
Capital Appreciation Bonds	9,983	0	0	9,983	0
Accretion on Capital Appreciation Bonds	16,314	6,896	0	23,210	0
Unamortized Premium	62,899	0	7,400	55,499	0
Unamortized Accounting Loss	(104,649)	0	(12,312)	(92,337)	0
Total School Improvement Refunding Bonds - 2007	<u>3,399,547</u>	<u>6,896</u>	<u>325,088</u>	<u>3,081,355</u>	<u>345,000</u>
School Improvement Refunding Bonds - 2007					
Serial Bonds	1,870,000	0	190,000	1,680,000	200,000
Capital Appreciation Bonds	16,639	0	0	16,639	0
Accretion on Capital Appreciation Bonds	27,189	11,494	0	38,683	0
Unamortized Premium	65,051	0	7,653	57,398	0
Unamortized Accounting Loss	(53,911)	0	(6,342)	(47,569)	0
Total School Improvement Refunding Bonds - 2007	<u>1,924,968</u>	<u>11,494</u>	<u>191,311</u>	<u>1,745,151</u>	<u>200,000</u>
School Improvement Bonds - 2008					
Serial Bonds	4,440,000	0	240,000	4,200,000	250,000
Capital Appreciation Bonds	119,999	0	0	119,999	0
Accretion on Capital Appreciation Bonds	36,139	16,941	0	53,080	0
Unamortized Premium	98,466	0	5,182	93,284	0
Total School Improvement Bonds - 2008	<u>4,694,604</u>	<u>16,941</u>	<u>245,182</u>	<u>4,466,363</u>	<u>250,000</u>
Total General Obligation Bonds	<u>24,141,798</u>	<u>59,689</u>	<u>1,735,954</u>	<u>22,465,533</u>	<u>1,780,000</u>
<i>Other Long-term Obligations:</i>					
Compensated Absences	6,651,465	624,805	621,241	6,655,029	852,194
Claims Payable	1,895,300	7,748,434	7,890,234	1,753,500	212,559
Total Governmental Activities	<u>\$32,688,563</u>	<u>\$ 8,432,928</u>	<u>\$10,247,429</u>	<u>\$30,874,062</u>	<u>\$ 2,844,753</u>

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On April 5, 2005, the School District issued \$9,999,995 in general obligation bonds for various school facility improvements. The general obligation bonds included serial and capital appreciation bonds in the amount of \$9,795,000 and \$204,995, respectively. The bonds were issued for a ten year period with a final maturity at December 15, 2025. Serial bonds remained outstanding at June 30, 2012. These bonds will be retired with a voted property tax levy from the debt service fund.

On April 5, 2005, the School District issued \$1,324,999 in general obligation bonds to refund the 1993 building addition bonds. The general obligation bonds included serial and capital appreciation bonds in the amount of \$1,230,000 and \$94,999, respectively. The bonds were issued for a twenty-two year period with a final maturity at December 15, 2013. The bonds will be retired from the debt service fund.

The serial bonds remained outstanding at June 30, 2012. The capital appreciation bonds matured in 2012.

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. The bonds will be retired from the debt service fund.

The serial and capital appreciation remained outstanding at June 30, 2012. The capital appreciation bonds were originally sold at a discount of \$156,040, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2016.

The maturity amount of the outstanding capital appreciation bonds at June 30, 2012 is \$180,000. The accretion recorded for 2012 was \$16,552, for a total outstanding bond liability of \$79,664 at June 30, 2012.

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 bonds will be retired from the debt service fund.

The serial and capital appreciation bonds remained outstanding at June 30, 2012. The capital appreciation bonds were originally sold at a discount of \$65,017, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2016.

The maturity amount of the outstanding capital appreciation bonds at June 30, 2012 is \$75,000. The accretion recorded for 2011 was \$6,896, for a total outstanding bond liability of \$33,193 at June 30, 2012.

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 bonds will be retired from the debt service fund.

The serial and capital appreciation remained outstanding at June 30, 2012. The capital appreciation bonds were originally sold at a discount of \$108,361, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2016.

The maturity amount of the outstanding capital appreciation bonds at June 30, 2012 is \$125,000. The accretion recorded for 2012 was \$11,494, for a total outstanding bond liability of \$55,322 at June 30, 2012.

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*Notes to the Basic Financial Statements*  
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On November 25, 2008, the School District issued \$4,999,999 in school improvement bonds with interest rates varying from 4.00 to 4.50%. 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 2025.

The serial and capital appreciation remained outstanding at June 30, 2012. The capital appreciation bonds were originally sold at a discount of \$185,001, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2018.

The maturity amount of the outstanding capital appreciation bonds at June 30, 2011 is \$305,000. The accretion recorded for 2011 was \$16,941, for a total outstanding bond liability of \$173,079 at June 30, 2012.

Compensated absences will be paid from the General, Food Service, Auxiliary Services, Goals 2000 Pacesetter, Title VI-B, Title I, Preschool Disability and Class Size Reduction funds.

The School District's overall debt margin was \$56,075,448 with an unvoted debt margin of \$857,800 at June 30, 2012. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,780,000	\$ 869,924	\$ 0	\$ 0	\$ 1,780,000	\$ 869,924
2014	1,845,000	798,202	0	0	1,845,000	798,202
2015	1,690,000	727,503	0	0	1,690,000	727,503
2016	1,355,000	666,602	50,582	329,418	1,405,582	996,020
2017	1,790,000	603,703	0	0	1,790,000	603,703
2018 - 2022	7,880,000	1,987,205	119,999	185,001	7,999,999	2,172,206
2023 - 2026	5,530,000	493,618	0	0	5,530,000	493,618
<b>Total</b>	<b>\$ 21,870,000</b>	<b>\$ 6,146,757</b>	<b>\$ 170,581</b>	<b>\$ 514,419</b>	<b>\$ 22,040,581</b>	<b>\$ 6,661,176</b>

**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, Luren Dickinson, Director, at 16500 Van Aken Boulevard, Shaker Heights, Ohio 44120.

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

**Note 21 - Jointly Governed Organizations**

***Ohio Schools' Council Association***

The Ohio Schools' Council Association (Council) is a jointly governed organization among 126 school districts. 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 Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). 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 2012, the School District paid \$1,178 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, 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. Compass Energy is the supplier and program manager for the period from October 1, 2010 through March 31, 2013. There are currently 146 participants in the Program. The participants make monthly payments based on estimated usage. Each August, 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 August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing.

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, provides for a fixed per kilowatt-hour for electricity generation until May 2014, converting to a new fixed price or percent off the Price to Compare (PTC), whichever provides the greatest savings until December 2019.

***Lakeshore Northeast Ohio Computer Association***

The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau that was formed for the purpose of providing data services to the eleven member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Educational Service Center serves as the fiscal agent of LNOCA. Each school district supports LNOCA based upon a per pupil charge dependent upon the software packages used. In fiscal year 2011, the School District paid \$211,088 to LNOCA. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5811 West Canal Road, Valley View, Ohio 44125.

**Shaker Heights City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

**Note 22 – Subsequent Event**

In July 2012, the School District Board authorized a resolution for the issuance of new debt to issue a school facilities improvement bond anticipation note in the amount of \$3.2 million to provide funds to pay costs of installation, modifications, and remodeling of school buildings to conserve energy as well as pay part of the cost of improving the High school stadium track and turf field. In October 2012, the School District issued general obligation bonds in the amount of \$9.2 million. The School District used \$5.0 million to fund an escrow used to advance refund the School District’s 2005 callable bonds, \$3.2 million to refund the majority of the notes issued in July, 2012, and \$1.0 million to finance the purchase of new buses.

**Note 23 – Restatement of Fund Balances**

**A. Cash Basis Fund Balances**

Fund balances have been restated at July 1, 2011, to account for the reclassification of funds due to implementation of GASB 54. The adjustments had the following effect on cash basis fund balances as previously reported:

	<u>General Fund</u>
Beginning fund balances, June 30, 2011	\$ 18,810,467
Adjustments:	
Fund reclassifications	<u>(1,590,108)</u>
Beginning fund balances, July 1, 2011	<u><u>\$ 17,220,359</u></u>



## **Combining and Individual Fund Statements and 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. With the implementation of GASB No. 54, the Uniform School Supplies, Public School Support and Shaker Merchandise funds have been classified with the General fund for GAAP reporting purposes. However, these funds have their own legally adopted budgets. As a result, an Individual Fund Schedules of Revenue, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual has been presented in these funds. 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.

***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. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Public School Support*** – This fund accounts for and reports school site sales revenue and expenditures assigned for field trips, assemblies, and other activity costs. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***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. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Athletic*** – 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 Fund*** – 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.

***Goals 2000 Pacesetter*** – This fund accounts for and reports restricted State monies for Mercer Elementary School for a parent involvement program.

***Education Jobs*** – This fund accounts for compensation and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood elementary or secondary educational and related services.

***Combining Statements - Nonmajor Governmental Funds***

***Nonmajor Special Revenue Funds (continued)***

***Race to the Top*** – This fund accounts for and reports restricted Federal monies used for education innovation and reform, achieving significant improvement in student outcomes, including making substantial gains in student achievement, closing achievement gaps, improving high school graduation rates, and ensuring student preparation for success in college and careers.

***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.

***Title II-D*** – This fund accounts for and reports restricted Federal grant monies used for technology.

***Title I School Improvement Stimulus*** - This fund accounts for State monies used to improve the teaching and learning of children failing, or most at risk of failing to meet challenging State academic achievement standards.

***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*** - This fund accounts for and reports restricted Federal monies received for various purposes including improved student achievement and teacher development.

***Nonmajor Debt Service Fund***

The Debt Service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

***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.

**Shaker Heights City School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2012*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 944,689	\$ 2,163,927	\$ 3,108,616
Receivables:			
Taxes	0	2,967,313	2,967,313
Intergovernmental	730,998	0	730,998
Inventory Held for Resale	10,737	0	10,737
Materials and Supplies Inventory	4,951	0	4,951
<i>Total Assets</i>	<u>\$ 1,691,375</u>	<u>\$ 5,131,240</u>	<u>\$ 6,822,615</u>
<b>Liabilities</b>			
Accounts Payable	\$ 225,953	\$ 0	\$ 225,953
Accrued Wages and Benefits	368,385	0	368,385
Interfund Payable	178,064	0	178,064
Intergovernmental Payable	152,204	0	152,204
Deferred Revenue	227,583	2,577,228	2,804,811
<i>Total Liabilities</i>	<u>1,152,189</u>	<u>2,577,228</u>	<u>3,729,417</u>
<b>Fund Balances</b>			
Nonspendable	15,688	0	15,688
Restricted	701,095	2,554,012	3,255,107
Unassigned (Deficit)	(177,597)	0	(177,597)
<i>Total Fund Balances</i>	<u>539,186</u>	<u>2,554,012</u>	<u>3,093,198</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,691,375</u>	<u>\$ 5,131,240</u>	<u>\$ 6,822,615</u>

**Shaker Heights City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For Fiscal Year Ended June 30, 2012*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property and Other Local Taxes	\$ 0	\$ 2,597,211	\$ 2,597,211
Intergovernmental	6,297,732	395,389	6,693,121
Interest	6,065	0	6,065
Extracurricular Activities	123,520	0	123,520
Gifts and Donations	52,500	0	52,500
Customer Sales and Services	888,162	0	888,162
Miscellaneous	38,804	0	38,804
<i>Total Revenues</i>	<u>7,406,783</u>	<u>2,992,600</u>	<u>10,399,383</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	1,203,787	0	1,203,787
Special	642,967	0	642,967
Student Intervention Services	57,838	0	57,838
Support Services:			
Pupils	20,605	0	20,605
Instructional Staff	2,115,848	0	2,115,848
Administration	20,464	0	20,464
Fiscal	14,400	53,322	67,722
Operation and Maintenance of Plant	11,876	0	11,876
Pupil Transportation	15,906	0	15,906
Central	33,179	0	33,179
Operation of Non-Instructional Services:			
Food Service Operations	1,821,836	0	1,821,836
Other	1,254,189	0	1,254,189
Extracurricular Activities	260,306	0	260,306
Debt Service:			
Principal Retirement	0	1,639,999	1,639,999
Interest and Fiscal Charges	0	1,015,073	1,015,073
<i>Total Expenditures</i>	<u>7,473,201</u>	<u>2,708,394</u>	<u>10,181,595</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(66,418)</u>	<u>284,206</u>	<u>217,788</u>
<b>Other Financing Sources</b>			
Transfers In	380,000	0	380,000
<i>Total Other Financing Sources (Uses)</i>	<u>380,000</u>	<u>0</u>	<u>380,000</u>
<i>Net Change in Fund Balances</i>	313,582	284,206	597,788
<i>Fund Balances Beginning of Year</i>	<u>225,604</u>	<u>2,269,806</u>	<u>2,495,410</u>
<i>Fund Balances End of Year</i>	<u>\$ 539,186</u>	<u>\$ 2,554,012</u>	<u>\$ 3,093,198</u>

**Shaker Heights City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2012*

	Food Service	Local Grants	Athletics	Auxiliary Services	Data Communications
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 328,825	\$ 72,446	\$ 51,784	\$ 483,848	\$ 0
Receivables:					
Intergovernmental	105,039	0	0	6,024	0
Inventory Held for Resale	10,737	0	0	0	0
Materials and Supplies Inventory	4,951	0	0	0	0
<i>Total Assets</i>	<u>\$ 449,552</u>	<u>\$ 72,446</u>	<u>\$ 51,784</u>	<u>\$ 489,872</u>	<u>\$ 0</u>
<b>Liabilities</b>					
Accounts Payable	\$ 181,434	\$ 0	\$ 988	\$ 40,899	\$ 0
Accrued Wages and Benefits	0	0	0	94,000	0
Interfund Payable	0	0	0	0	0
Intergovernmental Payable	43,893	1,893	769	15,264	0
Deferred Revenue	0	0	0	74	0
<i>Total Liabilities</i>	<u>225,327</u>	<u>1,893</u>	<u>1,757</u>	<u>150,237</u>	<u>0</u>
<b>Fund Balances</b>					
Nonspendable	15,688	0	0	0	0
Restricted	208,537	70,553	50,027	339,635	0
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances</i>	<u>224,225</u>	<u>70,553</u>	<u>50,027</u>	<u>339,635</u>	<u>0</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 449,552</u>	<u>\$ 72,446</u>	<u>\$ 51,784</u>	<u>\$ 489,872</u>	<u>\$ 0</u>

Alternative Schools	Goals 2000 Pacesetter	Education Jobs	Race to the Top	Title VI-B	Title II-D	Title I School Improvement	Limited English Proficiency
\$ 0	\$ 825	\$ 0	\$ 0	\$ 6,919	\$ 0	\$ 0	\$ 14
1,018	0	74,798	140,432	80,922	198	2,043	6,802
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 1,018</u>	<u>\$ 825</u>	<u>\$ 74,798</u>	<u>\$ 140,432</u>	<u>\$ 87,841</u>	<u>\$ 198</u>	<u>\$ 2,043</u>	<u>\$ 6,816</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	381	0	875	177,154	0	0	8,265
1,018	0	74,798	23,734	0	47	450	0
0	1,005	0	1,320	77,084	0	0	646
0	0	0	103,118	6,936	151	0	0
<u>1,018</u>	<u>1,386</u>	<u>74,798</u>	<u>129,047</u>	<u>261,174</u>	<u>198</u>	<u>450</u>	<u>8,911</u>
0	0	0	0	0	0	0	0
0	0	0	11,385	0	0	1,593	0
0	(561)	0	0	(173,333)	0	0	(2,095)
<u>0</u>	<u>(561)</u>	<u>0</u>	<u>11,385</u>	<u>(173,333)</u>	<u>0</u>	<u>1,593</u>	<u>(2,095)</u>
<u>\$ 1,018</u>	<u>\$ 825</u>	<u>\$ 74,798</u>	<u>\$ 140,432</u>	<u>\$ 87,841</u>	<u>\$ 198</u>	<u>\$ 2,043</u>	<u>\$ 6,816</u>

(Continued)

**Shaker Heights City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (Continued)*  
*June 30, 2012*

	Title I	Preschool Disability	Class Size Reduction	Miscellaneous Federal Grants	Totals
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 0	\$ 28	\$ 0	\$ 0	\$ 944,689
Receivables:					
Intergovernmental	257,959	3,688	52,075	0	730,998
Inventory Held for Resale	0	0	0	0	10,737
Materials and Supplies Inventory	0	0	0	0	4,951
<i>Total Assets</i>	<u>\$ 257,959</u>	<u>\$ 3,716</u>	<u>\$ 52,075</u>	<u>\$ 0</u>	<u>\$ 1,691,375</u>
<b>Liabilities</b>					
Accounts Payable	\$ 2,632	\$ 0	\$ 0	\$ 0	\$ 225,953
Accrued Wages and Benefits	83,931	3,779	0	0	368,385
Interfund Payable	62,565	0	15,452	0	178,064
Intergovernmental Payable	8,481	1,402	447	0	152,204
Deferred Revenue	98,773	143	18,388	0	227,583
<i>Total Liabilities</i>	<u>256,382</u>	<u>5,324</u>	<u>34,287</u>	<u>0</u>	<u>1,152,189</u>
<b>Fund Balances</b>					
Nonspendable	0	0	0	0	15,688
Restricted	1,577	0	17,788	0	701,095
Unassigned (Deficit)	0	(1,608)	0	0	(177,597)
<i>Total Fund Balances</i>	<u>1,577</u>	<u>(1,608)</u>	<u>17,788</u>	<u>0</u>	<u>539,186</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 257,959</u>	<u>\$ 3,716</u>	<u>\$ 52,075</u>	<u>\$ 0</u>	<u>\$ 1,691,375</u>



**Shaker Heights City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For Fiscal Year Ended June 30, 2012*

	Food Service	Local Grants	Athletics	Auxiliary Services	Data Communications
<b>Revenues</b>					
Intergovernmental	\$ 931,808	\$ 0	\$ 0	\$ 1,435,051	\$ 14,400
Interest	105	5,777	0	183	0
Extracurricular Activities	0	0	123,520	0	0
Gifts and Donations	0	52,200	300	0	0
Customer Sales and Service	888,162	0	0	0	0
Miscellaneous	38,706	0	98	0	0
<i>Total Revenues</i>	<u>1,858,781</u>	<u>57,977</u>	<u>123,918</u>	<u>1,435,234</u>	<u>14,400</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	2,355	0	0	0
Special	0	0	0	0	0
Student Intervention Services	0	0	0	0	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	43,929	0	0	0
Administration	0	460	0	0	0
Fiscal	0	0	0	0	14,400
Operation and Maintenance of Plant	0	0	11,876	0	0
Pupil Transportation	0	0	0	0	0
Central	0	485	0	0	0
Operation of Non-Instructional Services:					
Food Service	1,821,836	0	0	0	0
Other	0	0	0	1,229,969	0
Extracurricular Activities	0	4,798	255,508	0	0
<i>Total Expenditures</i>	<u>1,821,836</u>	<u>52,027</u>	<u>267,384</u>	<u>1,229,969</u>	<u>14,400</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>36,945</u>	<u>5,950</u>	<u>(143,466)</u>	<u>205,265</u>	<u>0</u>
<b>Other Financing Sources</b>					
Transfers In	200,000	0	180,000	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>200,000</u>	<u>0</u>	<u>180,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	236,945	5,950	36,534	205,265	0
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(12,720)</u>	<u>64,603</u>	<u>13,493</u>	<u>134,370</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 224,225</u>	<u>\$ 70,553</u>	<u>\$ 50,027</u>	<u>\$ 339,635</u>	<u>\$ 0</u>

Alternative School	Goals 2000 Pacesetter	Education Jobs	Race to the Top	Title VI-B	Title II-D	Title I School Improvement	Limited English Proficiency
\$ 37,288	\$ 25,000	\$ 772,029	\$ 94,345	\$ 1,811,169	\$ 5,447	\$ 55,000	\$ 48,103
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
37,288	25,000	772,029	94,345	1,811,169	5,447	55,000	48,103
37,744	0	772,029	0	180,350	5,578	0	0
0	0	0	0	77,444	0	0	47,930
0	0	0	0	57,838	0	0	0
0	0	0	0	20,605	0	0	0
0	20,346	0	36,713	1,696,340	0	53,407	179
0	0	0	20,004	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	32,694	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	47	0	0
0	0	0	0	0	0	0	0
37,744	20,346	772,029	89,411	2,032,577	5,625	53,407	48,109
(456)	4,654	0	4,934	(221,408)	(178)	1,593	(6)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(456)	4,654	0	4,934	(221,408)	(178)	1,593	(6)
456	(5,215)	0	6,451	48,075	178	0	(2,089)
\$ 0	\$ (561)	\$ 0	\$ 11,385	\$ (173,333)	\$ 0	\$ 1,593	\$ (2,095)

**Shaker Heights City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (Continued)*  
*For Fiscal Year Ended June 30, 2012*

	Title I	Preschool Disability	Class Size Reduction	Miscellaneous Federal Grants	Totals
<b>Revenues</b>					
Intergovernmental	\$ 870,985	\$ 50,600	\$ 130,601	\$ 15,906	\$ 6,297,732
Interest	0	0	0	0	6,065
Extracurricular Activities	0	0	0	0	123,520
Gifts and Donations	0	0	0	0	52,500
Customer Sales and Service	0	0	0	0	888,162
Miscellaneous	0	0	0	0	38,804
<i>Total Revenues</i>	<u>870,985</u>	<u>50,600</u>	<u>130,601</u>	<u>15,906</u>	<u>7,406,783</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	167,404	36,257	2,070	0	1,203,787
Special	517,593	0	0	0	642,967
Student Intervention Services	0	0	0	0	57,838
Support Services:					
Pupils	0	0	0	0	20,605
Instructional Staff	153,751	18,733	92,450	0	2,115,848
Administration	0	0	0	0	20,464
Fiscal	0	0	0	0	14,400
Operation and Maintenance of Plant	0	0	0	0	11,876
Pupil Transportation	0	0	0	15,906	15,906
Central	0	0	0	0	33,179
Operation of Non-Instructional Services:					
Food Service	0	0	0	0	1,821,836
Other	11,155	0	13,018	0	1,254,189
Extracurricular Activities	0	0	0	0	260,306
<i>Total Expenditures</i>	<u>849,903</u>	<u>54,990</u>	<u>107,538</u>	<u>15,906</u>	<u>7,473,201</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>21,082</u>	<u>(4,390)</u>	<u>23,063</u>	<u>0</u>	<u>(66,418)</u>
<b>Other Financing Sources</b>					
Transfers In	0	0	0	0	380,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>380,000</u>
<i>Net Change in Fund Balances</i>	21,082	(4,390)	23,063	0	313,582
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(19,505)</u>	<u>2,782</u>	<u>(5,275)</u>	<u>0</u>	<u>225,604</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 1,577</u>	<u>\$ (1,608)</u>	<u>\$ 17,788</u>	<u>\$ 0</u>	<u>\$ 539,186</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**  
*Combining Statement of Fund Net Assets*  
*Internal Service Funds*  
*June 30, 2012*

	<u>Self Insurance</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
<b>Assets</b>			
<i>Current Assets</i>			
Equity in Pooled Cash and Investments	\$ 5,142,000	\$ 700,000	\$ 5,842,000
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts Payable	89,700	0	89,700
Claims Payable	1,053,500	487,441	1,540,941
<i>Total Current Liabilities</i>	<u>1,143,200</u>	<u>487,441</u>	<u>1,630,641</u>
<i>Long-Term Liabilities</i>			
Claims Payable - net of Current Portion	<u>0</u>	<u>212,559</u>	<u>212,559</u>
<i>Total Long-Term Liabilities</i>	<u>0</u>	<u>212,559</u>	<u>212,559</u>
<i>Total Liabilities</i>	<u>1,143,200</u>	<u>700,000</u>	<u>1,843,200</u>
<b>Net Assets</b>			
Unrestricted	<u>3,998,800</u>	<u>0</u>	<u>3,998,800</u>
<i>Total Net Assets</i>	<u>\$ 3,998,800</u>	<u>\$ 0</u>	<u>\$ 3,998,800</u>

**Shaker Heights City School District**  
*Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets*  
*Internal Service Funds*  
*For the Fiscal Year Ended June 30, 2012*

	<u>Self Insurance</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
<b>Operating Revenue</b>			
Charges for Services	\$ 11,316,535	\$ 313,646	\$ 11,630,181
<b>Operating Expenses</b>			
Purchased Services	1,702,947	0	1,702,947
Claims	7,434,788	313,646	7,748,434
<i>Total Operating Expenses</i>	<u>9,137,735</u>	<u>313,646</u>	<u>9,451,381</u>
<i>Change in Net Assets</i>	2,178,800	0	2,178,800
<i>Net Assets Beginning of Year</i>	<u>1,820,000</u>	<u>0</u>	<u>1,820,000</u>
<i>Net Assets End of Year</i>	<u>\$ 3,998,800</u>	<u>\$ 0</u>	<u>\$ 3,998,800</u>

**Shaker Heights City School District**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
For the Fiscal Year Ended June 30, 2012

	<u>Self Insurance</u>	<u>Workers' Compensation Reserve</u>	<u>Totals</u>
<b>Cash Flows From Operating Activities</b>			
Cash Received from Interfund Services Provided	\$ 11,316,535	\$ 313,646	\$ 11,630,181
Cash Paid for Goods and Services	(1,726,947)	0	(1,726,947)
Cash Paid for Claims	<u>(7,676,588)</u>	<u>(213,646)</u>	<u>(7,890,234)</u>
<i>Net Increase (Decrease) in Cash and Investments</i>	1,913,000	100,000	2,013,000
<i>Cash and Investments Beginning of Year</i>	<u>3,229,000</u>	<u>600,000</u>	<u>3,829,000</u>
<i>Cash and Investments End of Year</i>	<u><u>\$ 5,142,000</u></u>	<u><u>\$ 700,000</u></u>	<u><u>\$ 5,842,000</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>			
Operating Income (Loss)	\$ 2,178,800	\$ 0	\$ 2,178,800
Adjustments:			
Increase (Decrease) in Liabilities:			
Accounts Payable	(24,000)	0	(24,000)
Claims Payable	<u>(241,800)</u>	<u>100,000</u>	<u>(141,800)</u>
<i>Total Adjustments</i>	<u>(265,800)</u>	<u>100,000</u>	<u>(165,800)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ 1,913,000</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 2,013,000</u></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 are the School District's fiduciary fund types:

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



**Shaker Heights City School District**  
*Combining Statement of Changes in Assets and Liabilities*  
*All Agency Funds*  
*For the Fiscal Year Ended June 30, 2012*

	Balance 6/30/2011	Additions	Deletions	Balance 6/30/2012
<b>Rotary</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 194,794	\$ 156,441	\$ 154,858	\$ 196,377
Total Assets	<u>\$ 194,794</u>	<u>\$ 156,441</u>	<u>\$ 154,858</u>	<u>\$ 196,377</u>
<b>Liabilities</b>				
Undistributed Monies	\$ 194,794	\$ 1,583	0	\$ 196,377
Total Liabilities	<u>\$ 194,794</u>	<u>\$ 1,583</u>	<u>\$ 0</u>	<u>\$ 196,377</u>
<b>Student Activities</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 128,826	\$ 250,219	\$ 246,980	\$ 132,065
Total Assets	<u>\$ 128,826</u>	<u>\$ 250,219</u>	<u>\$ 246,980</u>	<u>\$ 132,065</u>
<b>Liabilities</b>				
Accounts Payable	\$ 0	\$ 420	\$ 0	\$ 420
Due to Students	128,826	2,819	0	131,645
Total Liabilities	<u>\$ 128,826</u>	<u>\$ 3,239</u>	<u>\$ 0</u>	<u>\$ 132,065</u>
<b>Totals</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 323,620	\$ 406,660	\$ 401,838	\$ 328,442
Total Assets	<u>\$ 323,620</u>	<u>\$ 406,660</u>	<u>\$ 401,838</u>	<u>\$ 328,442</u>
<b>Liabilities</b>				
Accounts Payable	\$ 0	\$ 420	\$ 0	\$ 420
Undistributed Monies	194,794	1,583	0	196,377
Due to Students	128,826	2,819	0	131,645
Total Liabilities	<u>\$ 323,620</u>	<u>\$ 4,822</u>	<u>\$ 0</u>	<u>\$ 328,442</u>

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

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property and Other Local Taxes	\$ 63,968,623	\$ 63,447,792	\$ (520,831)
Intergovernmental	26,863,810	23,395,480	(3,468,330)
Investment Income	381,742	223,346	(158,396)
Tuition and Fees	1,310,601	1,345,176	34,575
Rentals	50,368	44,805	(5,563)
Charges for Services	87,000	66,313	(20,687)
Contributions and Donations	1,000	0	(1,000)
Miscellaneous	168,675	159,547	(9,128)
<i>Total Revenues</i>	<u>92,831,819</u>	<u>88,682,459</u>	<u>(4,149,360)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	35,540,546	34,873,790	666,756
Special	13,148,031	13,148,031	0
Vocational	431,780	431,780	0
Student Intervention Services	792	792	0
Support Services:			
Pupils	5,845,239	5,845,239	0
Instructional Staff	6,293,663	6,293,663	0
Board of Education	18,559	18,559	0
Administration	6,192,682	6,192,682	0
Fiscal	2,607,576	2,591,490	16,086
Business	1,155,077	1,155,077	0
Operation and Maintenance of Plant	15,203,322	13,234,192	1,969,130
Pupil Transportation	4,809,060	4,625,586	183,474
Central	1,964,667	1,964,667	0
Extracurricular Activities	1,047,884	1,047,884	0
Operation of Non-Instructional Services:			
Other	47,477	47,477	0
Capital Outlay	1,318,077	1,272,182	45,895
<i>Total Expenditures</i>	<u>95,624,432</u>	<u>92,743,091</u>	<u>2,881,341</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,792,613)</u>	<u>(4,060,632)</u>	<u>(1,268,019)</u>
<b>Other Financing Sources (Uses)</b>			
Insurance Recoveries	13,000	0	(13,000)
Transfers Out	(350,000)	(385,000)	(35,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(337,000)</u>	<u>(385,000)</u>	<u>(48,000)</u>
<i>Net Change in Fund Balance</i>	(3,129,613)	(4,445,632)	(1,316,019)
<i>Fund Balance Beginning of Year, Restated (See Note 23)</i>	17,220,359	17,220,359	0
Prior Year Encumbrances Appropriated	4,581,296	4,581,296	0
<i>Fund Balance End of Year</i>	<u>\$ 18,672,042</u>	<u>\$ 17,356,023</u>	<u>\$ (1,316,019)</u>

**Shaker Heights City School District**  
*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, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$ 100,000	\$ 70,460	\$ (29,540)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	100,000	74,446	25,554
<i>Net Change in Fund Balance</i>	0	(3,986)	(3,986)
<i>Fund Balance Beginning of Year</i>	4,745	4,745	0
<i>Fund Balance End of Year</i>	\$ 4,745	\$ 759	\$ (3,986)

**Shaker Heights City School District**  
*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, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment Income	\$ 0	\$ 40	\$ 40
Tuition and Fees	66,880	58,745	(8,135)
Extracurricular Activities	96,580	84,825	(11,755)
Contributions and Donations	25,960	22,797	(3,163)
Miscellaneous	10,580	9,278	(1,302)
<i>Total Revenues</i>	<u>200,000</u>	<u>175,685</u>	<u>(24,315)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	176,112	128,200	47,912
Support Services:			
Instructional Staff	500	500	0
Administration	12,734	12,734	0
Pupil Transportation	3,413	3,413	0
Extracurricular Activities	20,937	20,937	0
<i>Total Expenditures</i>	<u>213,696</u>	<u>165,784</u>	<u>47,912</u>
<i>Net Change in Fund Balance</i>	(13,696)	9,901	23,597
<i>Fund Balance Beginning of Year</i>	87,071	87,071	0
Prior Year Encumbrances Appropriated	<u>13,698</u>	<u>13,698</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 87,073</u></u>	<u><u>\$ 110,670</u></u>	<u><u>\$ 23,597</u></u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Shaker Merchandise  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 0	\$ 38	\$ 38
Miscellaneous	15,000	4,799	(10,201)
<i>Total Revenues</i>	<u>15,000</u>	<u>4,837</u>	<u>(10,163)</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Business	<u>21,080</u>	<u>12,072</u>	<u>9,008</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,080)</u>	<u>(7,235)</u>	<u>(1,155)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,080)	(2,235)	(1,155)
<i>Fund Balance Beginning of Year</i>	4,829	4,829	0
Prior Year Encumbrances Appropriated	<u>1,080</u>	<u>1,080</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 4,829</u>	<u>\$ 3,674</u>	<u>\$ (1,155)</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Fringe Benefits  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Miscellaneous	\$ 250,000	\$ 95,722	\$ (154,278)
<b>Expenditures</b>			
Current:			
Support Services:			
Fiscal	247,337	429,829	(182,492)
<i>Net Change in Fund Balance</i>	2,663	(334,107)	(336,770)
<i>Fund Balance Beginning of Year</i>	1,585,102	1,585,102	0
Prior Year Encumbrances Appropriated	147,337	147,337	0
<i>Fund Balance End of Year</i>	<u>\$ 1,735,102</u>	<u>\$ 1,398,332</u>	<u>\$ (336,770)</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Building  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment Income	\$ 5,000	\$ 1,131	\$ (3,869)
Contributions and Donations	50,000	73,806	23,806
Miscellaneous	320,000	52,793	(267,207)
<i>Total Revenues</i>	<u>375,000</u>	<u>127,730</u>	<u>(247,270)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	817,132	108,975	708,157
Support Services:			
Instructional Staff	307,350	307,350	0
Fiscal	605,983	0	605,983
Business	47,442	47,442	0
Operation and Maintenance of Plant	412,361	412,361	0
Pupil Transportation	316,868	316,868	0
Operation of Non-Instructional Services:			
Other	8,197	8,197	0
Capital Outlay	1,269,879	1,269,879	0
Debt Service:			
Principal Retirement	0	600,000	(600,000)
Interest and Fiscal Charges	0	5,983	(5,983)
<i>Total Expenditures</i>	<u>3,785,212</u>	<u>3,077,055</u>	<u>708,157</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,410,212)</u>	<u>(2,949,325)</u>	<u>460,887</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Tax Anticipation Notes	600,000	0	(600,000)
Insurance Recoveries	25,000	14,697	(10,303)
<i>Total Other Financing Sources (Uses)</i>	<u>625,000</u>	<u>14,697</u>	<u>(610,303)</u>
<i>Net Change in Fund Balance</i>	(2,785,212)	(2,934,628)	(149,416)
<i>Fund Balance Beginning of Year</i>	3,043,946	3,043,946	0
Prior Year Encumbrances Appropriated	<u>785,213</u>	<u>785,213</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,043,947</u>	<u>\$ 894,531</u>	<u>\$ (149,416)</u>



**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Food Service  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 884,000	\$ 779,542	\$ (104,458)
Investment Income	1,000	105	(895)
Charges for Services	925,000	888,162	(36,838)
Miscellaneous	40,000	38,706	(1,294)
<i>Total Revenues</i>	<u>1,850,000</u>	<u>1,706,515</u>	<u>(143,485)</u>
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Food Service Operations	<u>2,656,239</u>	<u>2,121,580</u>	<u>534,659</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(806,239)</u>	<u>(415,065)</u>	<u>391,174</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>600,000</u>	<u>200,000</u>	<u>(400,000)</u>
<i>Net Change in Fund Balance</i>	(206,239)	(215,065)	(8,826)
<i>Fund Balance Beginning of Year</i>	(41,172)	(41,172)	0
Prior Year Encumbrances Appropriated	<u>256,240</u>	<u>256,240</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 8,829</u>	<u>\$ 3</u>	<u>\$ (8,826)</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Local Grants  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Investment Income	\$ 5,777	\$ 5,777	\$ 0
Contributions and Donations	69,222	52,200	(17,022)
<i>Total Revenues</i>	<u>74,999</u>	<u>57,977</u>	<u>(17,022)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	19,978	1,341	18,637
Support Services:			
Instructional Staff	76,297	50,147	26,150
Central	485	485	0
Extracurricular Activities	6,550	4,798	1,752
<i>Total Expenditures</i>	<u>103,310</u>	<u>56,771</u>	<u>46,539</u>
<i>Net Change in Fund Balance</i>	(28,311)	1,206	29,517
<i>Fund Balance Beginning of Year</i>	64,634	64,634	0
Prior Year Encumbrances Appropriated	3,833	3,833	0
<i>Fund Balance End of Year</i>	<u>\$ 40,156</u>	<u>\$ 69,673</u>	<u>\$ 29,517</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual*  
**Athletics**  
*For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Extracurricular Activities	\$ 0	\$ 123,520	\$ 123,520
Contributions and Donations	0	300	300
Miscellaneous	305,000	98	(304,902)
<i>Total Revenues</i>	<u>305,000</u>	<u>123,918</u>	<u>(181,082)</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Business	24,954	0	24,954
Operation and Maintenance of Plant	11,951	11,951	0
Extracurricular Activities	271,518	271,519	(1)
<i>Total Expenditures</i>	<u>308,423</u>	<u>283,470</u>	<u>24,953</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,423)</u>	<u>(159,552)</u>	<u>(156,129)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	180,000	180,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>180,000</u>	<u>180,000</u>
<i>Net Change in Fund Balance</i>	(3,423)	20,448	23,871
<i>Fund Balance Beginning of Year</i>	7,560	7,560	0
Prior Year Encumbrances Appropriated	8,417	8,417	0
<i>Fund Balance End of Year</i>	<u>\$ 12,554</u>	<u>\$ 36,425</u>	<u>\$ 23,871</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Auxiliary Services  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 1,449,819	\$ 1,429,101	\$ (20,718)
Investment Income	183	183	0
<i>Total Revenues</i>	<u>1,450,002</u>	<u>1,429,284</u>	<u>(20,718)</u>
<b>Expenditures</b>			
Current:			
Operation of Non-Instructional Services:			
Other	<u>1,787,799</u>	<u>1,426,650</u>	<u>361,149</u>
<i>Net Change in Fund Balance</i>	(337,797)	2,634	340,431
<i>Fund Balance Beginning of Year</i>	129,973	129,973	0
Prior Year Encumbrances Appropriated	<u>228,543</u>	<u>228,543</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 20,719</u>	<u>\$ 361,150</u>	<u>\$ 340,431</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Data Communications  
 For the Fiscal Year Ended June 30, 2012*

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 14,400	\$ 14,400	\$ 0
<b>Expenditures</b>			
Current:			
Support Services:			
Fiscal	14,400	14,400	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Alternative Schools  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 40,000	\$ 36,726	\$ (3,274)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	37,744	37,744	0
<i>Net Change in Fund Balance</i>	2,256	(1,018)	(3,274)
<i>Fund Balance Beginning of Year</i>	(456)	(456)	0
Prior Year Encumbrances Appropriated	456	456	0
<i>Fund Balance End of Year</i>	<u>\$ 2,256</u>	<u>\$ (1,018)</u>	<u>\$ (3,274)</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Goals 2000 Pacesetter  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 25,000	\$ 25,000	\$ 0
<b>Expenditures</b>			
Current:			
Support Services:			
Instructional Staff	26,033	25,207	826
<i>Net Change in Fund Balance</i>	(1,033)	(207)	826
<i>Fund Balance Beginning of Year</i>	1,033	1,033	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 826</u>	<u>\$ 826</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Education Jobs  
 For the Fiscal Year Ended June 30, 2012*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 775,000	\$ 697,231	\$ (77,769)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	772,030	772,029	1
<i>Net Change in Fund Balance</i>	2,970	(74,798)	(77,768)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	<u>\$ 2,970</u>	<u>\$ (74,798)</u>	<u>\$ (77,768)</u>



**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual*  
*Race to the Top*  
*For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 205,000	\$ 63,482	\$ (141,518)
<b>Expenditures</b>			
Current:			
Support Services:			
Instructional Staff	147,003	36,390	110,613
Administration	18,000	20,004	(2,004)
Central	38,768	30,854	7,914
<i>Net Change in Fund Balance</i>	1,229	(23,766)	(24,995)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$ 1,229	\$ (23,766)	\$ (24,995)

**Shaker Heights City School District**  
*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, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 2,179,343	\$ 2,086,003	\$ (93,340)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	185,350	(185,350)
Special	66,366	163,847	(97,481)
Student Intervention Services	303,693	57,838	245,855
Support Services:			
Pupils	0	20,605	(20,605)
Instructional Staff	1,797,641	1,660,775	136,866
Other	1,621	0	1,621
<i>Total Expenditures</i>	<u>2,169,321</u>	<u>2,088,415</u>	<u>80,906</u>
<i>Net Change in Fund Balance</i>	10,022	(2,412)	(12,434)
<i>Fund Balance Beginning of Year</i>	(76,492)	(76,492)	0
Prior Year Encumbrances Appropriated	<u>85,824</u>	<u>85,824</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 19,354</u>	<u>\$ 6,920</u>	<u>\$ (12,434)</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*Title II-D*  
*For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 5,877	\$ 5,400	\$ (477)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	5,578	5,578	0
Operation of Non-Instructional Services:			
Other	199	47	152
<i>Total Expenditures</i>	<u>5,777</u>	<u>5,625</u>	<u>152</u>
<i>Net Change in Fund Balance</i>	100	(225)	(325)
<i>Fund Balance Beginning of Year</i>	123	123	0
Prior Year Encumbrances Appropriated	55	55	0
<i>Fund Balance End of Year</i>	<u>\$ 278</u>	<u>\$ (47)</u>	<u>\$ (325)</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Title I School Improvement  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 55,000	\$ 52,957	\$ (2,043)
<b>Expenditures</b>			
Current:			
Support Services:			
Instructional Staff	55,000	53,407	1,593
<i>Net Change in Fund Balance</i>	0	(450)	(450)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$ 0	\$ (450)	\$ (450)

**Shaker Heights City School District**  
*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, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 56,000	\$ 47,584	\$ (8,416)
<b>Expenditures</b>			
Current:			
Instruction:			
Special	54,711	47,894	6,817
Support Services:			
Instructional Staff	505	505	0
<i>Total Expenditures</i>	<u>55,216</u>	<u>48,399</u>	<u>6,817</u>
<i>Net Change in Fund Balance</i>	784	(815)	(1,599)
<i>Fund Balance Beginning of Year</i>	<u>830</u>	<u>830</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 1,614</u></u>	<u><u>\$ 15</u></u>	<u><u>\$ (1,599)</u></u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*Title I*  
*For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 1,176,722	\$ 855,863	\$ (320,859)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	338,007	188,461	149,546
Special	520,878	525,915	(5,037)
Support Services:			
Instructional Staff	192,024	165,569	26,455
Operation of Non-Instructional Services:			
Other	22,377	19,355	3,022
<i>Total Expenditures</i>	1,073,286	899,300	173,986
<i>Net Change in Fund Balance</i>	103,436	(43,437)	(146,873)
<i>Fund Balance Beginning of Year</i>	(249,683)	(249,683)	0
Prior Year Encumbrances Appropriated	209,899	209,899	0
<i>Fund Balance End of Year</i>	\$ 63,652	\$ (83,221)	\$ (146,873)

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Preschool Disability  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 51,631	\$ 47,055	\$ (4,576)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	36,257	36,257	0
Support Services:			
Instructional Staff	17,969	14,395	3,574
<i>Total Expenditures</i>	54,226	50,652	3,574
<i>Net Change in Fund Balance</i>	(2,595)	(3,597)	(1,002)
<i>Fund Balance Beginning of Year</i>	(9,644)	(9,644)	0
Prior Year Encumbrances Appropriated	13,270	13,270	0
<i>Fund Balance End of Year</i>	\$ 1,031	\$ 29	\$ (1,002)

**Shaker Heights City School District**  
*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, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 205,000	\$ 109,145	\$ (95,855)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	12,234	2,070	10,164
Support Services:			
Instructional Staff	115,304	112,268	3,036
Operation of Non-Instructional Services:			
Other	33,686	13,018	20,668
<i>Total Expenditures</i>	161,224	127,356	33,868
<i>Net Change in Fund Balance</i>	43,776	(18,211)	(61,987)
<i>Fund Balance Beginning of Year</i>	(13,094)	(13,094)	0
Prior Year Encumbrances Appropriated	13,098	13,098	0
<i>Fund Balance End of Year</i>	\$ 43,780	\$ (18,207)	\$ (61,987)



**Shaker Heights City School District**  
*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, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 15,906	\$ 15,906	\$ 0
<b>Expenditures</b>			
Current:			
Support Services:			
Pupil Transportation	15,906	15,906	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance End of Year</i>	\$ 0	\$ 0	\$ 0

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Bond Retirement  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property and Other Local Taxes	\$ 2,564,531	\$ 2,626,622	\$ 62,091
Intergovernmental	352,000	395,389	43,389
Miscellaneous	217,291	0	(217,291)
<i>Total Revenues</i>	<u>3,133,822</u>	<u>3,022,011</u>	<u>(111,811)</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Fiscal	103,185	59,572	43,613
Debt Service:			
Principal Retirement	1,639,999	1,639,999	0
Interest and Fiscal Charges	1,015,073	1,015,073	0
<i>Total Expenditures</i>	<u>2,758,257</u>	<u>2,714,644</u>	<u>43,613</u>
<i>Net Change in Fund Balance</i>	375,565	307,367	(68,198)
<i>Fund Balance Beginning of Year</i>	1,842,054	1,842,054	0
Prior Year Encumbrances Appropriated	8,256	8,256	0
<i>Fund Balance End of Year</i>	<u>\$ 2,225,875</u>	<u>\$ 2,157,677</u>	<u>\$ (68,198)</u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Equity -  
 Budget (Non-GAAP Basis) and Actual  
 Self Insurance  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating Revenues</b>			
Customer Sales and Services	\$ 10,500,000	\$ 11,316,535	\$ 816,535
<b>Operating Expenses</b>			
Purchased services	1,726,947	1,726,947	0
Claims	9,773,053	7,676,588	2,096,465
<i>Total Operating Expenses</i>	<u>11,500,000</u>	<u>9,403,535</u>	<u>2,096,465</u>
<i>Net Change in Fund Equity</i>	(1,000,000)	1,913,000	2,913,000
<i>Fund Equity Beginning of Year</i>	<u>3,229,000</u>	<u>3,229,000</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$ 2,229,000</u></u>	<u><u>\$ 5,142,000</u></u>	<u><u>\$ 2,913,000</u></u>

**Shaker Heights City School District**  
*Schedule of Revenues, Expenditures, and Changes in Fund Equity -  
 Budget (Non-GAAP Basis) and Actual  
 Workers' Compensation Reserve  
 For the Fiscal Year Ended June 30, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating Revenues</b>			
Customer Sales and Services	\$ 300,000	\$ 313,646	\$ 13,646
<b>Operating Expenses</b>			
Claims	300,000	213,646	86,354
<i>Net Change in Fund Equity</i>	0	100,000	100,000
<i>Fund Equity Beginning of Year</i>	600,000	600,000	0
<i>Fund Equity End of Year</i>	\$ 600,000	\$ 700,000	\$ 100,000

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STATISTICAL SECTION



## Statistical Section

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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.

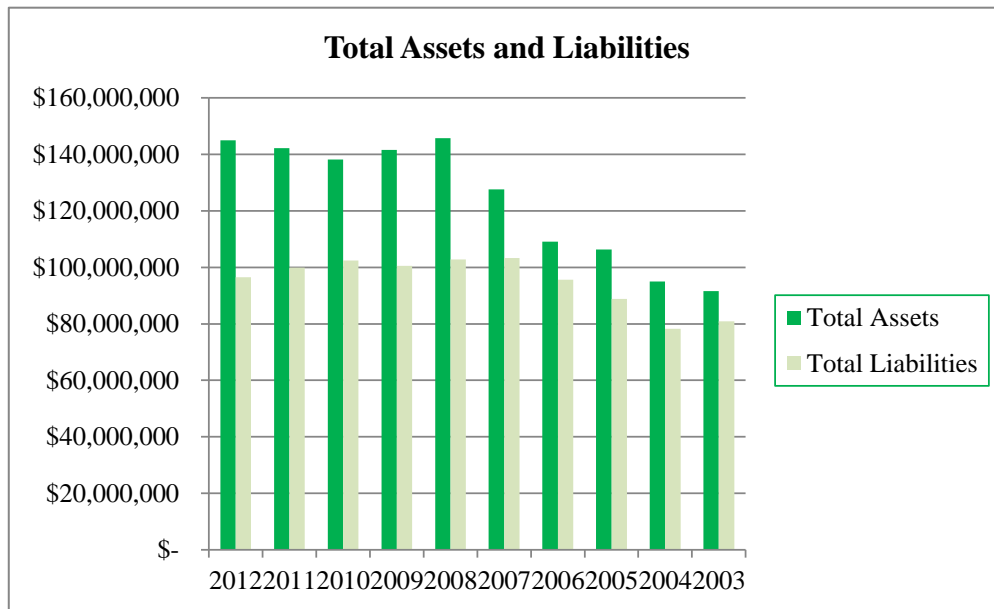
<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	S-2 - S-13
<b>Revenue Capacity</b> These schedules contain information to 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-14 - S-26
<b>Debt Capacity</b> 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
<b>Economic and Demographic Information</b> 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
<b>Operating Information</b> 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-35 - S-48

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year. The School District implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that 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.

**Shaker Heights City School District**  
 Net Assets by Component  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2012	2011	2010	2009
<b>Governmental Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$11,315,889	\$11,398,071	\$10,070,839	\$8,401,734
Restricted for:				
Capital Projects	1,439,495	1,098,470	1,531,066	1,525,468
Debt Service	2,991,077	2,354,956	2,359,850	2,644,458
Set Asides	353,070	353,070	353,070	353,070
Other Purposes	766,769	871,703	830,467	792,242
Unrestricted	31,719,973	26,197,012	20,608,691	27,407,164
<b>Total Governmental Activities Net Assets</b>	<b>\$ 48,586,273</b>	<b>\$ 42,273,282</b>	<b>\$ 35,753,983</b>	<b>\$ 41,124,136</b>



Source: School District financial records.



2008	2007	2006	2005	2004	2003
\$8,694,425	\$ 4,632,987	\$ 2,204,521	\$ 4,100,033	\$ 2,500,547	\$ 1,855,573
99,381	400,300	1,655,509	678,855	1,543,825	1,901,796
2,853,551	2,455,559	2,263,055	1,400,799	868,760	917,851
353,070	353,070	353,070	353,070	353,070	353,070
390,160	797,215	544,543	608,066	305,712	421,775
<u>30,568,922</u>	<u>15,628,893</u>	<u>6,438,744</u>	<u>10,355,170</u>	<u>11,215,209</u>	<u>5,262,682</u>
<u>\$ 42,959,509</u>	<u>\$ 24,268,024</u>	<u>\$ 13,459,442</u>	<u>\$ 17,495,993</u>	<u>\$ 16,787,123</u>	<u>\$ 10,712,747</u>

**Shaker Heights City School District**  
*Changes in Net Assets of Governmental Activities*  
*Last Ten Fiscal Years*  
*(accrual basis of accounting)*

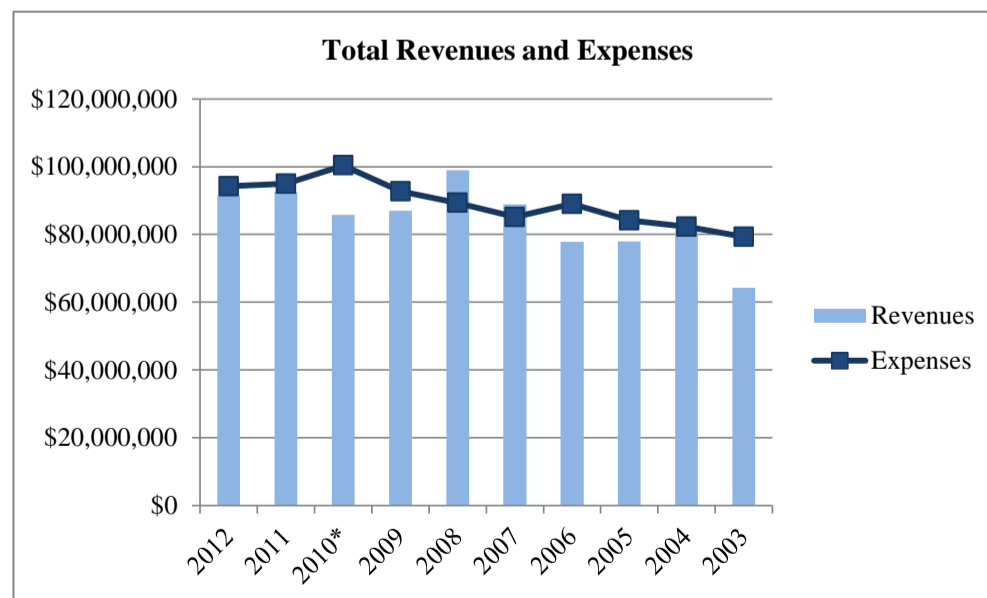
	2012	2011	2010*	2009
<b>Expenses</b>				
Instruction:				
Regular	\$ 34,798,586	\$ 35,281,264	\$ 37,085,280	\$ 35,379,158
Special	12,002,923	11,964,327	13,428,305	11,824,756
Vocational	150,353	228,758	139,800	242,656
Student Intervention Services	58,630	67,198	19,489	0
Other	8,693	0	0	0
Support Services:				
Pupils	5,594,025	5,552,562	6,109,276	5,442,866
Instructional Staff	7,880,942	7,168,686	7,847,850	6,661,050
Board of Education	18,470	17,368	22,044	18,690
Administration	5,911,138	6,106,215	6,143,839	6,002,432
Fiscal	2,645,931	2,086,303	1,815,190	2,195,814
Business	1,043,044	952,606	933,149	931,242
Operation and Maintenance of Plant	12,347,748	13,466,665	14,220,532	13,059,730
Pupil Transportation	4,456,181	4,602,302	4,795,694	4,169,665
Central	1,754,818	1,917,495	1,990,523	1,444,784
Operation of Non-Instructional Services	1,428,394	1,220,198	1,327,646	1,207,237
Food Service Operations	1,820,200	1,945,696	1,951,783	1,726,334
Extracurricular Activities	1,268,779	1,249,690	1,296,624	1,170,726
Interest and Fiscal Charges	1,000,513	1,106,286	1,227,205	1,277,952
<i>Total Expenses</i>	<u>94,189,368</u>	<u>94,933,619</u>	<u>100,354,229</u>	<u>92,755,092</u>
<b>Program Revenues</b>				
Charges for Services and Sales				
Instruction:				
Regular	1,226,867	754,595	1,559,258	789,813
Special	414,873	171,178	187,379	202,415
Vocational	0	3,471	2,101	4,247
Support Services:				
Pupils	0	85,442	91,479	102,981
Instructional Staff	0	88,670	91,968	80,033
Board of Education	0	0	336	551
Administration	0	0	93,031	129,968
Fiscal	0	0	26,440	29,030
Business	0	0	12,975	16,925
Operation and Maintenance of Plant	10,708	285,446	303,580	300,135
Pupil Transportation	17,560	67,464	66,566	78,983
Central	0	28,892	30,003	29,493
Operation of Non-Instruction Services	0	797	755	98,902
Food Service Operations	888,162	912,327	815,170	800,042
Extracurricular Activities	112,812	139,488	196,635	110,980
Operating Grants and Contributions				
Instruction:				
Regular	1,175,777	1,463,608	502,626	754,782
Special	1,094,487	805,930	1,037,972	925,126
Vocational	0	0	0	3,037
Student Intervention Services	57,840	162,215	31,087	0
Support Services:				
Pupils	0	50,739	43,226	88,617
Instructional Staff	1,469,327	1,741,042	1,774,381	1,450,387
Board of Education	0	0	0	0
Administration	20,000	0	0	0
Fiscal	14,400	0	16,000	24,000
Business	38	0	0	0
Operation and Maintenance of Plant	0	0	0	164,634

2008	2007	2006	2005	2004	2003
\$ 34,107,481	\$ 33,772,290	\$ 35,310,361	\$ 32,924,168	\$ 32,864,526	\$ 31,814,593
11,332,475	10,931,104	10,607,843	10,647,502	10,008,927	9,238,257
225,025	249,179	261,197	365,419	242,694	293,396
0	0	0	0	0	0
0	0	0	0	0	0
5,495,125	5,183,166	5,375,507	5,238,920	5,169,180	5,012,167
5,714,875	5,011,630	5,578,777	5,352,258	5,203,618	4,970,899
29,232	16,097	19,423	12,936	81,020	44,557
5,995,614	5,413,913	6,436,016	6,251,458	6,098,561	5,579,077
1,959,745	2,502,091	1,851,290	1,957,648	1,641,345	1,626,208
995,011	831,094	923,004	899,420	636,841	667,241
12,623,322	11,044,168	11,863,117	10,369,547	10,509,814	10,329,284
3,989,689	3,732,632	4,243,701	4,429,933	4,065,825	3,802,122
1,670,621	1,665,801	1,548,776	1,537,060	1,488,606	1,655,119
1,140,592	1,374,292	1,425,671	1,057,019	1,202,617	1,317,092
1,518,386	1,236,661	1,311,946	1,029,189	921,209	946,834
1,230,898	1,213,896	1,241,147	1,294,801	1,332,974	1,131,817
1,282,207	1,002,654	1,015,691	781,322	775,725	858,143
<u>89,310,298</u>	<u>85,180,668</u>	<u>89,013,467</u>	<u>84,148,600</u>	<u>82,243,482</u>	<u>79,286,806</u>
855,900	638,404	692,997	971,608	63,746	1,379,232
224,936	158,673	178,796	148,714	1,211,647	0
4,720	3,799	4,193	0	1,187	0
114,444	78,661	88,616	9,913	0	0
88,939	55,156	63,556	0	0	0
613	236	355	0	0	0
127,938	82,913	97,895	0	0	0
32,260	36,415	31,050	0	0	0
18,990	11,474	15,372	19	0	0
258,411	160,269	275,039	146,592	150,000	0
87,773	60,331	74,288	905	0	0
32,775	24,249	24,904	0	0	0
103,118	100,717	893	0	0	0
710,786	738,586	750,790	793,978	701,537	679,991
123,035	175,780	172,196	227,586	414,131	437,824
1,000,038	860,207	901,271	528,306	657,616	629,987
817,586	601,971	62,697	808,425	692,085	442,599
2,011	0	0	0	0	0
0	0	0	0	0	0
79,562	26,600	36,837	24,560	0	27,904
1,321,093	1,418,048	1,743,256	1,438,595	1,038,916	657,499
261	0	0	0	0	0
63,392	2,458	15,781	0	0	0
41,381	30,618	3,657	5,737	21,271	0
8,015	0	0	0	0	0
134,036	58,973	65,717	79,378	0	28,000

(continued)

**Shaker Heights City School District**  
*Changes in Net Assets of Governmental Activities*  
*Last Ten Fiscal Years*  
*(accrual basis of accounting)*

	2012	2011	2010*	2009
Pupil Transportation	15,906	72	45,507	56,487
Central	33,000	5,000	11,409	22,315
Operation of Non-Instruction Services	1,446,234	1,189,003	1,294,234	1,304,659
Food Service Operations	931,912	754,440	751,596	687,159
Extracurricular Activities	6,051	3,290	3,020	19,027
Capital Grants and Contributions				
Instruction:				
Regular	0	0	30,040	0
Support Services:				
Instructional Staff	0	0	49,911	0
Business	0	0	3,829	0
Operation and Maintenance of Plant	32,972	79,489	33,878	276,391
Pupil Transportation	41,965	0	124,521	0
<b>Total Program Revenues</b>	<b>9,010,891</b>	<b>8,792,598</b>	<b>9,230,913</b>	<b>8,551,119</b>
Net Expense	(85,178,477)	(86,141,021)	(91,123,316)	(84,203,973)
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes	64,805,875	63,904,018	\$56,751,088	\$56,984,545
Debt Service	2,658,043	2,755,119	2,960,050	3,154,120
Capital Outlay	0	0	0	0
Grants and Entitlements not Restricted to Specific Programs	23,319,363	25,301,197	25,155,226	25,102,989
Investment Earnings	193,986	291,878	532,965	1,303,054
Unrestricted Contributions and Donations	0	1,090	0	0
Gain on Sale of Capital Assets	0	18,750	21,600	0
Miscellaneous	514,201	388,268	332,234	423,892
<b>Total General Revenues</b>	<b>91,491,468</b>	<b>92,660,320</b>	<b>85,753,163</b>	<b>86,968,600</b>
<b>Extraordinary Item</b>				
Decrease in Delinquent Property Taxes	0	0	0	(4,600,000)
<b>Total General Revenues and Extraordinary Item</b>	<b>91,491,468</b>	<b>92,660,320</b>	<b>85,753,163</b>	<b>82,368,600</b>
<b>Change in Net Assets</b>	<b>\$ 6,312,991</b>	<b>\$ 6,519,299</b>	<b>\$ (5,370,153)</b>	<b>\$ (1,835,373)</b>

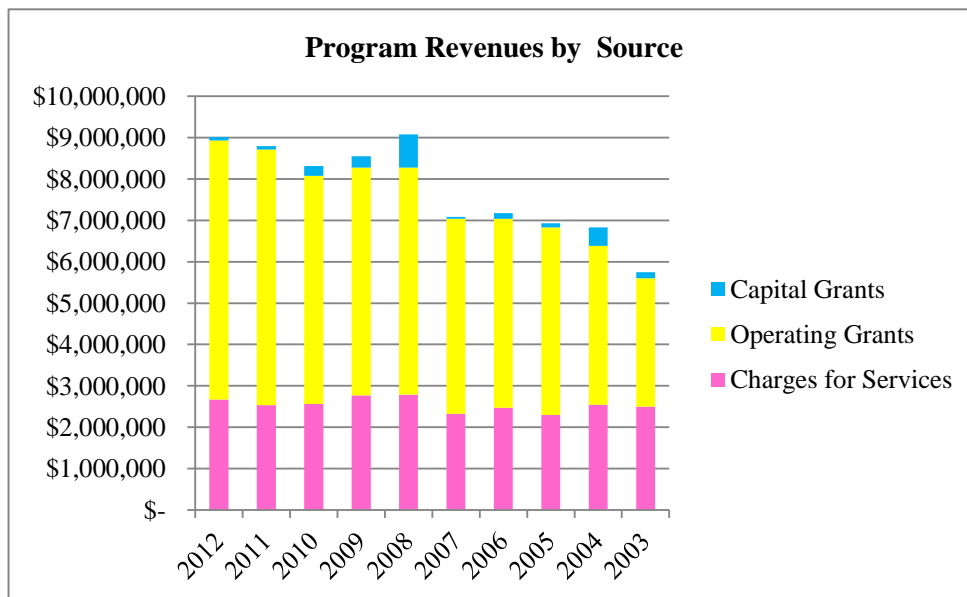


\*Includes immaterial amounts reclassified for comparison purposes.

2008	2007	2006	2005	2004	2003
37,404	0	0	0	0	0
41,050	26,758	15,973	15,154	0	21,121
1,311,538	1,224,791	1,272,795	1,196,573	1,345,919	1,036,096
609,352	454,616	426,452	391,333	0	245,419
22,008	6,848	20,874	39,074	85,681	16,960
0	0	0	47,670	0	87,683
0	0	0	0	0	0
0	0	0	0	0	0
802,694	49,102	142,150	34,282	444,511	57,890
0	0	0	20,997	0	0
<u>9,076,059</u>	<u>7,086,653</u>	<u>7,178,400</u>	<u>6,929,399</u>	<u>6,828,247</u>	<u>5,748,205</u>
<u>(80,234,239)</u>	<u>(78,094,015)</u>	<u>(81,835,067)</u>	<u>(77,219,201)</u>	<u>(75,415,235)</u>	<u>(73,538,601)</u>
\$69,184,729	\$60,456,905	\$51,230,820	\$51,902,593	\$56,520,406	\$40,344,179
3,494,170	3,211,409	2,475,501	1,604,046	2,110,278	1,709,155
0	0	206,688	519,804	323,065	141,401
24,004,932	23,496,372	22,583,373	22,989,562	22,160,812	21,576,741
1,831,239	1,625,920	1,147,810	622,591	169,849	388,345
0	0	0	1,225	0	0
0	0	5,250	0	0	0
410,654	111,991	149,074	288,250	205,201	136,845
<u>98,925,724</u>	<u>88,902,597</u>	<u>77,798,516</u>	<u>77,928,071</u>	<u>81,489,611</u>	<u>64,296,666</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>98,925,724</u>	<u>88,902,597</u>	<u>77,798,516</u>	<u>77,928,071</u>	<u>81,489,611</u>	<u>64,296,666</u>
<u>\$ 18,691,485</u>	<u>\$ 10,808,582</u>	<u>\$ (4,036,551)</u>	<u>\$ 708,870</u>	<u>\$ 6,074,376</u>	<u>\$ (9,241,935)</u>

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

<i>Governmental Activities</i>	2012	2011	2010	2009
<b>Instruction:</b>				
Regular	\$ 2,402,644	\$ 2,218,203	\$ 1,177,111	\$ 1,544,595
Special	1,509,360	977,108	1,225,351	1,127,541
Vocational	0	3,471	2,101	7,284
Student Intervention	57,840	162,215	31,087	0
<b>Support Services:</b>				
Pupils	0	136,181	134,705	191,598
Instructional Staff	1,469,327	1,829,712	1,916,260	1,530,420
Board of Education	0	0	336	551
Administration	20,000	0	93,031	129,968
Fiscal	14,400	0	42,440	53,030
Business	38	0	16,804	16,925
Operation and Maintenance of Plant	43,680	364,935	337,458	741,160
Pupil Transportation	75,431	67,536	236,594	135,470
Central	33,000	33,892	41,412	51,808
Operation of Non-Instructional Services	1,446,234	1,189,800	1,294,989	1,403,561
Food Services	1,820,074	1,666,767	1,566,766	1,487,201
Extracurricular Activities	118,863	142,778	199,655	130,007
<b>Total Program Revenues</b>	<b>\$ 9,010,891</b>	<b>\$ 8,792,598</b>	<b>\$ 8,316,100</b>	<b>\$ 8,551,119</b>

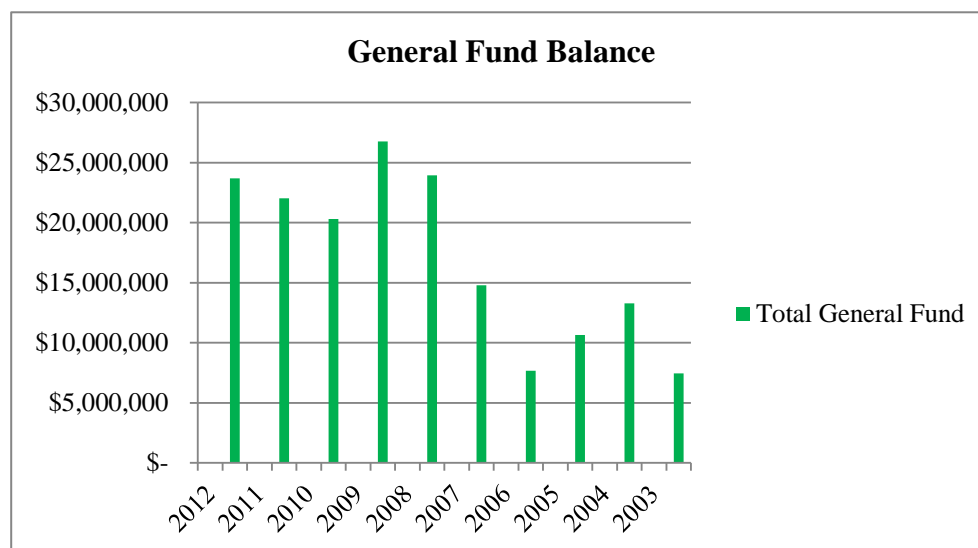


Source: School District financial records

	2008	2007	2006	2005	2004	2003
\$	1,855,938	\$ 1,498,611	\$ 1,594,268	\$ 1,547,584	\$ 721,362	\$ 2,096,902
	1,042,522	760,644	241,493	957,139	1,903,732	442,599
	6,731	3,799	4,193	0	1,187	0
	0	0	0	0	0	0
	194,006	105,261	125,453	34,473	0	27,904
	1,410,032	1,473,204	1,806,812	1,438,595	1,038,916	657,499
	874	236	355	0	0	0
	191,330	85,371	113,676	0	0	0
	73,641	67,033	34,707	5,737	21,271	0
	27,005	11,474	15,372	19	0	0
	1,195,141	268,344	482,906	260,252	594,511	85,890
	125,177	60,331	74,288	21,902	0	0
	73,825	51,007	40,877	15,154	0	21,121
	1,414,656	1,325,508	1,273,688	1,196,573	1,345,919	1,036,096
	1,320,138	1,193,202	1,177,242	1,185,311	701,537	925,410
	145,043	182,628	193,070	266,660	499,812	454,784
\$	<u>9,076,059</u>	<u>\$ 7,086,653</u>	<u>\$ 7,178,400</u>	<u>\$ 6,929,399</u>	<u>\$ 6,828,247</u>	<u>\$ 5,748,205</u>

**Shaker Heights City School District**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	2012	2011	2010	2009
<b>General Fund</b>				
Reserved	N/A	N/A	N/A	\$ 14,483,565
Unreserved	N/A	N/A	N/A	12,263,251
Nonspendable	268,580	382,367	231,117	N/A
Restricted	353,070	353,070	353,070	N/A
Committed	0	0	0	N/A
Assigned	8,801,392	4,455,388	3,988,294	N/A
Unassigned	14,278,025	16,822,882	15,721,703	N/A
<b>Total General Fund</b>	<b>23,701,067</b>	<b>22,013,707</b>	<b>20,294,184</b>	<b>26,746,816</b>
<b>All Other Governmental Funds</b>				
Reserved	N/A	N/A	N/A	1,967,505
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	N/A	N/A	N/A	204,836
Debt Service Funds	N/A	N/A	N/A	2,050,073
Capital Projects Funds	N/A	N/A	N/A	4,905,551
Nonspendable	15,688	14,913	26,884	N/A
Restricted	4,694,602	5,611,699	7,407,491	N/A
Committed	0	0	0	N/A
Assigned	0	0	0	N/A
Unassigned	(177,597)	(59,717)	(12,179)	N/A
<b>Total All Other Governmental Funds</b>	<b>4,532,693</b>	<b>5,566,895</b>	<b>7,422,196</b>	<b>9,127,965</b>
<b>Total Governmental Funds</b>	<b>\$ 28,233,760</b>	<b>\$ 27,580,602</b>	<b>\$ 27,716,380</b>	<b>\$ 35,874,781</b>



Source: School District financial records

Note: The School District implemented GASB 54 during 2011.



2008	2007	2006	2005	2004	2003
\$ 10,969,494	\$ 9,753,040	\$ 8,511,681	\$ 8,725,818	\$ 10,987,610	\$ 5,061,262
12,978,966	5,023,594	(828,306)	1,917,235	2,285,249	2,390,165
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
23,948,460	14,776,634	7,683,375	10,643,053	13,272,859	7,451,427
2,500,917	3,676,195	2,796,510	2,335,692	1,324,079	1,104,311
125,845	248,532	439,345	264,879	85,919	139,795
1,996,267	2,045,247	1,904,007	1,171,864	965,905	649,422
6,057,373	6,035,783	2,964,790	8,910,495	416,890	1,377,365
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
10,680,402	12,005,757	8,104,652	12,682,930	2,792,793	3,270,893
\$ 34,628,862	\$ 26,782,391	\$ 15,788,027	\$ 23,325,983	\$ 16,065,652	\$ 10,722,320

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

	2012	2011	2010	2009
<b>Revenues:</b>				
Property Taxes	\$ 65,451,694	\$ 64,583,285	\$ 59,520,754	\$ 61,957,201
Intergovernmental	30,069,477	31,223,034	31,186,078	30,598,762
Interest	201,222	292,491	533,281	1,308,766
Tuition and Fees	1,463,358	1,280,795	1,309,955	1,531,239
Extracurricular Activities	208,345	187,388	180,539	169,428
Contributions and Donations	149,103	144,487	258,879	293,449
Charges for Services	954,513	975,774	919,843	908,080
Rentals	44,805	93,813	152,526	165,751
Miscellaneous	424,503	388,268	332,234	423,892
<i>Total Revenues</i>	<u>98,967,020</u>	<u>99,169,335</u>	<u>94,394,089</u>	<u>97,356,568</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	35,959,722	35,974,858	36,986,263	34,473,074
Special	12,300,518	12,238,846	13,431,681	11,725,813
Vocational	150,353	256,888	148,774	238,210
Student Intervention	58,630	135,860	27,498	0
<b>Support services:</b>				
Pupils	5,819,423	5,662,710	6,022,897	5,467,430
Instructional Staff	7,934,389	7,425,293	7,658,963	6,606,883
Board of Education	18,470	17,368	22,044	18,690
Administration	5,931,338	6,095,570	6,176,169	5,920,108
Fiscal	2,636,142	2,076,537	1,798,079	2,181,027
Business	1,015,279	892,163	866,581	903,256
Operation and Maintenance of Plant	12,190,201	12,653,515	13,334,421	12,124,552
Pupil Transportation	4,553,453	4,366,501	4,405,761	4,191,598
Central	1,738,851	1,909,388	1,975,604	1,357,533
Operation of Non-Instructional Services	1,309,863	1,274,679	1,422,655	1,090,029
Food Service Operations	1,821,836	1,970,089	1,952,226	1,725,336
Extracurricular Activities	1,284,671	1,263,758	1,294,898	1,156,763
Capital Outlay	1,023,865	1,329,425	1,455,100	3,463,331
<b>Debt Service:</b>				
Principal Retirement	1,639,999	2,484,995	2,979,017	7,185,976
Interest and fiscal charges	1,016,556	1,276,670	1,215,459	1,281,044
Bond issuance costs	0	0	0	107,962
<i>Total Expenditures</i>	<u>98,403,559</u>	<u>99,305,113</u>	<u>103,174,090</u>	<u>101,218,615</u>
Excess of Revenues Over (Under)				
Expenditures	563,461	(135,778)	(8,780,001)	(3,862,047)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	21,600	0
Insurance Recoveries	89,697	0	0	0
General Obligation Bonds Issued	0	0	0	4,999,999
General Obligation Bond Premium	0	0	0	107,967
General Obligation Notes Issued	0	0	600,000	0
Refunding Notes Issued	0	0	0	500,000
Current Refunding	0	0	0	(500,000)
Payment to Refunded Bond Escrow Agent'	0	0	0	0
Transfers In	380,000	400,000	475,000	475,000
Transfers Out	(380,000)	(400,000)	(475,000)	(475,000)
<i>Total Other Financing Sources (Uses)</i>	<u>89,697</u>	<u>0</u>	<u>621,600</u>	<u>5,107,966</u>
<i>Net Change in Fund Balance</i>	<u>\$ 653,158</u>	<u>\$ (135,778)</u>	<u>\$ (8,158,401)</u>	<u>\$ 1,245,919</u>
Debt Service as a Percentage of				
Noncapital Expenditures	2.63%	3.87%	4.15%	8.81%

Source: School District financial records.

	2008	2007	2006	2005	2004	2003
\$	65,224,344	\$ 62,405,545	\$ 54,190,185	\$ 53,655,836	\$ 58,039,121	\$ 41,691,916
	29,558,547	27,980,088	27,216,734	27,269,185	25,877,126	24,778,809
	1,844,670	1,625,920	1,147,810	622,591	169,849	389,026
	1,661,400	1,142,301	1,275,721	1,061,636	1,288,125	1,284,963
	171,779	211,365	216,236	225,611	254,088	279,017
	822,575	74,405	193,730	104,820	594,335	74,850
	801,769	825,197	834,854	865,476	747,618	784,100
	149,690	146,800	144,129	146,592	156,653	148,967
	410,654	111,991	149,074	288,250	300,965	136,845
	<u>100,645,428</u>	<u>94,523,612</u>	<u>85,368,473</u>	<u>84,239,997</u>	<u>87,427,880</u>	<u>69,568,493</u>
	33,666,620	33,917,868	34,957,392	33,016,459	31,014,952	30,619,859
	11,338,941	10,986,330	10,567,581	10,740,864	9,844,459	9,153,316
	222,870	247,794	256,939	365,264	236,759	289,951
	0	0	0	0	0	0
	5,424,438	5,185,243	5,351,841	5,335,372	5,173,505	4,817,011
	5,643,430	4,944,882	5,521,803	5,503,732	5,052,264	4,845,603
	29,232	16,097	19,423	12,969	80,848	44,557
	5,901,551	5,358,212	5,827,818	6,409,117	6,082,455	5,537,916
	1,630,945	2,453,694	1,838,791	2,009,811	1,633,900	1,624,904
	906,739	767,079	911,179	932,775	630,972	659,032
	12,186,506	10,347,581	11,247,987	10,247,849	9,682,083	8,779,635
	4,191,485	3,951,396	4,453,502	4,372,503	3,841,783	3,659,578
	1,620,601	1,628,239	1,485,332	1,538,769	1,335,852	1,533,731
	1,418,516	1,174,103	1,296,494	1,144,380	1,258,577	1,310,622
	1,512,621	1,234,851	1,310,623	1,053,939	921,209	920,416
	1,217,636	1,202,682	1,230,648	1,331,621	1,330,480	1,142,053
	7,388,359	5,313,843	4,503,634	1,575,538	2,060,855	2,044,360
	2,300,000	2,200,000	1,154,230	1,205,000	1,130,000	1,885,000
	1,198,467	909,172	971,212	760,280	773,595	859,491
	0	188,041	0	154,830	0	0
	<u>97,798,957</u>	<u>92,027,107</u>	<u>92,906,429</u>	<u>87,711,072</u>	<u>82,084,548</u>	<u>79,727,035</u>
	2,846,471	2,496,505	(7,537,956)	(3,471,075)	5,343,332	(10,158,542)
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	14,200,582	0	11,324,994	0	0
	0	310,117	0	191,387	0	0
	5,000,000	0	0	570,000	0	0
	500,000	500,000	570,000	0	0	0
	(500,000)	(570,000)	(570,000)	0	0	0
	0	(5,942,840)	0	(1,354,975)	0	0
	175,000	125,000	287,192	281,912	252,711	246,961
	(175,000)	(125,000)	(287,192)	(281,912)	(252,711)	(246,961)
	<u>5,000,000</u>	<u>8,497,859</u>	<u>0</u>	<u>10,731,406</u>	<u>0</u>	<u>0</u>
\$	<u>7,846,471</u>	<u>\$ 10,994,364</u>	<u>\$ (7,537,956)</u>	<u>\$ 7,260,331</u>	<u>\$ 5,343,332</u>	<u>\$ (10,158,542)</u>
	3.92%	3.80%	2.40%	2.28%	2.38%	3.53%

*Shaker Heights City School District  
History of School Operating Levies  
For the Years 1933 - 2012*

Date	Number of Mills	Number of Years	Votes For	Votes Against	Percentage For	Total Votes Cast	Difference
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

Source: Shaker Heights City School District Records

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***Shaker Heights City School District***  
 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
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
2008	839,801,250	86,307,100	2,646,023,857	3,243,846	51,901,536
2007	843,012,950	90,658,920	2,667,633,914	8,670,762	69,366,096
2006	758,082,460	89,889,340	2,422,776,571	10,227,037	54,544,197
2005	760,446,580	92,028,820	2,435,644,000	10,874,112	47,278,748
2004	766,529,040	93,225,960	2,456,442,857	13,995,216	60,848,765
2003	665,936,590	89,502,910	2,158,398,571	18,235,730	79,285,783

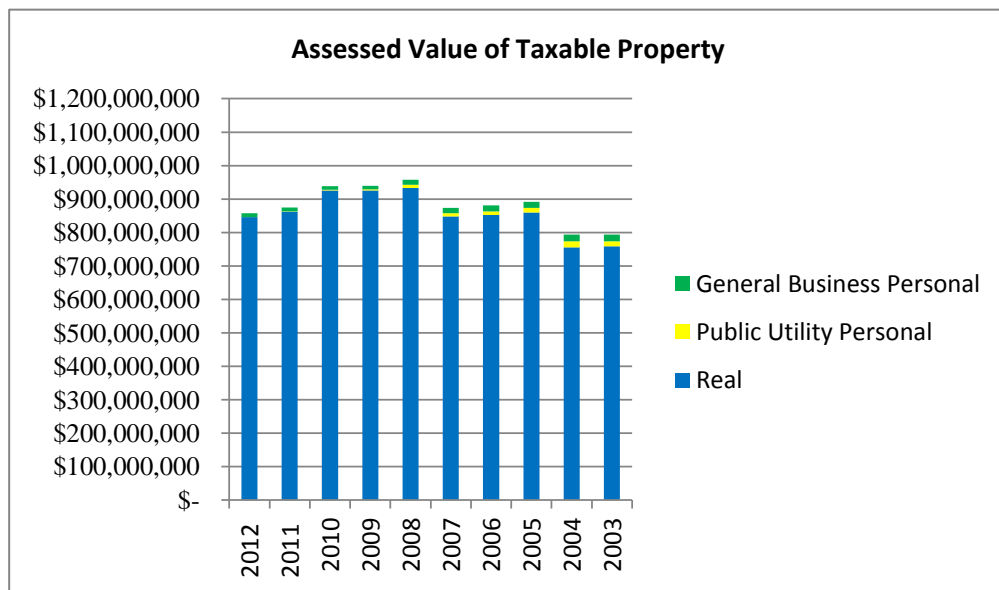
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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 18.75% for 2006, 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 County Auditor, Portage County, Ohio

Tangible Personal Property		Total			
General Business					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Full Tax Rate Per \$1,000 of Assessed Value	Weighted Average Tax Rate
\$ 11,663,830	\$ 13,254,352	\$ 857,800,180	\$ 2,430,786,781	\$ 180.13	\$ 90.32
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
9,871,720	11,217,864	939,223,916	2,709,143,257	170.30	74.27
15,113,730	17,174,693	957,456,362	2,754,174,703	170.30	75.27
15,778,790	17,930,443	873,977,627	2,495,251,212	160.50	72.51
17,529,940	19,920,386	880,879,452	2,502,843,134	159.20	71.05
17,827,640	20,258,682	891,577,856	2,537,550,304	158.90	71.46
19,900,850	22,614,602	793,576,080	2,260,298,957	150.00	57.75



**Shaker Heights City School District**  
*Property Tax Rates - Direct and Overlapping Governments*  
(per \$1,000 of assessed value)  
*Last Ten Years*

	2012	2011	2010	2009
<b>Unvoted Millage</b>				
Operating	\$ 4.100000	\$ 4.100000	\$ 4.100000	\$ 4.100000
<b>Voted Millage - by levy</b>				
All Prior to 1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	10.405171	10.296773	10.281400	9.510423
Commercial/Industrial	22.029873	21.735116	20.939300	20.472975
Tangible/Public Utility Personal	58.530000	58.530000	58.530000	58.530000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	2.715192	2.686908	2.682900	2.481732
Commercial/Industrial	4.866648	4.801536	4.625700	4.522704
Tangible/Public Utility Personal	12.000000	12.000000	12.000000	12.000000
1979 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	1.357596	1.343454	1.341500	1.240866
Commercial/Industrial	2.433324	2.400768	2.312900	2.261352
Tangible/Public Utility Personal	6.000000	6.000000	6.000000	6.000000
1981 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	2.248591	2.225165	2.221800	2.055242
Commercial/Industrial	3.128827	3.086967	2.973900	2.907710
Tangible/Public Utility Personal	6.500000	6.500000	6.500000	6.500000
1982 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	2.079030	2.057370	2.054300	1.900260
Commercial/Industrial	2.888226	2.849580	2.745300	2.684106
Tangible/Public Utility Personal	6.000000	6.000000	6.000000	6.000000
1983 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	3.470896	3.434737	3.429600	3.172453
Commercial/Industrial	4.875147	4.809922	4.633800	4.530610
Tangible/Public Utility Personal	8.800000	8.800000	8.800000	8.800000
1986 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	3.143025	3.110280	3.105600	2.872770
Commercial/Industrial	4.604333	4.542728	4.376400	4.278938
Tangible/Public Utility Personal	7.500000	7.500000	7.500000	7.500000



	2008	2007	2006	2005	2004	2003
\$	4.100000	\$ 4.100000	\$ 4.100000	\$ 4.100000	\$ 4.100000	\$ 4.100000
	9.474953	9.458097	10.483601	10.463467	10.366424	10.483601
	20.074093	19.841787	20.940688	20.105874	20.117697	20.940688
	58.530000	58.530000	58.530000	58.530000	58.530000	58.530000
	2.472480	2.468076	2.735676	2.730420	2.705088	2.735676
	4.434588	4.383276	4.626036	4.441620	4.444236	4.626036
	12.000000	12.000000	12.000000	12.000000	12.000000	12.000000
	1.236240	1.234038	1.367838	1.365210	1.352544	1.367838
	2.217294	2.191638	2.313018	2.220810	2.222118	2.313018
	6.000000	6.000000	6.000000	6.000000	6.000000	6.000000
	2.047585	2.043938	2.265556	2.261207	2.240232	2.265556
	2.851063	2.818075	2.974153	2.855593	2.857270	2.974153
	6.500000	6.500000	6.500000	6.500000	6.500000	6.500000
	1.893180	1.889814	2.094720	2.090694	2.071302	2.094720
	2.631816	2.601366	2.745438	2.635992	2.637540	2.745438
	6.000000	6.000000	6.000000	6.000000	6.000000	6.000000
	3.160634	3.155011	3.497094	3.490379	3.458004	3.497094
	4.442346	4.390945	4.634133	4.449394	4.452008	4.634133
	8.800000	8.800000	8.800000	8.800000	8.800000	8.800000
	2.862068	2.856975	3.166748	3.160665	3.131348	3.166748
	4.195575	4.147028	4.376708	4.202235	4.204710	4.376708
	7.500000	7.500000	7.500000	7.500000	7.500000	7.500000

**Shaker Heights City School District**  
*Property Tax Rates - Direct and Overlapping Governments*  
(per \$1,000 of assessed value)  
*Last Ten Years*

	2012	2011	2010	2009
1989 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	5.192442	5.138346	5.130700	4.745973
Commercial/Industrial	7.316935	7.219043	6.954700	6.799838
Tangible/Public Utility Personal	9.800000	9.800000	9.800000	9.800000
1990 School Improvement Bonds (\$10,000,000)	0.246694	0.253336	0.855177	0.713425
1992 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	6.485464	6.417902	6.408300	5.927824
Commercial/Industrial	8.221426	8.111431	7.814500	7.640403
Tangible/Public Utility Personal	9.800000	9.800000	9.800000	9.800000
1995 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	6.265235	6.199968	6.190700	5.726531
Commercial/Industrial	7.882548	7.777087	7.492400	7.325478
Tangible/Public Utility Personal	8.700000	8.700000	8.700000	8.700000
1996 School Improvement Bonds (\$12,700,000)	0.988696	0.982822	0.913267	0.777312
2000 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	7.274500	7.198717	7.188000	6.649015
Commercial/Industrial	8.736172	8.619292	8.303700	8.118780
Tangible/Public Utility Personal	9.400000	9.400000	9.400000	9.400000
2003 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	8.390688	8.303280	8.290900	7.669229
Commercial/Industrial	9.600000	9.600000	9.599300	9.385517
Tangible/Public Utility Personal	9.600000	9.600000	9.600000	9.600000
2004 School Improvement Bonds (\$23,500,000)	2.364610	2.363842	2.201556	2.479263
2006 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	9.825780	9.723424	9.708900	8.980934
Commercial/Industrial	9.900000	9.900000	9.899300	9.678814
Tangible/Public Utility Personal	9.900000	9.900000	9.900000	9.900000
2010 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural	9.900000	9.900000	0.000000	0.000000
Commercial/Industrial	9.900000	9.900000	0.000000	0.000000
Tangible/Public Utility Personal	9.900000	9.900000	0.000000	0.000000

2008	2007	2006	2005	2004	2003
4.728294	4.719886	5.231642	5.221597	5.173165	5.231642
6.667361	6.590216	6.955217	6.677955	6.681885	6.955217
9.800000	9.800000	9.800000	9.800000	9.800000	9.800000
0.747118	0.779070	0.840387	0.874516	0.888694	1.020000
5.905745	5.895239	6.534444	6.521900	6.461414	6.534444
7.491561	7.404880	7.815000	7.503468	7.507888	7.815000
9.800000	9.800000	9.800000	9.800000	9.800000	9.800000
5.705199	5.695055	6.312546	6.300427	6.241989	6.312546
7.182764	7.099661	7.492875	7.194187	7.198424	7.492875
8.700000	8.700000	8.700000	8.700000	8.700000	8.700000
0.808272	1.052726	1.248007	1.274561	1.281306	1.850000
6.624246	6.612468	7.329434	7.315362	7.247513	7.329434
7.960616	7.868514	8.304308	7.973268	7.977959	8.304308
9.400000	9.400000	9.400000	9.400000	9.400000	9.400000
7.640659	7.626701	8.454058	8.437824	8.359565	0.000000
9.202675	9.096202	9.600000	9.289114	9.294586	0.000000
9.600000	9.600000	9.600000	9.600000	9.600000	0.000000
2.114610	1.838204	1.681606	0.320923	0.000000	0.000000
8.947481	8.931572	0.000000	0.000000	0.000000	0.000000
9.490259	9.380458	0.000000	0.000000	0.000000	0.000000
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

**Shaker Heights City School District**  
*Property Tax Rates - Direct and Overlapping Governments*  
(per \$1,000 of assessed value)  
*Last Ten Years*

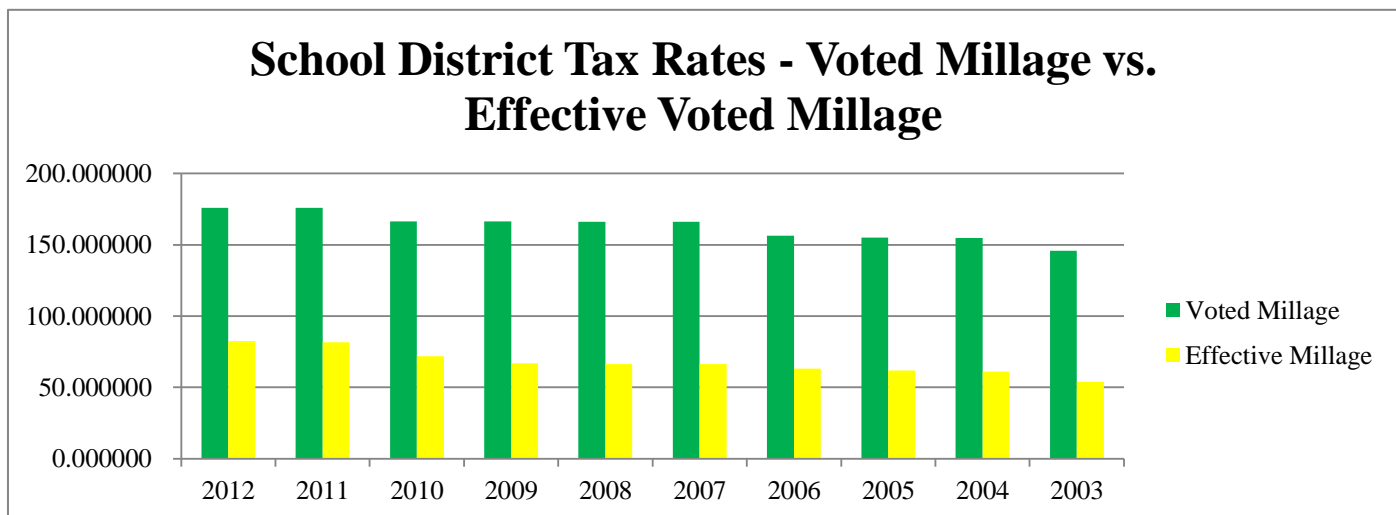
	2012	2011	2010	2009
<b>Total Voted Millage by type of property</b>				
Residential/Agricultural	82.353610	81.636324	72.004600	66.903252
Commercial/Industrial	109.983459	108.953470	96.641200	94.577225
Tangible/Public Utility Personal	176.030000	176.030000	166.500000	166.500000
<b>Total Millage by type of property</b>				
Residential/Agricultural	86.453610	85.736324	76.104600	71.003252
Commercial/Industrial	114.083459	113.053470	100.741200	98.677225
Tangible/Public Utility Personal	180.130000	180.130000	170.600000	170.600000
<b>Total Weighted Average Tax Rate</b>	<b>90.320000</b>	<b>89.610000</b>	<b>79.860000</b>	<b>74.920000</b>
<b>Overlapping Rates by Taxing District</b>				
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	4.000000	4.000000	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	13.186600	13.186600	13.178900	16.150600
Commercial/Industrial	12.841200	12.841200	12.845700	15.489300
Tangible/Public Utility Personal	13.320000	13.320000	13.320000	16.250000
Cleveland Metro Parks				
Effective Millage Rates				
Residential/Agricultural	1.810600	1.810600	1.806800	1.669800
Commercial/Industrial	1.724300	1.724300	1.724900	1.717100
Tangible/Public Utility Personal	1.850000	1.850000	1.850000	1.850000

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.

2008	2007	2006	2005	2004	2003
66.368764	66.256870	63.243357	61.829152	60.978588	53.889299
92.512011	91.484046	86.547574	82.019510	81.766321	76.047574
166.200000	166.200000	156.400000	155.100000	154.800000	145.900000
70.468764	70.356870	67.343357	65.929152	65.078588	57.989299
96.612011	95.584046	90.647574	86.119510	85.866321	80.147574
170.300000	170.300000	160.500000	159.200000	158.900000	150.000000
74.270000	75.270000	72.510000	71.050000	71.460000	57.750000
9.900000	9.900000	9.900000	9.900000	9.900000	9.900000
12.700000	12.700000	12.700000	12.700000	12.700000	12.700000
3.183608	3.177948	3.522524	3.515760	3.483152	4.000000
3.834448	3.790084	4.000000	3.870464	3.872744	4.000000
4.000000	4.000000	4.000000	4.000000	4.000000	4.000000
14.355800	14.351600	14.172700	13.424600	13.442800	12.460900
15.121000	15.171600	15.281400	14.662400	14.736300	12.876400
16.350000	16.350000	16.450000	16.450000	16.450000	14.650000
1.672000	1.671500	1.846500	1.845700	1.166100	1.275800
1.712500	1.718700	1.850000	1.839700	1.316600	1.344700
1.850000	1.850000	1.850000	1.850000	1.550000	1.550000



**Shaker Heights City School District**  
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 (3)	Total Tax Collection	Percent of Total Tax Collections to Current Tax Levy (4)	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Current Tax Levy
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%
2008	70,633,574	66,607,428	94.30%	5,596,275	72,203,703	102.22%	5,949,390	8.42%
2007	71,622,535	66,645,731	93.05%	3,687,456	70,333,187	98.20%	13,982,682	19.52%
2006	70,402,802	59,713,108	84.82%	2,763,300	62,476,408	88.74%	6,529,128	9.27%
2005	68,357,014	58,502,023	85.58%	2,924,281	61,426,304	89.86%	6,005,534	8.79%
2004	69,712,232	60,204,426	86.36%	2,955,133	63,159,559	90.60%	6,152,166	8.83%
2003	60,781,197	52,442,163	86.28%	2,755,165	55,197,328	90.81%	5,823,933	9.58%
2002	61,031,382	53,061,790	86.94%	2,696,283	55,758,073	91.36%	4,853,033	7.95%

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

(1)Represents collection year. 2012 information cannot be presented because all collections have not yet been made.

(2)This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

(3)The County does not maintain delinquency information by tax year.

(4)The County was able to collect on prior year delinquencies.

**Shaker Heights City School District**  
Principal Taxpayers - Real Property Taxes  
2012 and 2003 (1)

Name of Taxpayer	2012	
	Assessed Valuation	Percent of Real Assessed Value
University Hospital	\$ 3,185,810	0.38%
EIG Shaker Towne Center LLC	2,922,520	0.35%
Kirt Montlack, LTD	2,818,780	0.33%
Oliver Family Limited	2,296,110	0.27%
Tower East Operating Association	2,275,000	0.27%
LPA Associates Limited Partnership	1,781,160	0.21%
Coral Shaker Square LLC	1,768,080	0.21%
Shaker Plaza LTD	1,504,760	0.18%
Salzberg, Deborah SUC TR	1,400,000	0.17%
The Residences at Avalon Station	1,381,980	0.16%
<b>Total</b>	<b>\$ 21,334,200</b>	<b>2.53%</b>

*Total Assessed Valuation*

\$ 846,136,350

Name of Taxpayer	2003	
	Assessed Valuation	Percent of Real Assessed Value
Tower East Operating Association	\$ 4,278,930	0.57%
Shaker Towne Center LLC	3,675,000	0.49%
Oliver Family Limited	2,964,540	0.39%
Somerset Point Limited Partnership	2,496,380	0.33%
OfficeMax Incorporated	2,186,170	0.29%
Deborah Salzberg	1,876,280	0.25%
Cleveland Skating Club	1,418,240	0.19%
Shaker Plaza Limited	1,195,780	0.16%
Loreth Jeanne Ablo	1,189,600	0.16%
Cleveland One Limited Partnership	1,168,300	0.15%
<b>Total</b>	<b>\$ 22,449,220</b>	<b>2.98%</b>

*Total Assessed Valuation*

\$ 755,439,500

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

(1) The amounts presented represent the assessed values upon which 2012 and 2003 collections were based.

**Shaker Heights City School District**  
Principal Taxpayers - Public Utilities Tax  
2012 and 2003 (1)

<b>Name of Taxpayer</b>	<b>2012</b>	
	<b>Assessed Valuation</b>	<b>Percent of Real Assessed Value</b>
Cleveland Electric Illuminating Company	\$ 9,228,060	79.12%
East Ohio Gas Company	1,773,500	15.20%
American Transmission Systems, Inc.	662,270	5.68%
Total	<u>\$ 11,663,830</u>	<u>100.00%</u>
<i>Total Assessed Valuation</i>	<u>\$ 11,663,830</u>	
<b>Name of Taxpayer</b>	<b>2003</b>	
	<b>Assessed Valuation</b>	<b>Percent of Real Assessed Value</b>
Cleveland Electric Illuminating Company	\$ 6,981,070	35.08%
Ohio Bell Telephone Company	6,500,730	32.67%
Allegiance Telecom of Ohio	2,566,060	12.89%
East Ohio Gas Company	1,607,630	8.08%
Total	<u>\$ 17,655,490</u>	<u>88.72%</u>
<i>Total Assessed Valuation</i>	<u>\$ 19,900,850</u>	

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

(1) The amounts presented represent the assessed values upon which 2012 and 2003 collections were based.



**Shaker Height City School District**  
Ratio of Bonded Debt to Personal Income and Debt per Capita  
Last Ten Fiscal Years

Collection Year	Population (1)	Estimated Actual Value	General Bonded Debt			Notes	Total Debt	Percentage of Total Debt to Personal Income (2)	Total Debt Per Capita
			General Bonded Debt	Ratio of General Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita				
2012	28,366	\$ 2,430,786,781	\$ 22,465,533	0.92%	\$ 792	\$ 0	\$ 22,465,533	1.65%	\$ 792
2011	28,448	2,474,341,370	24,141,798	0.98%	849	0	24,141,798	1.78%	849
2010	29,405	2,499,302,022	26,212,723	1.05%	891	600,000	26,812,723	2.20%	912
2009	29,405	2,690,604,668	28,692,737	1.07%	976	500,000	29,192,737	2.40%	993
2008	29,405	2,709,143,257	25,780,255	0.95%	877	5,500,000	31,280,255	2.57%	1,064
2007	29,405	2,754,174,702	28,008,859	1.02%	953	570,000	28,578,859	2.35%	972
2006	29,405	2,495,251,212	21,586,229	0.87%	734	570,000	22,156,229	1.82%	753
2005	29,405	2,502,843,134	22,692,846	0.91%	772	570,000	23,262,846	1.91%	791
2004	29,405	2,537,550,304	13,717,774	0.54%	467	0	13,717,774	1.13%	467
2003	29,405	2,260,298,955	14,031,071	0.62%	477	0	14,031,071	1.15%	477

(1) Estimate obtained from the United States Census Bureau website.  
(2) Personal income can be found on S - 34

**Shaker Heights City School District**  
*Computation of Legal Debt Margin*  
*Last Ten Fiscal Years*

	2012	2011	2010	2009
Total Assessed Valuation	\$ 857,800,180	\$ 869,327,130	\$ 874,339,350	\$ 938,361,388
Less Railroad and Telephone Property Valuation	0	0	0	(2,390,110)
Less General Business Tangible Personal Valuation	0	(756,680)	(1,533,160)	(2,081,828)
Total Assessed Valuation used to Calculate Legal Debt Margin (1)	<u>\$ 857,800,180</u>	<u>\$ 868,570,450</u>	<u>\$ 872,806,190</u>	<u>\$ 933,889,450</u>
Debt Limit - 9% of Assessed Value (2)	<u>77,202,016</u>	<u>78,171,341</u>	<u>78,552,557</u>	<u>84,050,051</u>
Amount of Debt Outstanding				
General Obligation Bonds	22,040,581	23,680,580	25,565,575	28,044,592
Energy Conservation Improvement Bonds	0	0	0	0
Bus Acquisition Bond Anticipation Note	0	600,000	600,000	500,000
Bond Anticipation Note	0	0	0	0
Less: Amount Available in Debt Service	(2,554,012)	(2,269,806)	(2,309,367)	(2,604,889)
Total	<u>19,486,569</u>	<u>22,010,774</u>	<u>23,856,208</u>	<u>25,939,703</u>
Exemptions:				
Energy Conservation Improvement Bonds	0	0	0	0
Bond Anticipation Note	0	0	0	0
Bus Acquisition Bond Anticipation Note	0	(600,000)	(600,000)	(500,000)
Amount of Debt Subject to Limit	<u>19,486,569</u>	<u>21,410,774</u>	<u>23,256,208</u>	<u>25,439,703</u>
Overall Debt Margin	<u>\$ 57,715,447</u>	<u>\$ 56,760,567</u>	<u>\$ 55,296,349</u>	<u>\$ 58,610,348</u>
Legal Debt Margin as a Percentage of Debt Limit	74.76%	72.61%	70.39%	69.73%
Unvoted Legal Debt Limit - .10% of Assessed Value (1)	\$ 857,800	\$ 868,570	\$ 872,806	\$ 933,889
Amount of Debt Subject to Limit	0	0	0	0
Unvoted Debt Margin	<u>\$ 857,800</u>	<u>\$ 868,570</u>	<u>\$ 872,806</u>	<u>\$ 933,889</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%
Additional Limit for Unvoted Energy Conservation Improvement Bonds:				
Debt Limit - 1% of Assessed Valuation	\$ 8,578,002	\$ 8,693,271	\$ 8,743,394	\$ 9,383,614
Energy Conservation Improvement Bonds	0	0	0	0
Additional Unvoted Debt Margin	<u>\$ 8,578,002</u>	<u>\$ 8,693,271</u>	<u>\$ 8,743,394</u>	<u>\$ 9,383,614</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.

2008	2007	2006 (1)	2005	2004	2003
\$ 939,223,916	\$ 957,456,362	\$ 873,977,627	\$ 880,879,452	\$ 891,577,856	\$ 793,576,080
(3,206,440)	0	0	0	0	0
(3,243,846)	(5,428,020)	0	0	0	0
<u>\$ 932,773,630</u>	<u>\$ 952,028,342</u>	<u>\$ 873,977,627</u>	<u>\$ 880,879,452</u>	<u>\$ 891,577,856</u>	<u>\$ 793,576,080</u>
83,949,627	85,682,551	78,657,986	79,279,151	80,242,007	71,421,847
25,230,569	28,008,859	21,586,229	22,533,616	13,413,544	14,391,017
0	0	0	159,230	304,230	444,230
500,000	570,000	570,000	570,000	0	0
5,000,000	0	0	0	0	0
(2,430,245)	(2,439,934)	(2,252,727)	(1,446,773)	(1,379,309)	(804,176)
<u>28,300,324</u>	<u>26,138,925</u>	<u>19,903,502</u>	<u>21,816,073</u>	<u>12,338,465</u>	<u>14,031,071</u>
0	0	0	(159,230)	0	0
0	0	0	0	0	0
(500,000)	(570,000)	(570,000)	(570,000)	0	0
<u>27,800,324</u>	<u>25,568,925</u>	<u>19,333,502</u>	<u>21,086,843</u>	<u>12,338,465</u>	<u>14,031,071</u>
<u>\$ 56,149,303</u>	<u>\$ 60,113,626</u>	<u>\$ 59,324,484</u>	<u>\$ 58,192,308</u>	<u>\$ 67,903,542</u>	<u>\$ 57,390,776</u>
66.88%	70.16%	75.42%	73.40%	84.62%	80.35%
\$ 932,774	\$ 952,028	\$ 873,978	\$ 880,879	\$ 891,578	\$ 793,576
0	0	0	(159,230)	0	0
<u>\$ 932,774</u>	<u>\$ 952,028</u>	<u>\$ 873,978</u>	<u>\$ 721,649</u>	<u>\$ 891,578</u>	<u>\$ 793,576</u>
100.00%	100.00%	100.00%	81.92%	100.00%	100.00%
\$ 9,392,239	\$ 9,574,564	\$ 8,739,776	\$ 8,808,795	\$ 8,915,779	\$ 7,935,761
0	0	0	(159,230)	(304,230)	(444,230)
<u>\$ 9,392,239</u>	<u>\$ 9,574,564</u>	<u>\$ 8,739,776</u>	<u>\$ 8,649,565</u>	<u>\$ 8,611,549</u>	<u>\$ 7,491,531</u>

**Shaker Heights City School District**  
 Computation of Direct & Overlapping General Obligation Bonded Debt  
 June 30, 2012

	<u>Debt Outstanding</u>	<u>Percent Overlapping (1)</u>	<u>Amount Applicable to Shaker Heights City School District</u>
<b>Direct:</b>			
Shaker Heights City School District	\$ 22,465,533	100.00%	\$ 22,465,533
<b>Overlapping:</b>			
City of Shaker Heights	19,695,000	100.00%	19,695,000
City of Cleveland	298,660,000	0.83%	2,478,878
Regional Transit Authority	142,080,000	2.87%	4,077,696
Cuyahoga County	210,713,843	2.87%	6,047,487
Total Overlapping	<u>671,148,843</u>		<u>32,299,061</u>
Total Direct and Overlapping	<u>\$ 693,614,376</u>		<u>\$ 54,764,594</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 District by the total assessed valuation of the subdivision.

## Shaker Heights City School District

### *History of Bond Issues For the Years 1912 - 2012*

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

Source: Shaker Heights City School District

N/A - Not Available

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**Shaker Heights City School District**  
*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	Value of Building Permits Issued (2) (3)
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
2008	926,108,350	159,000,767	22,193,823
2007	933,671,870	161,139,482	12,992,828
2006	847,971,800	110,547,665	23,288,638
2005	852,475,400	105,769,931	26,855,317
2004	859,755,000	97,238,973	15,419,905
2003	755,439,500	95,761,917	11,489,850

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

- (1) Represents assessed value.
- (2) The decrease from fiscal year 2006 to fiscal year 2007 in the value of building permits was due to the fact that Sussex Courts and Shaker Towne Centre were completed in fiscal year 2006. In fiscal year 2008, the point-of-sale escrow program run by the City of Shaker Heights resulted in several millions of dollars of private investment in housing and also the Neighborhood Revitalization Department assisted 180 property owners with housing improvement projects through financial assistance and landlord programs. The decreases in the fiscal years 2009 and 2010 were the result of the downturn in the economy.
- (3) Fiscal Year 2012 data represents Value of Building Permits issued 7/1/11 to 6/30/12.

**Shaker Heights City School District**

*Principal Employers*

2011 and 2005

<b>2011</b>			
Employer	Nature of Business or Activity	Number of FTE's	Number of W-2's
University Hospitals	Hospital administration	823	875
Shaker Heights City School District	Government entity	790	1,356
City of Shaker Heights	Government entity	433	514
Hathaway Brown School	School	295	439
Laurel School	School	190	336
Center for Dialysis Care	Health care	120	175
University School (Shaker campus)	School	99	193
Heinens	Supermarket	60	186
Total		<u>2,810</u>	<u>4,074</u>
Total Employment within the School District		<u>n/a</u>	<u>n/a</u>

<b>2005</b>			
Employer	Nature of Business or Activity	Number of FTE's	Number of W-2's
Shaker Heights City School District	Government entity	818	n/a
City of Shaker Heights	Government entity	450	n/a
Hathaway Brown School	School	200	n/a
Laurel School	School	150	n/a
University School (Shaker campus)	School	98	n/a
Heinens	Supermarket	92	n/a
Total		<u>1,808</u>	<u>n/a</u>
Total Employment within the School District		<u>n/a</u>	<u>n/a</u>

**Source:** Employer survey

n/a - Information not available



## Shaker Heights City School District

### Demographic Statistics

Last Ten Years

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Year	Cuyahoga County Population	Shaker Heights City Population	Personal Income	Per Capita Personal Income	School Enrollment	Cuyahoga County Unemployment Rate
2012	1,280,122	28,448	\$ 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%
2008	1,363,888	29,405	1,216,014,370	41,354	5,482	7.4%
2007	1,363,888	29,405	1,216,014,370	41,354	5,577	6.3%
2006	1,363,888	29,405	1,216,014,370	41,354	5,628	9.6%
2005	1,363,888	29,405	1,216,014,370	41,354	5,734	6.6%
2004	1,363,888	29,405	1,216,014,370	41,354	5,623	6.6%
2003	1,363,888	29,405	1,216,014,370	41,354	5,608	6.7%

**Sources:** U.S. Census of Population  
Years 2011 - 2012 The 2010 Federal Census  
Years 2003 - 2010 The 2000 Federal Census  
Unemployment data from February 2012

**Shaker Heights City School District***Building Statistics by Function/Program**Last Nine Fiscal Years (1)*

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	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Boulevard Elementary School</b>				
Constructed in 1914				
Total Building Square Footage	48,000	48,000	48,000	48,000
Enrollment Grades K - 4	360	358	352	339
Student Capacity	544	544	544	544
Regular Instruction Classrooms	22	22	22	22
Special Instruction Classrooms	2	2	2	2
<b>Fernway Elementary School</b>				
Constructed in 1927				
Total Building Square Footage	29,925	29,925	29,925	29,925
Enrollment Grades K - 4	356	357	357	342
Student Capacity	366	366	366	366
Regular Instruction Classrooms	15	15	15	15
Special Instruction Classrooms	2	2	2	2
<b>Lomond Elementary School</b>				
Constructed in 1928				
Total Building Square Footage	65,075	65,075	65,075	65,075
Enrollment Grades K - 4	490	473	502	497
Student Capacity	620	620	620	620
Regular Instruction Classrooms	25	26	26	26
Special Instruction Classrooms	3	2	2	2
<b>Mercer Elementary School</b>				
Constructed in 1952				
Total Building Square Footage	70,640	70,640	70,640	70,640
Enrollment Grades K - 4	362	411	424	425
Student Capacity	590	590	590	590
Regular Instruction Classrooms	24	24	24	24
Special Instruction Classrooms	4	4	4	4
<b>Onaway Elementary School</b>				
Constructed in 1923				
Total Building Square Footage	63,700	63,700	63,700	63,700
Enrollment Grades K - 4	433	411	427	424
Student Capacity	606	606	606	606
Regular Instruction Classrooms	23	23	23	23
Special Instruction Classrooms	5	5	5	5
<b>Woodbury Elementary School</b>				
Constructed in 1918				
Total Building Square Footage	138,350	138,350	138,350	138,350
Enrollment Grades 5 - 6	850	855	827	843
Student Capacity	900	900	900	900
Regular Instruction Classrooms	41	41	41	42
Special Instruction Classrooms	8	8	8	7

2008	2007	2006	2005	2004
48,000	48,000	48,000	48,000	48,000
340	360	393	424	384
544	544	544	544	544
22	22	21	21	21
2	2	3	3	3
29,925	29,925	29,925	29,925	29,925
333	324	313	312	300
366	366	366	366	366
15	15	16	17	17
2	2	1	0	0
65,075	65,075	65,075	65,075	65,075
512	526	518	538	512
620	620	620	620	620
26	26	25	25	25
2	2	3	3	3
70,640	70,640	70,640	70,640	70,640
432	411	411	432	414
590	590	590	590	590
24	24	25	25	25
4	4	3	3	3
63,700	63,700	63,700	63,700	63,700
414	418	360	370	371
606	606	606	606	606
23	23	24	24	24
5	5	4	4	4
138,350	138,350	138,350	138,350	138,350
785	816	833	834	865
900	900	900	900	900
42	42	43	43	43
7	7	6	6	6

(continued)

**Shaker Heights City School District**  
*Building Statistics by Function/Program*  
*Last Nine Fiscal Years (1)*

	2012	2011	2010	2009
<b>Shaker Heights Middle School</b>				
Constructed in 1957				
Total Building Square Footage	133,400	133,400	133,400	133,400
Enrollment - Grades 7 - 8	850	873	823	818
Student Capacity	1,000	1,000	1,000	1,000
Regular Instruction Classrooms	26	26	26	27
Special Instruction Classrooms	7	7	7	6
<b>Shaker Heights High School</b>				
Constructed in 1930				
Total Building Square Footage	314,400	314,400	314,400	314,400
Enrollment - Grades 9 - 12	1,745	1,752	1,772	1,854
Student Capacity	2,000	2,000	2,000	2,000
Regular Instruction Classrooms	50	52	52	52
Special Instruction Classrooms	10	8	8	8
<b>Sussex Pre-School (2)</b>				
Constructed in 1922				
Total Building Square Footage	0	0	0	0
Enrollment - Grades Pre - K	0	0	0	0
Student Capacity	0	0	0	0

(1) Information prior to 2004 not available.

(2) School District leased only one classroom from Shaker Family Center, the lease was terminated 6/30/06.

Source: School District Records

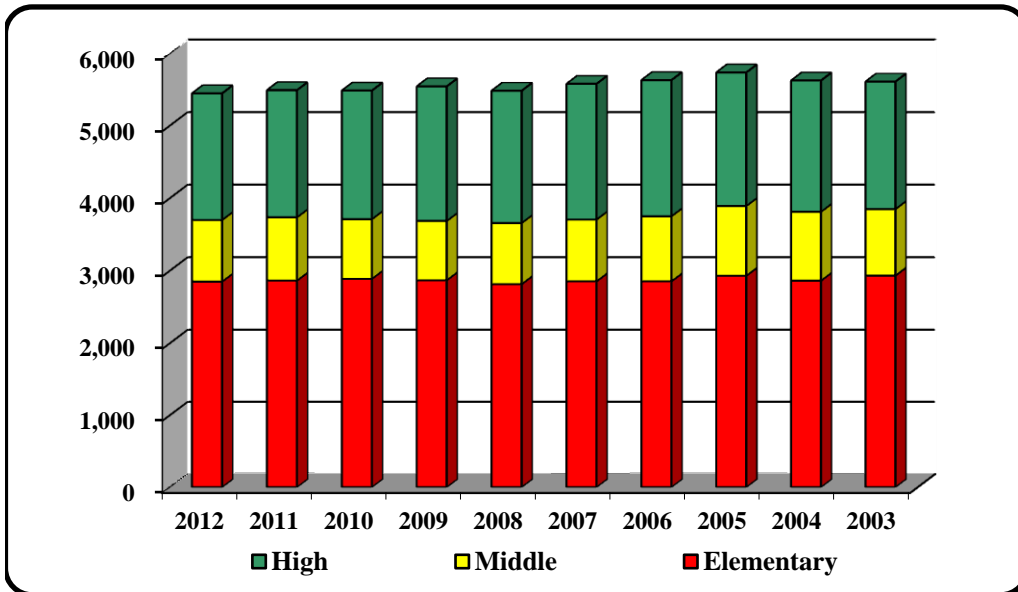
2008	2007	2006	2005	2004
133,400	133,400	133,400	133,400	133,400
843	852	900	964	954
1,000	1,000	1,000	1,000	1,000
27	27	27	27	27
6	6	6	6	6
314,400	304,400	304,400	304,400	304,400
1,823	1,870	1,876	1,838	1,805
2,000	2,000	2,000	2,000	2,000
52	52	52	52	52
8	8	8	8	8
0	0	33,000	33,000	33,000
0	0	24	22	18
0	0	30	30	30

## Shaker Heights City School District

### *Enrollment Statistics*

#### *Last Ten Fiscal Years*

Fiscal Year	Elementary Schools	Middle School	High School	Total
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
2008	2,816	843	1,823	5,482
2007	2,855	852	1,870	5,577
2006	2,855	897	1,876	5,628
2005	2,932	962	1,840	5,734
2004	2,864	950	1,809	5,623
2003	2,934	917	1,757	5,608

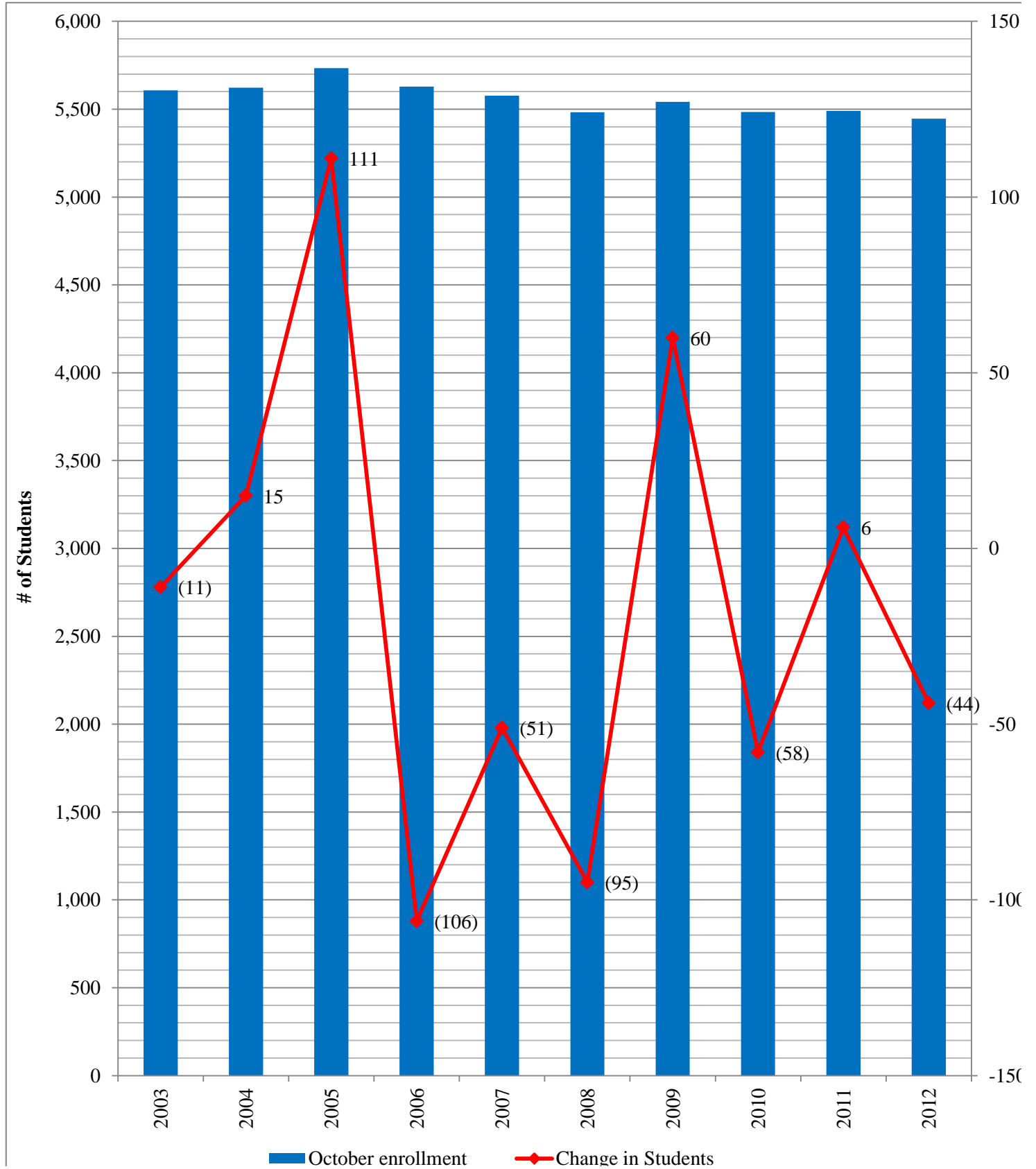


Source: School District Records

**Shaker Heights City School District**  
*Enrollment Summary*  
*Last Ten Fiscal Years*

**October Enrollment**

**Change in Students**



**Shaker Heights City School District**  
*Public, Private, and Total School Enrollment by School Year*  
*Fiscal Years 1979 to 2012*

Fiscal Year	Total Public Enrollment (1)	Total Private Enrollment (2)	Total Public and Private	Private as a Percent of Public and Private
2012	5,446	992	6,438	15.4%
2011	5,490	989	6,479	15.3%
2010	5,484	1,100	6,584	16.7%
2009	5,542	1,159	6,701	17.3%
2008	5,482	1,180	6,662	17.7%
2007	5,577	1,174	6,751	17.4%
2006	5,628	1,130	6,758	16.7%
2005	5,734	1,123	6,857	16.4%
2004	5,623	956	6,579	14.5%
2003	5,608	897	6,505	13.8%
2002	5,619	1,104	6,723	16.4%
2001	5,625	1,088	6,713	16.2%
2000	5,714	1,079	6,793	15.9%
1999	5,640	1,017	6,657	15.3%
1998	5,592	983	6,575	15.0%
1997	5,634	1,071	6,705	16.0%
1996	5,485	1,065	6,550	16.3%
1995	5,371	964	6,335	15.2%
1994	5,081	911	5,992	15.2%
1993	4,959	869	5,828	14.9%
1992	4,933	873	5,806	15.0%
1991	4,874	846	5,720	14.8%
1990	4,887	916	5,803	15.8%
1989	4,830	964	5,794	16.6%
1988	4,869	1,009	5,878	17.2%
1987	5,013	996	6,009	16.6%
1986	5,125	1,047	6,172	17.0%
1985	5,187	1,160	6,347	18.3%
1984	5,294	1,200	6,494	18.5%
1983	5,490	1,216	6,706	18.1%
1982	5,759	1,249	7,008	17.8%
1981	5,951	1,236	7,187	17.2%
1980	6,049	1,355	7,404	18.3%
1979	6,156	1,375	7,531	18.3%

Source: Shaker Heights City School District Records

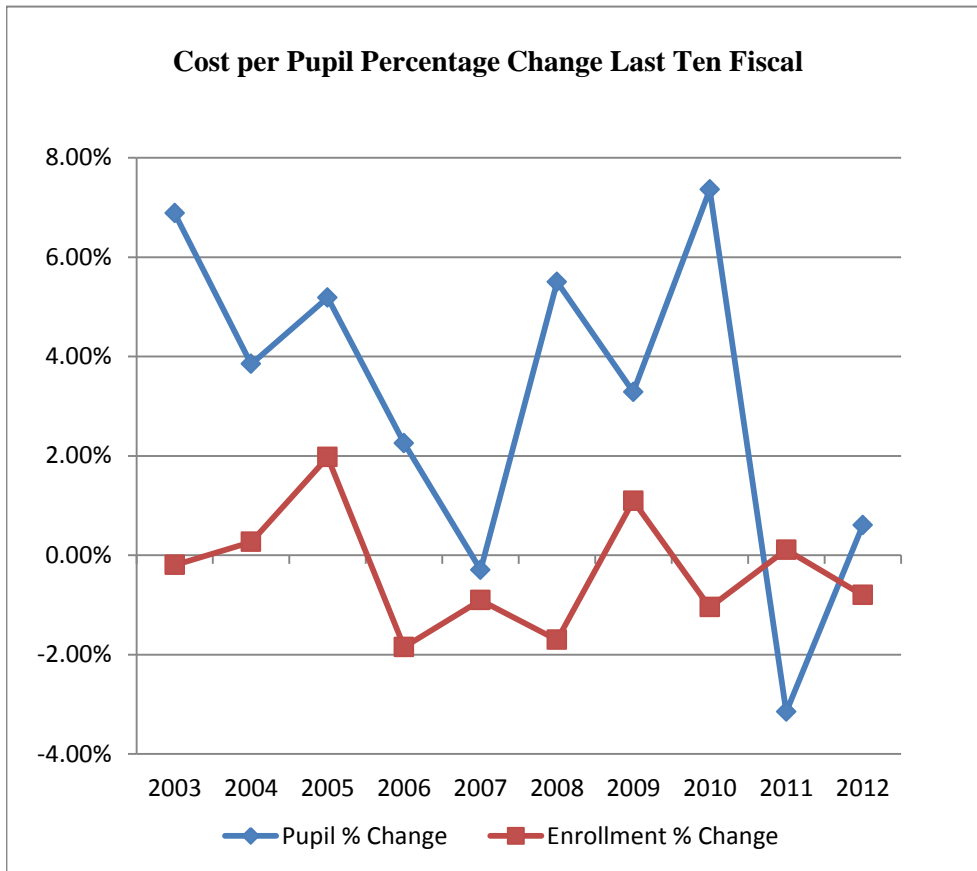
- (1) Figures for fiscal year 1979 through 1982 are based on Shaker Heights City School District Racial Ethnic Reports. Figures for 1983 through 2012 are based on first full week of Shaker Heights City School District October enrollment report.
- (2) Estimated from State of Ohio District Enrollment by Nonpublic Schools Report and/or telephone and mail survey of private and parochial schools.



**Shaker Heights City School District**

*Per Pupil Cost  
Last Ten Fiscal Years*

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Per Pupil Cost</u>
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
2008	80,555,178	5,482	14,694
2007	77,679,215	5,577	13,928
2006	78,621,894	5,628	13,970
2005	78,336,642	5,734	13,662
2004	73,034,370	5,623	12,989
2003	70,141,022	5,608	12,507



**Shaker Heights City School District**  
*School District Employees by Function/Program*  
*Last Ten Fiscal Years*

<b>Function/Program</b>	2012	2011	2010	2009	2008
<b>Regular Instruction</b>					
Elementary Classroom Teachers	151.2	158.1	158.4	158.0	159.4
Middle School Classroom Teachers	60.5	60.5	61.4	61.1	58.0
High School Classroom Teachers	110.8	114.5	124.3	124.4	122.3
<b>Special Instruction</b>					
Preschool Teachers	3.0	3.0	3.0	3.0	3.0
Elementary Classroom Teachers	22.8	21.2	21.5	22.0	21.2
Gifted Education Teachers	8.0	8.0	8.0	8.0	8.0
Middle School Classroom Teachers	6.9	6.7	6.6	7.3	10.1
High School Classroom Teachers	9.8	9.8	9.4	9.0	8.8
Special Ed Teachers - Stimulus	0.0	1.7	1.7	0.0	0.0
<b>Vocational Instruction</b>					
High School Classroom Teachers	0.0	0.0	1.0	1.0	1.0
<b>Pupil Support Services</b>					
Teacher Aides	86.8	83.8	86.9	79.4	71.6
Tutors	33.0	25.9	30.5	30.9	33.9
Tutors - Stimulus	0.0	6.9	6.1	0.0	0.0
Guidance Counselors	10.8	10.8	10.5	10.5	11.0
Librarians and Library Technicians	7.6	8.0	9.4	10.4	9.4
Psychologists	9.4	8.8	8.8	9.0	8.0
Psychologists - Stimulus	0.0	1.0	1.0	0.0	0.0
Speech & Language Pathologists	5.6	5.0	6.0	6.0	6.0
Speech & Language Pathologists - Stimulus	0.0	0.6	0.6	0.0	0.0
Nurse	8.2	8.4	8.4	8.4	8.4
Other Professional	0.8	1.8	1.8	1.4	1.4
<b>Administrators</b>					
Elementary	9.0	9.0	9.0	9.0	9.0
Middle School	3.0	3.0	3.0	3.0	3.0
High School	5.0	5.0	5.0	5.0	6.0
Districtwide (Certificated & Classified)	16.0	15.0	15.0	15.0	15.0
<b>Operation of Plant</b>					
Custodians	58.0	58.0	59.0	59.0	58.6
Maintenance and Groundskeeping	14.0	14.0	15.0	15.0	14.0
<b>Pupil Transportation</b>					
Bus Drivers	28.3	28.3	28.9	28.6	28.9
Mechanics	3.0	3.0	3.0	3.0	4.0
<b>Food Service Program (1)</b>					
Elementary Cooks	0.0	0.0	12.3	10.3	12.3
Middle School Cooks	0.0	0.0	4.9	4.2	5.2
High School Cooks	0.0	0.0	6.7	7.1	4.8
<b>Other</b>					
Supervisor/Administrator classification	31.0	32.0	33.0	32.4	30.4
OAPSE	53.8	53.8	53.1	54.5	53.9
Security	20.4	20.4	19.6	19.4	17.4 *
Data Processing	4.0	4.0	4.0	4.0	3.0
<b>Total Employees</b>	<u>780.7</u>	<u>790.0</u>	<u>836.8</u>	<u>819.3</u>	<u>807.0</u>

**Method:** Using 1.0 for each full-time employee and 0.1 for each part time and seasonal employee.  
The count is performed on September 1 of each year.

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

\* Increase due to reclassification of employee status effective in Fiscal 2008

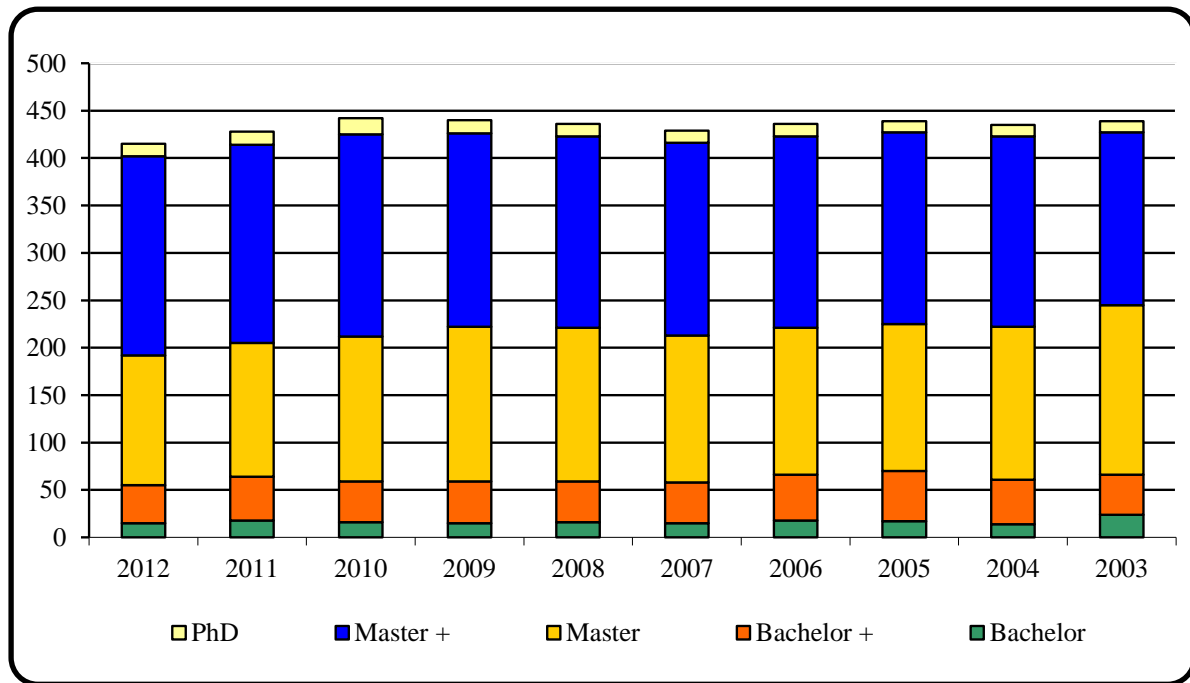
**Source:** School District Records

2007	2006	2005	2004	2003
152.0	156.0	162.1	154.2	163.3
58.8	62.7	62.7	65.0	61.4
116.5	128.4	128.4	130.1	127.2
3.0	2.0	2.0	0.0	0.0
22.2	21.0	18.0	22.0	22.0
8.0	8.0	8.0	8.0	8.0
9.6	8.2	6.2	5.0	6.0
9.4	6.4	6.4	6.2	4.6
0.0	0.0	0.0	0.0	0.0
1.0	1.0	1.0	0.9	0.9
66.0	61.5	58.2	62.1	58.4
37.7	47.6	51.6	55.4	52.2
0.0	0.0	0.0	0.0	0.0
11.0	10.0	11.0	11.0	11.0
9.0	9.0	9.4	8.5	8.5
8.8	6.4	6.4	6.4	6.0
0.0	0.0	0.0	0.0	0.0
6.0	6.4	6.4	6.8	6.4
0.0	0.0	0.0	0.0	0.0
8.4	7.2	7.2	7.3	7.3
5.0	3.5	3.0	3.0	6.2
9.0	9.0	9.0	9.0	9.0
3.0	4.0	4.0	4.0	4.0
6.0	6.0	6.0	6.0	6.0
16.0	16.0	16.0	16.0	16.0
59.6	68.0	65.0	66.0	67.0
14.0	19.0	19.0	17.0	18.0
27.5	28.5	36.0	32.5	30.7
4.0	4.0	5.0	3.0	4.0
9.9	8.1	4.7	3.1	3.8
4.9	5.0	4.0	5.8	4.0
4.8	6.1	4.4	4.0	4.2
29.4	30.4	30.4	32.1	25.7
53.9	52.9	53.8	53.8	53.8
8.0	8.0	8.0	7.0	15.1
4.0	5.0	5.0	5.0	6.0
<u>786.4</u>	<u>815.3</u>	<u>818.3</u>	<u>816.1</u>	<u>816.7</u>

**Shaker Heights City School District**  
*Full-Time Equivalent Certified School District Employees by Education*  
*Last Ten Fiscal Years*

Degree	2012	2011	2010	2009
Bachelor	15	18	16	15
Bachelor +15	40	46	43	44
Master	137	141	153	163
Master +15	99	98	95	89
Master +30	36	36	40	43
Master +45	75	75	78	72
PhD	13	14	17	14
<b>Total</b>	<b>415</b>	<b>428</b>	<b>442</b>	<b>440</b>

Years of Experience	2012	2011	2010	2009
0 - 5	53	54	100	90
6 - 10	72	75	94	92
11 and Over	290	299	248	258
<b>Total</b>	<b>415</b>	<b>428</b>	<b>442</b>	<b>440</b>



Source: School District Records

2008	2007	2006	2005	2004	2003
16	15	18	17	14	24
43	43	48	53	47	42
162	155	155	155	161	179
87	88	88	91	86	77
48	48	48	46	49	47
67	67	66	65	66	58
13	13	13	12	12	12
436	429	436	439	435	439
86	84	106	123	122	124
100	96	90	80	85	89
250	249	240	236	228	226
436	429	436	439	435	439

**Shaker Heights City School**  
*College Admissions for All Students*  
*Last Ten School Years*

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Class	Percent of Four - Year	Percent of Two - Year	Total Percent
2012	65	26	91
2011	78	14	92
2010	65	15	80
2009	73	14	87
2008	75	10	85
2007	88	2	90
2006	87	2	89
2005	88	2	90
2004	88	3	91
2003	86	2	88

Source: School District Records

Note: In 2008, the data collection procedure for college admission was modified which affects the validity of comparisons of new data with past years. The percentage of seniors admitted to a four-year college was 75 percent and the percentage of those admitted to two-year colleges was 10 percent. This set of numbers deviates from past years, possibly because of data collection changes and/or because of changes in the economy that affect students' decisions whether to apply and, if so, where.

**Shaker Heights City School**  
*National Merit and National Achievement Recognition*  
*Last Ten School Years*

Class	National Merit (all students)	National Achievement (African- American students only)	National Hispanic Scholars	Percent of Shaker Seniors Honored	Percent of United States Seniors Honored
2012	36	3	3	10 %	1 %
2011	24	4	2	8	2
2010	36	6	0	11	2
2009	33	6	2	11	2
2008	36	5	1	11	2
2007	37	5	1	11	2
2006	37	4	1	11	2
2005	34	6	2	11	2
2004	34	6	0	14	2
2003	29	7	2	10	2

Source: School District Records

## Supplemental Information Section



## **Expenditure Flow Model**

The Ohio Expenditure Flow Model (EFM) is a reporting method based upon concepts developed by Dr. Bruce Cooper of Fordham University. The United States Chamber of Commerce funded Dr. Cooper's efforts to develop a reporting format that traces the use of money from a central board of education, through the public school system to the individual school and then to the individual classroom. This reporting format was initially developed for the New York City Public Schools.

The reporting format is now being nationally distributed by Price Waterhouse Coopers and the United States Chamber of Commerce. In 1991 the Ohio General Assembly adopted House Bill 152 which gave the State Superintendent of Public Instruction permissive authority to inspect and analyze the expenditures of each school district. The Expenditure Flow Model (EFM) was developed using Dr. Cooper's reporting format to fulfill that authority. The following pages contain the fiscal year 2012 report for our School District. The following definitions will assist in reading the report:

<b>IRN</b>	Internal Retrieval Number. This is a unique six digit number assigned by the Ohio Department of Education for every chartered school in the State of Ohio.
<b>ADM</b>	Average Daily Membership. This is the number of students enrolled in the School District.
<b>EMIS</b>	Education Management Information System. This is the data collection and reporting system developed by the Ohio Department of Education for all financial, staff, and student data.
<b>EFM</b>	Expenditure Flow Model. This is Ohio's version of the national financial reporting format developed by Dr. Bruce Cooper of Fordham University.

**Shaker Heights City School District**  
*Expenditure Flow Model*  
*Building Expenditures Report*

School	Average Daily Membership (1)	Administration	Operations Support	Staff Support	Pupil Support	Instruction	Totals
High School							
Shaker Heights High School	1,667	\$1,785,112	\$5,131,050	\$797,082	\$3,858,388	\$13,935,827	\$25,507,459
Total High School	1,667	1,785,112	5,131,050	797,082	3,858,388	13,935,827	25,507,459
Middle School							
Shaker Heights Middle School	848	747,677	3,542,428	569,152	2,379,834	7,547,531	14,786,623
Total Middle School	848	747,677	3,542,428	569,152	2,379,834	7,547,531	14,786,623
Elementary Schools							
Boulevard Elementary School	351	306,269	1,015,866	335,789	442,150	2,568,317	4,668,391
Ferway Elementary School	354	301,158	452,666	355,279	474,658	2,737,369	4,321,129
Lomond Elementary School	486	439,445	1,020,646	409,658	737,347	3,476,632	6,083,728
Mercer Elementary School	379	343,742	1,176,037	467,706	494,111	3,454,849	5,936,445
Onaway Elementary School	403	338,558	1,007,814	443,280	884,579	2,977,008	5,651,239
Woodbury Elementary School	848	771,481	2,822,726	617,105	1,182,280	7,115,582	12,509,176
Total Elementary Schools	2,821	2,500,652	7,495,755	2,628,817	4,215,124	22,329,758	39,170,107
School Total	5,337	5,033,442	16,169,233	3,995,051	10,453,347	43,813,116	79,464,189
Central Office	0	5,638,004	2,855,725	492,843	228,257	0	9,214,829
Expenditure Flow Model Total	5,337	\$10,671,446	\$19,024,957	\$4,487,894	\$10,681,604	\$43,813,116	88,679,018
Other Debt Service							1,674,378
Tuition - Other Districts							4,764,793
Non-Public							1,808,805
Buildings and Land							724,725
Rotary							10,545,398
Fiscal Agency							295,025
Other Programs							79,539
Grand Total							\$108,571,681

(1) Year-End Average Daily Membership (ADM) reported by District is calculated from the first full week of October 2011 count as required by the Ohio Department of Education.

Source: Education Management Information System

**Shaker Heights City School District**  
*Expenditure Flow Model*  
*Expenditure Per Pupil Report*

School	Average Daily Membership (1)	Administration	Operations Support	Staff Support	Pupil Support	Instruction	Totals
<b>High School</b>							
Shaker Heights High School	1,667	\$1,071	\$3,078	\$478	\$2,315	\$8,360	\$15,302
<b>Total High School</b>	<b>1,667</b>	<b>1,071</b>	<b>3,078</b>	<b>478</b>	<b>2,315</b>	<b>8,360</b>	<b>15,302</b>
<b>Middle School</b>							
Shaker Heights Middle School	848	881	4,175	671	2,805	8,895	17,427
<b>Total Middle School</b>	<b>848</b>	<b>881</b>	<b>4,175</b>	<b>671</b>	<b>2,805</b>	<b>8,895</b>	<b>17,427</b>
<b>Elementary Schools</b>							
Boulevard Elementary School	351	873	2,895	957	1,260	7,319	13,303
Fernway Elementary School	354	850	1,278	1,003	1,340	7,726	12,196
Lomond Elementary School	486	904	2,099	842	1,516	7,148	12,509
Mercer Elementary School	379	907	3,102	1,234	1,303	9,114	15,660
Onaway Elementary School	403	840	2,502	1,100	2,196	7,390	14,027
Woodbury Elementary School	848	910	3,330	728	1,395	8,393	14,755
<b>Total Elementary Schools</b>	<b>2,821</b>	<b>886</b>	<b>2,657</b>	<b>932</b>	<b>1,494</b>	<b>7,915</b>	<b>13,884</b>
<b>School Total</b>	<b>5,337</b>	<b>943</b>	<b>3,030</b>	<b>749</b>	<b>1,959</b>	<b>8,210</b>	<b>14,890</b>
Central Office	5,337	1,056	535	92	43	0	1,727
<b>Grand Total</b>	<b>5,337 **</b>	<b>\$2,000 **</b>	<b>\$3,565 **</b>	<b>\$841 **</b>	<b>\$2,002 **</b>	<b>\$8,210 **</b>	<b>\$16,617 **</b>

\*\* In addition to school and central office expenditures, the Grand Total Per Pupil Amounts include Total Other Facilities' expenditure and Average Daily Membership figures.

(1) Year-End Average Daily Membership (ADM) reported by District is calculated from the first full week of October 2011 count as required by the Ohio Department of Education.

Source: Education Management Information System

**Shaker Heights City School District**

*Expenditure Flow Model  
Percentage of School Cost Report*

School	Average Daily Membership (1)	Administration	Operations Support	Staff Support	Pupil Support	Instruction	Totals
<b>High School</b>							
Shaker Heights High School	1,667	7%	20%	3%	15%	55%	100%
<b>Total High School</b>	<u>1,667</u>	<u>7%</u>	<u>20%</u>	<u>3%</u>	<u>15%</u>	<u>55%</u>	<u>100%</u>
<b>Middle School</b>							
Shaker Heights Middle School	848	5%	24%	4%	16%	51%	100%
<b>Total Middle School</b>	<u>848</u>	<u>5%</u>	<u>24%</u>	<u>4%</u>	<u>16%</u>	<u>51%</u>	<u>100%</u>
<b>Elementary Schools</b>							
Boulevard Elementary School	351	7%	22%	7%	9%	55%	100%
Fernway Elementary School	354	7%	10%	8%	11%	63%	100%
Lomond Elementary School	486	7%	17%	7%	12%	57%	100%
Mercer Elementary School	379	6%	20%	8%	8%	58%	100%
Onaway Elementary School	403	6%	18%	8%	16%	53%	100%
Woodbury Elementary School	848	6%	23%	5%	9%	57%	100%
<b>Total Elementary Schools</b>	<u>2,821</u>	<u>6%</u>	<u>19%</u>	<u>7%</u>	<u>11%</u>	<u>57%</u>	<u>100%</u>
<b>School Total</b>	<u>5,337</u>	<u>6%</u>	<u>20%</u>	<u>5%</u>	<u>13%</u>	<u>55%</u>	<u>100%</u>
Central Office	0	61%	31%	5%	2%	0%	100%
<b>Grand Total</b>	<u><u>5,337</u></u>	<u>12%</u>	<u>21%</u>	<u>5%</u>	<u>12%</u>	<u>49%</u>	<u>100%</u>

(1) Year-End Average Daily Membership (ADM) reported by District is calculated from the first full week of October 2011 count as required by the Ohio Department of Education.

Source: Education Management Information System

Shaker Heights City School District  
Cuyahoga County, Ohio

*Report Issued Pursuant to  
Government Auditing Standards  
And OMB Circular A-133*

For the Fiscal Year Ended  
June 30, 2012

**SHAKER HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

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December 29, 2012

The Board of Education  
Shaker Heights City School District  
Cuyahoga County, Ohio  
15600 Parkland Drive  
Shaker Heights, Ohio 44120

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Shaker Heights City School District, Cuyahoga County, Ohio (the "School District") as of and for the year ended June 30, 2012, and have issued our report thereon dated December 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Shaker Heights City School District  
Report on Internal Control over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards*  
December 29, 2012  
Page 2

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the School District in a separate letter dated December 29, 2012.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Hea & Associates, Inc.*



December 29, 2012

To the Board of Education  
Shaker Heights City School District  
Cuyahoga County, Ohio  
15600 Parkland Drive  
Shaker Heights, Ohio 44120

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the Shaker Heights City School District, Cuyahoga County, Ohio (the "School District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Shaker Heights City School District  
Report on Compliance with Requirements That  
Could Have a Direct and Material Effect on Each  
Major Program and Internal Control over Compliance  
In Accordance With OMB Circular A-133

December 29, 2012

Page 2

Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the governmental activities, each major fund, and the aggregate remaining fund information that collectively comprise the School District's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

**SHAKER HEIGHTS CITY SCHOOL DISTRICT**  
**CUYAHOGA COUNTY, OHIO**  
*Schedule of Expenditures of Federal Awards - Cash Basis*  
*For the Fiscal Year Ended June 30, 2012*

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed through Ohio Department of Education</i>				
Title I Cluster:				
Title I Grants to Local Education Agencies	84.010	2011	\$ 260,910	\$ 224,020
	84.010	2012	568,889	630,795
School Improvement Sub A (Title I)	84.010	2012	52,957	53,407
ARRA-Title I	84.389	2011	22,255	20,817
	84.389	2012	0	657
Total Title I Cluster			<u>905,011</u>	<u>929,696</u>
Special Education Cluster:				
Special Education Grants to States	84.027	2011	560,396	619,225
	84.027	2012	1,126,265	1,119,347
ARRA-Special Education Grants to States	84.391	2011	<u>399,342</u>	<u>349,844</u>
Total Special Education Grants to States			<u>2,086,003</u>	<u>2,088,416</u>
Special Education Preschool Grants	84.173	2012	14,424	14,396
ARRA-Special Education Preschool Grants	84.392	2011	<u>32,631</u>	<u>36,257</u>
Total Special Education Preschool Grants			<u>47,055</u>	<u>50,653</u>
Total Special Education Cluster			<u>2,133,058</u>	<u>2,139,069</u>
Education Technology State Grants	84.318	2011	5,578	5,625
Improving Teacher Quality State Grant	84.367	2011	12,230	12,234
	84.367	2012	<u>96,915</u>	<u>112,366</u>
			109,145	124,600
LEP, Title III	84.365	2011	6,283	7,113
	84.365	2012	32,482	31,288
Immigrant, Title III	84.365	2012	<u>8,819</u>	<u>10,001</u>
			47,584	48,402
ARRA - McKinney-Vento Homeless Assistance Program	84.387	2011	3,809	2,352
ARRA - Race to the Top	84.395	2011	6,451	6,451
	84.395	2012	<u>57,031</u>	<u>80,761</u>
			63,482	87,212
Education Jobs	84.410	2012	<u>697,231</u>	<u>772,030</u>
TOTAL U.S. Department of Education			<u>3,964,898</u>	<u>4,108,986</u>

(Continued)

**SHAKER HEIGHTS CITY SCHOOL DISTRICT**  
**CUYAHOGA COUNTY, OHIO**  
*Schedule of Expenditures of Federal Awards - Cash Basis*  
*For the Fiscal Year Ended June 30, 2012*

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program (B)	10.555	2012	\$ 91,273	\$ 91,273
Cash Assistance:				
School Breakfast Program (A)	10.553	2012	150,368	150,368
National School Lunch Program (A)	10.555	2012	609,460	609,460
<i>Cash Assistance Subtotal</i>			<u>759,828</u>	<u>759,828</u>
Total Child Nutrition Cluster			<u>851,101</u>	<u>851,101</u>
TOTAL U.S. Department of Agriculture			<u>851,101</u>	<u>851,101</u>
<b><u>U. S. ENVIRONMENTAL PROTECTION AGENCY</u></b>				
<i>Passed through Ohio Environmental Protection Agency:</i>				
National Clean Diesel Emissions Reduction Program	66.039	2012	<u>15,906</u>	<u>15,906</u>
TOTAL U.S. Environmental Protection Agency			<u>15,906</u>	<u>15,906</u>
Total Federal Financial Assistance			<u>\$ 4,831,905</u>	<u>\$ 4,975,993</u>

The accompanying notes to this schedule are an integral part of this schedule.

**SHAKER HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

*Notes to the Schedule of Expenditures of Federal Awards – Cash Basis  
For The Fiscal Year Ended June 30, 2012*

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**Note A - Child Nutrition Cluster**

Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

**Note B – Food Donation Program**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

**Note C - Transfers**

The School District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education's (ODE) approval, a School District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. During fiscal year 2012, the ODE authorized the following transfers:

<b>CFDA</b>		<b>Program</b>		
<b>Number</b>	<b>Program Title</b>	<b>Year</b>	<b>Transfer Out</b>	<b>Transfer In</b>
84.318	Title II-D - Education Technology	2011	\$ 178	
84.318	Title II-D - Education Technology	2012		\$ 178
84.367	Title II-A - Improving Teacher Quality	2011	4,736	
84.367	Title II-A - Improving Teacher Quality	2012		4,736
84.395	ARRA - Race to the Top	2011	4,144	
84.395	ARRA - Race to the Top	2012		4,144

**SHAKER HEIGHTS CITY SCHOOL DISTRICT**  
**CUYAHOGA COUNTY, OHIO**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133, Section .505*  
*June 30, 2012*

**1. SUMMARY OF AUDITOR'S RESULTS**

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Special Education Cluster Education Jobs	CFDA # 84.027, 84.391, 84.173,84.392 84.410
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None noted.

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

None noted.



# Dave Yost • Auditor of State

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  
MARCH 14, 2013